

- House Fellowships. Effective November 06, 2006.
- Section 213.333 Office of Science and Technology Policy*
- TSGS60040 Policy Assistant to the Chief of Staff and General Counsel. Effective November 15, 2006.
- TSGS60044 Assistant to the Director for Communications and Public Affairs to the Chief of Staff and General Counsel. Effective November 30, 2006.
- Section 213.334 Department of State*
- DSGS61190 Staff Assistant to the Under Secretary for International Security Affairs. Effective November 02, 2006.
- DSGS61193 Legislative Management Officer to the Assistant Secretary for Legislative and Intergovernmental Affairs. Effective November 08, 2006.
- DSGS61195 Writer-Editor to the Assistant Secretary Bureau of Political-Military Affairs. Effective November 15, 2006.
- DSGS61197 Assistant Chief of Protocol to the Chief of Protocol. Effective November 17, 2006.
- DSGS61198 Director of Communications to the HIV/AIDS Coordinator. Effective November 17, 2006.
- DSGS61196 Special Assistant to the Under Secretary for Arms Control and Security Affairs. Effective November 20, 2006.
- DSGS61194 Director to the Assistant Secretary for Democracy Human Rights and Labor. Effective November 28, 2006.
- DSGS61199 Legislative Management Officer to the Assistant Secretary for Legislative and Intergovernmental Affairs. Effective November 28, 2006.
- Section 213.336 Department of Defense*
- DDGS16991 Confidential Assistant to the Under Secretary of Defense (Comptroller). Effective November 01, 2006
- DDGS16997 Special Assistant to the Assistant Secretary of Defense (International Security Affairs). Effective November 06, 2006.
- Section 213.3310 Department of Justice*
- DJGS00064 Principal Deputy Director to the Associate Attorney General. Effective November 20, 2006.
- DJGS00110 Senior Counsel to the Director, Office of Public Affairs. Effective November 20, 2006.
- DJGS00212 Special Assistant to the Principal Deputy Director, Office of Violence Against Women. Effective November 20, 2006.
- DJGS00241 Senior Press Assistant to the Director, Office of Public Affairs. Effective November 20, 2006.
- Section 213.3311 Department of Homeland Security*
- DMGS00587 Deputy Director of Scheduling and Advance to the Director of Scheduling and Advance. Effective November 15, 2006.
- DMGS00590 Speechwriter to the Secretary and Senior Public Affairs Writer to the Assistant Secretary for Public Affairs. Effective November 15, 2006.
- DMGS00591 Correspondence Analyst to the Executive Secretary. Effective November 15, 2006.
- DMGS00593 Director of Scheduling and Advance to the Chief of Staff. Effective November 20, 2006.
- DMGS00592 Special Assistant to the Assistant Secretary for Intelligence and Analysis to the Assistant Secretary for Information Analysis. Effective November 21, 2006.
- DMGS00589 Senior Advisor to the Under Secretary for Science and Technology. Effective November 28, 2006.
- DMGS00594 Confidential Assistant to the Executive Secretary. Effective November 28, 2006.
- Section 213.3314 Department of Commerce*
- DCGS00541 Confidential Assistant to the Director, Advocacy Center. Effective November 15, 2006.
- DCGS00570 Senior Policy Advisor to the Assistant to the Secretary and Director, Office of Policy and Strategic Planning. Effective November 22, 2006.
- Section 213.3315 Department of Labor*
- DLGS60224 Special Assistant to the Deputy Assistant Secretary for Mine Safety and Health. Effective November 09, 2006.
- DLGS60204 Special Assistant to the Assistant Secretary for Veterans Employment and Training. Effective November 28, 2006.
- Section 213.3316 Department of Health and Human Services*
- DHGS60180 Special Assistant to the Principal Deputy Assistant Secretary for Planning and Evaluation. Effective November 02, 2006.
- DHGS60412 Regional Director, San Francisco, California, Region IX. Effective November 08, 2006.
- DHGS60256 Confidential Assistant to the Director of Intergovernmental Affairs. Effective November 21, 2006.
- Section 213.3317 Department of Education*
- DBGS00567 Chief of Staff to the Assistant Secretary, Office of Communications and Outreach. Effective November 06, 2006.
- Section 213.3318 Environmental Protection Agency*
- EPGS06031 Advance Specialist to the Director of Advance. Effective November 20, 2006.
- EPGS06030 Program Specialist to the Associate Administrator for Policy, Economics and Innovation. Effective November 28, 2006.
- Section 213.3325 United States Tax Court*
- JCGS60073 Trial Clerk to the Chief Judge. Effective November 03, 2006.
- Section 213.3327 Department of Veterans Affairs*
- DVGS60039 Special Assistant to the Assistant Secretary for Information and Technology. Effective November 28, 2006.
- DVGS60050 Special Assistant to the Assistant Secretary for Public and Intergovernmental Affairs. Effective November 28, 2006.
- Section 213.3331 Department of Energy*
- DEGS00543 Communications Assistant to the Under Secretary for Science. Effective November 08, 2006.
- Section 213.3391 Office of Personnel Management*
- PMGS60028 Scheduler and Special Assistant to the Chief of Staff and Director of External Affairs. Effective November 30, 2006.
- Section 213.3394 Department of Transportation*
- DTGS60375 White House Liaison to the Chief of Staff. Effective November 20, 2006.
- Office of Personnel Management.
Dan G. Blair,
Deputy Director.
[FR Doc. E6-21986 Filed 12-21-06; 8:45 am]
BILLING CODE 6325-39-P
-
- SECURITIES AND EXCHANGE COMMISSION**
- [Investment Company Act Release No. 27602; 812-13278]**
- NexBank Securities, Inc. and NexBank Series, Notice of Application**
- DATES:** December 18, 2006.
AGENCY: Securities and Exchange Commission (SEC).
ACTION: Notice of application for an order under section 12(d)(1)(j) of the Investment Company Act of 1940 ("Act") for an exemption from sections 12(d)(1)(A), (B), and (C) of the Act and under sections 6(c) and 17(b) of the Act for an exemption from section 17(a) of the Act.
- Summary of the Application:*
NexBank Securities, Inc. (the "Depositor"), and NexBank (the "Trust"), on behalf of itself and any existing and future series, and any future registered unit investment trust ("UIT") sponsored by the Depositor (or an entity controlling, controlled by or under common control with the Depositor) and their respective series (the future UITs, together with the Trust, are collectively the "Trusts," the series of the Trusts are the "Series," and the Trusts together with the Depositor are collectively, the "Applicants"), request an order to permit each Series to acquire shares of registered investment companies or series thereof (the "Funds") both within and outside the same group of investment companies.
Applicants: The Depositor and the Trust.
Filing Dates: The application was filed on April 17, 2006 and amended on September 5, 2006 and on December 11, 2006.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on January 12, 2007 and should be accompanied by proof of service on applicants in the form of an affidavit or, for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-10901; Applicants, 13455 Noel Road, Suite 2240, Dallas, Texas 75240.

