

Museums and Historical Organizations, submitted to the Division of Public Programs at the September 16, 2002 deadline.

5. *Date:* December 6, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 415.

*Program:* This meeting will review applications for Library & Archival Preservation and Access/Reference Materials, submitted to the Division of Preservation and Access at the July 1, 2002 deadline.

6. *Date:* December 9, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Schools for a New Millennium, submitted to the Division of Education at the October 1, 2002 deadline.

7. *Date:* December 10, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Schools for a New Millennium, submitted to the Division of Education at the October 1, 2002 deadline.

8. *Date:* December 10, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 415.

*Program:* This meeting will review applications for Stabilization of Humanities Collections, submitted to the Division of Preservation and Access at the July 1, 2002 deadline.

9. *Date:* December 11, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Exemplary Education Projects, submitted to the Division of Education at the October 15, 2002 deadline.

10. *Date:* December 12, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Exemplary Education Projects, submitted to the Division of Education at the October 15, 2002 deadline.

11. *Date:* December 13, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Library & Archival Preservation and Access/Reference Materials, submitted to the Division of Education at the July 1, 2002 deadline.

12. *Date:* December 16, 2002.

*Time:* 8:30 a.m. to 5 p.m.

*Room:* 315.

*Program:* This meeting will review applications for Exemplary Education Projects, submitted to the Division of

Education at the October 15, 2002 deadline.

**Daniel Schneider,**

*Advisory Committee Management Officer.*

[FR Doc. 02-29687 Filed 11-20-02; 8:45 am]

**BILLING CODE 7536-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 0-1 [17 CFR 270.0-1], SEC File No. 270-472, OMB Control No. 3235-0531

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension and approval of the collection of information discussed below.

Investment companies ("funds") are formed as corporations or business trusts under State law and, like other corporations and trusts, must be operated for the benefit of their shareholders.<sup>1</sup> Funds are unique, however, in that they are "organized and operated by people whose primary loyalty and pecuniary interest lie outside the enterprise."<sup>2</sup> As described below, this "external management" of most funds presents inherent conflicts of interest and potential for abuses.

An investment adviser typically organizes a fund and is responsible for its day-to-day operations. The adviser provides the seed money, officers, employees, and office space, and usually selects the initial board of directors. In many cases, the investment adviser sponsors several funds that share administrative and distribution systems as part of a "family of funds." As a result of this extensive involvement, and the general absence of shareholder activism, many investment advisers typically dominate the funds they advise.<sup>3</sup>

<sup>1</sup> See generally James M. Storey and Thomas M. Clyde, *Mutual Fund Law Handbook* 7.2 (1998).

<sup>2</sup> Division of Investment Management, SEC, *Protecting Investors: A Half Century of Investment Company Regulation* 251 (1992).

<sup>3</sup> See SEC, *Report on the Public Policy Implications of Investment Company Growth*, H.R. Rep. No. 2337, 89th Cong., 2d. Sess. 12, 127, 148

Investment advisers to funds are themselves generally organized as corporations, which have their own shareholders. These shareholders have an interest in the fund that is quite different from the interests of the fund's shareholders. For example, while fund shareholders ordinarily prefer lower fees (to achieve greater returns), shareholders of the fund's investment adviser might want to maximize profits through higher fees. And while fund shareholders might prefer that advisers use brokers that charge the lowest possible commissions, advisers might prefer brokers that will provide investment research in exchange for commissions. These types of conflicts (and others) resulted in the pervasive abuses in the fund industry that led Congress in 1940 to enact legislation regulating the activities of mutual funds.<sup>4</sup>

The Investment Company Act of 1940 ("Investment Company Act" or "Act") establishes a comprehensive regulatory scheme designed to protect fund investors by addressing the conflicts of interest between funds and their investment advisers and other affiliated persons. The Investment Company Act places significant responsibility on the board of directors in overseeing the operations of the fund and policing conflicts of interest.<sup>5</sup>

Independent fund directors represent the interests of shareholders, acting as watchdogs for investors and providing a check on management. On January 2, 2001, the Commission adopted amendments to ten exemptive rules under the Act that were designed to enhance the effectiveness of boards of directors of funds and to better enable investors to assess the independencies of those directors.<sup>6</sup> In the Adopting Release, the Commission amended rule 0-1 to add a definition of "independent legal counsel." The Adopting Release amended the exemptive rules to require that any person who acts as legal counsel to the independent directors of any fund relying on the rules must be an "independent legal counsel." This requirement was added because independent directors can better perform the responsibilities assigned to them under the Act and the rules if they

(1966) (stating that funds generally are formed by their advisers and remain under their control, and that advisers' influence permeates fund activities).

<sup>4</sup> See Storey and Clyde, *supra* note 1.

<sup>5</sup> For instance, Fund directors must approve investment advisory and distribution contracts (15 U.S.C. 80a-15(a), (b), and (c)).

<sup>6</sup> Role of Independent Directors of Investment Companies, Investment Company Act Release No. 24816 (Jan. 2, 2001) [66 FR 3735 (Jan. 16, 2001)] ("Adopting Release").

have the assistance of a truly independent legal counsel.