FOR FURTHER INFORMATION CONTACT: Deepak T. Pai, Senior Counsel, at (202) 551-6876, or Nadya Roytblat, Assistant Director at (202) 551-6821 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the Public Reference Desk, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington DC 20549-0102, tel: (202) 551-5850.

Applicants' Representations

1. The Trust is a UIT registered under the Act. Each Series will be a series of a Trust and will offer units for sale to the public ("Units").¹ Each Series will be created pursuant to a trust agreement which will incorporate by reference a master trust agreement between the Depositor and a financial institution that satisfies the criteria in section 26(a) of the Act (the "Trustee"). The Depositor is a broker dealer registered under the Securities Exchange Act of 1934 and member of the National Association of Securities Dealers, Inc. ("NASD").

2. Applicants request relief to permit a Series to invest in (a) registered investment companies or series thereof that are part of the same "group of investment companies" (as that term is defined in section 12(d)(1)(G) of the Act) as the Series ("Affiliated Funds"), and

¹ All existing Trusts that currently intend to rely on the requested order are named as applicants. Any other Trust that relies on the order in the future will comply with the terms and conditions of the application.

(b) registered investment companies or series thereof that are not part of the same group of investment companies as the Series ("Unaffiliated Funds," and together with the Affiliated Funds, the "Funds"). An Unaffiliated Fund that is a UIT is referred to as an "Unaffiliated Underlying Trust." An Unaffiliated Fund that is a closed-end or open-end management investment company is referred to as an "Unaffiliated Underlying Fund". Certain of the Funds may be "exchange-traded funds" that are registered under the Act as UITs or open-end management investment companies and have received exemptive relief to sell their shares on a national securities exchange at negotiated prices ("ETFs"). Shares of closed-end Funds and ETFs will be deposited in a Series at prices which are based on the market value of the securities, as determined by an evaluator. The Depositor will not have discretion as to when portfolio securities of a Series will be sold, except that the Depositor is authorized to sell securities in extremely limited circumstances described in the Series' prospectus. Applicants state that the Depositor does not currently intend to maintain a secondary market for Units of each Series, but may seek to do so in the future. Other broker-dealers may or may not maintain a secondary market for Units of a Series.

3. Applicants state that the requested relief will benefit the holders of Units of a Series by providing investors with a professionally selected, diversified portfolio of registered investment company shares through a single investment vehicle.

Applicants' Legal Analysis

A. Section 12(d)(1) of the Act

1. Section 12(d)(1)(A) of the Act prohibits a registered investment company from acquiring shares of an investment company if the securities represent (i) more than 3% of the total outstanding voting stock of the acquired company (ii) more than 5% of the total assets of the acquiring company, or (iii) together with the securities of any other investment companies, more than 10% of the total assets of the acquiring company. Section 12(d)(1)(B) of the Act prohibits a registered open-end investment company, its principal underwriter, and any broker or dealer from selling shares of the investment company to another investment company if the sale will cause (i) the acquiring company to own more than 3% of the acquired company's voting stock, or (ii) more than 10% of the acquired company's voting stock to be owned by investment companies.

Section 12(d)(1)(C) prohibits an investment company, other investment companies having the same investment adviser, and companies controlled by such investment companies, from acquiring more than 10% of the outstanding voting stock of a registered closed-end management investment company.

2. Section 12(d)(1)(G) provides, in relevant part, that section 12(d)(1) will not apply to securities of a registered open-end investment company or UIT acquired by a registered UIT if the acquired company and the acquiring company are part of the same group of investment companies, provided that certain other requirements contained in section 12(d)(1)(G) are met. Applicants state that they may not rely on section 12(d)(1)(G) because a Series will invest in Unaffiliated Funds and other securities in addition to Affiliated Funds.

3. Section 12(d)(1)(J) of the Act provides that the Commission may exempt any person, security, or transaction, or any class or classes of persons, securities or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Applicants seek an exemption under section 12(d)(1)(J) to permit a Series to acquire shares of a Fund and to permit a Fund to sell its shares to a Series beyond the limits set forth in sections 12(d)(1)(A), (B), and (C).

4. Applicants state that the proposed arrangement will not give rise to the policy concerns underlying sections 12(d)(1)(A), (B), and (C), which include concerns about undue influence by a fund of funds over underlying funds, excessive layering of fees, and overly complex fund structures. Accordingly, applicants believe that the requested exemption is consistent with the public interest and the protection of investors.

5. Applicants state that the concern about undue control does not arise with respect to a Series' investment in Affiliated Funds, as reflected in section 12(d)(1)(G) of the Act. Applicants also state that the proposed arrangement will not result in undue influence by a Series or its affiliates over Unaffiliated Funds. Applicants have agreed that (a) the Depositor, (b) any person controlling, controlled by or under common control with the Depositor, and (c) any investment company and any issuer that would be an investment company but for section 3(c)(1) or 3(c)(7) of the Act, sponsored or advised by the Depositor (or any person controlling, controlled by or under common control with the Depositor) (collectively, the "Group") will not control (individually or in the

aggregate) an Unaffiliated Fund within the meaning of section 2(a)(9) of the Act. Applicants also note that conditions 2, 3, 5 and 6 set forth below will address the concern about undue influence with respect to the Unaffiliated Funds.

6. As an additional assurance that an Unaffiliated Underlying Fund understands the implications of an investment by a Series under the requested order, prior to a Series' investment in the Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i), the Series and the Unaffiliated Underlying Fund will execute an agreement stating, without limitation, that the Depositor and Trustee and the board of directors or trustees of the Unaffiliated Underlying Fund and the investment adviser(s) of the Unaffiliated Underlying Fund, understand the terms and conditions of the order and agree to fulfill their responsibilities under the order ("Participation Agreement"). Applicants note that an Unaffiliated Underlying Fund, including a closed-end Fund or an ETF, may choose to reject an investment from the Series by declining to execute the Participation Agreement.

7. Applicants do not believe that the proposed arrangement will involve excessive layering of fees. Applicants state that any sales charges and/or service fees (as those terms are defined in Rule 2830 of the Conduct Rules of the NASD, Inc. ("NASD Conduct Rules")) charged with respect to Units of a Series will not exceed the limits applicable to a fund of funds as set forth in Rule 2830 of the NASD Conduct Rules.² In addition, the Trustee or Depositor will waive fees otherwise payable to it by the Series in an amount at least equal to any compensation (including fees paid pursuant to any plan adopted by an Unaffiliated Underlying Fund under rule 12b-1 under the Act) received from an Unaffiliated Fund by the Trustee or Depositor, or an affiliated person of the Trustee or Depositor, other than any advisory fees paid to the Trustee or Depositor or its affiliated person by an Unaffiliated Underlying Fund, in connection with the investment by the Series in the Unaffiliated Fund.