Rule 0–1 provides that a person is an independent legal counsel if a fund's independent directors determine (and record the basis for that determination in the minutes of their meeting) that any representation of the fund's investment adviser, principal underwriter, administrator (collectively, "management organizations") or their "control persons"<sup>7</sup> during the past two years is or was sufficiently limited that that it is unlikely to adversely affect the professional judgment of the person in providing legal representation. In addition, the independent directors must have obtained an undertaking from the counsel to provide them with information necessary to make their determination and to update promptly that information when the person begins to represent, or materially increases his representation of, a management organization or control person. Generally, independent directors must re-evaluate their determination at least annually.

Any fund that relies on an exemptive rule in the Adopting Release is required to use the definition of independent legal counsel contained in rule 0–1. We assume that approximately 4,050 funds rely on at least one of the exemptive rules annually.<sup>8</sup> We further assume that the independent directors of approximately one-third (1,336) of those funds would need to make the required determination in order for their counsel to meet the definition of independent legal counsel.<sup>9</sup> We estimate that each of these 1,336 funds would be required to spend, on average, 0.75 hours annually to comply with the proposed recordkeeping requirement concerning this determination, for a total annual burden of approximately 1,002 hours. Based on this estimate, the total annual cost for all funds of this proposed definition would be approximately \$22,712. To calculate this total annual cost, the Commission staff assumed that two-thirds of the total annual hour burden (668 hours) would be incurred

by professionals with an average hourly wage rate of \$27 per hour, and one-third of that annual hour burden (334 hours) would be incurred by clerical staff with an average hourly wage rate of \$14<sup>10</sup> per hour.<sup>11</sup>

These burden hour estimates are based upon the Commission staff's experience and discussions with the fund industry. The estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

Compliance with the collection of information requirements of the rule is mandatory and is necessary to comply with the requirements of the rule in general. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: November 14, 2002.

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 02–29591 Filed 11–20–02; 8:45 am]

**BILLING CODE 8010–01–P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 35–27601; 70–10047]**

### **PG&E Corporation, et al.; Order Authorizing an Extension of Time to File Comments**

November 15, 2002.

PG&E Corporation ("PG&E Corp."), a holding company claiming exemption from registration under section 3(a)(1) of the Public Utility Holding Company Act

of 1935, as amended ("Act") by rule 2, Pacific Gas and Electric Company ("PG&E"), a direct public-utility company subsidiary of PG&E Corp., Newco Energy Corporation ("Newco"), a direct nonutility subsidiary of PG&E, and Electric Generation LLC ("Gen"), a direct nonutility subsidiary of Newco (collectively, "Applicants"), all located in San Francisco, California, have filed an application ("Application") with the Securities and Exchange Commission ("Commission") under sections 9(a)(2) and 10 of the Act.

On October 16, 2002, the Commission issued a notice of the Application (Holding Co. Act Release No. 27578). The Commission issued a supplemental notice (Holding Co. Act Release No. 27583) of the Application, which replaced the original notice, on October 23, 2002. Under the supplemental notice, the public may submit to the Commission comments regarding the Application through November 18, 2002.

By letter dated October 23, 2002, the California Public Utilities Commission ("CPUC") requested an extension of time to file its comments with the Commission ("CPUC Request") due to "the press of other work." The CPUC asked that it be allowed to file its comments on or before December 4, 2002.

By letter dated October 30, 2002, Applicants indicated that they oppose the CPUC request, primarily because a further extension of the notice period would delay the ultimate resolution of the Application. However, a further short extension of the notice period is not likely to delay in any significant way a final decision on the Application. Moreover, because the Act is designed to augment State regulation, *see Alabama Electric Cooperative v. S.E.C.*, 353 F.2d 905, 907 (D.C. Cir. 1865), *cert. denied* 383 U.S. 968 (1966), we believe that it is particularly appropriate to provide a short additional extension of the Notice period at the request of a State Commission.

*It is ordered*, under the applicable provisions of the Act and rules under the Act, that comments and/or requests for hearing in this matter should be filed in writing by December 4, 2002.

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

**J. Lynn Taylor,**

*Assistant Secretary.*

[FR Doc. 02–29538 Filed 11–20–02; 8:45 am]

**BILLING CODE 8010–01–M**

<sup>7</sup> A "control person" is any person—other than a fund—directly or indirectly controlling controlled by, or under common control, with any of the fund's management organizations. See 17 CFR 270.01(a)(6)(iv)(B).

<sup>8</sup> Based on statistics compiled by Commission staff, we estimate that there are approximately 4,500 funds that could rely on one or more of the exemptive rules. Of those funds, we assume that approximately 90 percent (4,050) actually rely on at least one exemptive rule annually.

<sup>9</sup> We assume that the independent directors of the remaining two-thirds of those funds will choose not to have counsel (but instead rely in some circumstances on counsel who does not represent them), so that no determination by the independent directors would be necessary.

<sup>10</sup> The Commission's estimates concerning the wage rate for professional time and for clerical time are based on salary information for the securities industry compiled by the Securities Industry Association. See Securities Industry Association, *Report on Management and Professional Earnings in the Securities Industry* (September 2001).

<sup>11</sup>  $(668 \times \$27/\text{hour}) + (334 \times \$14/\text{hour}) = \$22,712.$