8. Applicants state that the proposed arrangement will not create an overly complex fund structure. Applicants note that a Fund will be prohibited from acquiring securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section

² With respect to purchasing closed-end Fund or ETF shares, a Series may incur the customary brokerage commissions associated with purchasing any equity security on the secondary market.

12(d)(1)(A). Applicants also represent that a Series' prospectus and sales literature will contain concise, "plain English" disclosure designed to inform investors of the unique characteristics of the trust of funds structure, including, but not limited to, its expense structure and the additional expenses of investing in Funds.³

B. Section 17(a) of the Act

1. Section 17(a) of the Act generally prohibits sales or purchases of securities between a registered investment company and any affiliated person of the company. Section 2(a)(3) of the Act defines an "affiliated person" of another person to include (a) any person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of the other person; (b) any person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote by the other person; and (c) any person directly or indirectly controlling, controlled by, or under common control with the other person.

2. Applicants state that a Series and an Affiliated Fund might be deemed to be under the common control of the Depositor or an entity controlling, controlled by, or under common control with the Depositor. Applicants also state that a Series and a Fund might become "affiliated persons" if the Series acquires more than 5% of the Fund's outstanding voting securities. The sale or redemption by a Fund of its shares to or from a Series therefore could be deemed to be a principal transaction prohibited by Section 17(a) of the Act.⁴

3. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act.

³ Each Series also will comply with the disclosure requirements concerning aggregate costs of investing in the Funds set forth in the Investment Company Act Release No. 27399 by the compliance date set forth therein.

⁴ Applicants acknowledge that receipt of any compensation by (a) an affiliated person of a Series, or an affiliated person of such person, for the purchase by the Series of shares of a Fund or (b) an affiliated person of a Fund, or an affiliated person of such person, for the sale by the Fund of its shares to a Series is subject to section 17(e) of the Act. The Participation Agreement also will include this acknowledgment.

Section 6(c) of the Act permits the Commission to exempt any person or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

4. Applicants submit that the proposed transactions satisfy the standards for relief under sections 17(b) and 6(c) of the Act. Applicants state that the terms of the proposed transactions are fair and reasonable and do not involve overreaching. Applicants note that the consideration paid for the sale and redemption of shares of the open-end Funds and Funds that are UITs will be based on the net asset values of the Funds. Further, Applicants state that shares of ETFs and closed-end Funds will be purchased at market prices.⁵ Finally, Applicants state that the proposed transactions will be consistent with the policies of each Series and Fund, and with the general purposes of the Act.

Applicants' Conditions

Applicants agree that the requested order will be subject to the following conditions:

1. The members of the Group will not control (individually or in the aggregate) an Unaffiliated Fund within the meaning of section 2(a)(9) of the Act. If, as a result of a decrease in the outstanding voting securities of an Unaffiliated Fund, the Group, in the aggregate, becomes a holder of more than 25% of the outstanding voting securities of the Unaffiliated Fund, the Group will vote its shares of the Unaffiliated Fund in the same proportion as the vote of all other holders of the Unaffiliated Fund's shares.

2. No Series or its Depositor, promoter, principal underwriter, or any person controlling, controlled by, or under common control with any of those entities (each, a "Series Affiliate") will cause any existing or potential investment by the Series in an Unaffiliated Fund to influence the terms of any services or transactions between the Series or Series Affiliate and the Unaffiliated Fund or its investment adviser(s), sponsor, promoter, principal underwriter, or any person controlling,

⁵ Applicants note that shares of an ETF would be purchased and sold generally through secondary market transactions at market prices rather than through principal transactions with the EFT at net asset value. Applicants will not rely on the requested relief from section 17(a) for such secondary market transactions.

controlled by, or under common control with any of those entities.

3. Once an investment by a Series in the securities of an Unaffiliated Underlying Fund exceeds the limit in section 12(d)(1)(A)(i) of the Act, the board of directors or trustees of the Unaffiliated Underlying Fund, including a majority of the disinterested board members, will determine that any consideration paid by the Unaffiliated Underlying Fund to the Series or Series Affiliate in connection with any services or transactions: (a) is fair and reasonable in relation to the nature and quality of the services and benefits received by the Unaffiliated Underlying Fund; (b) is within the range of consideration that the Unaffiliated Underlying Fund would be required to pay to another unaffiliated entity in connection with the same services or transactions; and (c) does not involve overreaching on the part of any person concerned. This condition does not apply with respect to any services or transactions between an Unaffiliated Underlying Fund and its investment adviser(s), or any person controlling, controlled by, or under common control with such investment adviser(s).

4. The Trustee or Depositor will waive fees otherwise payable to it by the Series in an amount at least equal to any compensation (including fees received pursuant to any plan adopted by an Unaffiliated Underlying Fund under rule 12b-1 under the Act) received from an Unaffiliated Fund by the Trustee or Depositor, or an affiliated person of the Trustee or Depositor, other than any advisory fees paid to the Trustee or Depositor or its affiliated person by an Unaffiliated Underlying Fund, in connection with the investment by a Series in the Unaffiliated Fund.

5. No Series or Series Affiliate (except to the extent it is acting in its capacity as an investment adviser to an Unaffiliated Underlying Fund or sponsor to an Unaffiliated Underlying Trust) will cause an Unaffiliated Fund to purchase a security in an offering of securities during the existence of any underwriting or selling syndicate of which a principal underwriter is the Depositor or a person of which the Depositor is an affiliated person (each, an "Underwriting Affiliate," except any person whose relationship to the Unaffiliated Fund is covered by section 10(f) of the Act is not an Underwriting Affiliate). An offering of securities during the existence of an underwriting or selling syndicate of which a principal underwriter is an Underwriting Affiliate is an "Affiliated Underwriting."

6. The board of an Unaffiliated Underlying Fund, including a majority

of the disinterested board members, will adopt procedures reasonably designed to monitor any purchases of securities by the Unaffiliated Underlying Fund in an Affiliated Underwriting once an investment by a Series in the securities of the Unaffiliated Underlying Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, including any purchases made directly from an Underwriting Affiliate. The board of the Unaffiliated Underlying Fund will review these purchases periodically, but no less frequently than annually, to determine whether the purchases were influenced by the investment by the Series in the Unaffiliated Underlying Fund. The board of the Unaffiliated Underlying Fund will consider, among other things: (a) Whether the purchases were consistent with the investment objectives and policies of the Unaffiliated Underlying Fund; (b) how the performance of securities purchased in an Affiliated Underwriting compares to the performance of comparable securities purchased during a comparable period of time in underwritings other than Affiliated Underwritings or to a benchmark such as a comparable market index; and (c) whether the amount of securities purchased by the Unaffiliated Underlying Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The board of the Unaffiliated Underlying Fund will take any appropriate actions based on its review, including, if appropriate, the institution of procedures designed to assure that purchases of securities in Affiliated Underwritings are in the best interests of shareholders.

7. An Unaffiliated Underlying Fund will maintain and preserve permanently in an easily accessible place a written copy of the procedures described in the preceding condition, and any modifications to such procedures, and will maintain and preserve for a period of not less than six years from the end of the fiscal year in which any purchase in an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase of securities in Affiliated Underwritings once an investment by a Series in the securities of the Unaffiliated Underlying Fund exceeds the limit of section 12(d)(1)(A)(i) of the Act, setting forth from whom the securities were acquired, the identity of the underwriting syndicate's members, the terms of the purchase, and the information or materials upon which the determinations of the board of the

Unaffiliated Underlying Fund were made.

8. Before investing in an Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i), each Series and the Unaffiliated Underlying Fund will execute a Participation Agreement stating, without limitation, that the Depositor and Trustee and the board of directors or trustees of the Unaffiliated Underlying Fund and the investment adviser(s) to the Unaffiliated Underlying Fund, understand the terms and conditions of the order and agree to fulfill their responsibilities under the order. At the time of its investment in shares of an Unaffiliated Underlying Fund in excess of the limit in section 12(d)(1)(A)(i), a Series will notify the Unaffiliated Underlying Fund of the investment. At such time, the Series also will transmit to the Unaffiliated Underlying Fund a list of the names of each Series Affiliate and Underwriting Affiliate. The Series will notify the Unaffiliated Underlying Fund of any changes to the list of names as soon as reasonably practicable after a change occurs. The Unaffiliated Underlying Fund and the Series will maintain and preserve a copy of the order, the Participation Agreement, and the list with any updated information for the duration of the investment, and for a period of not less than six years thereafter, the first two years in an easily accessible place.

9. Any sales charges and/or service fees charged with respect to Units of a Series will not exceed the limits applicable to a fund of funds as set forth in Rule 2830 of the Conduct Rules of the NASD.

10. No Fund will acquire securities of any investment company or company relying on section 3(c)(1) or 3(c)(7) of the Act in excess of the limits contained in section 12(d)(1)(A) of the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Nancy M. Morris,

Secretary.

[FR Doc. E6-21941 Filed 12-21-06; 8:45 am]

BILLING CODE 8011-01-P