

efficiency of the Federal statistical system was limited by statutory constraints affecting those agencies.

By establishing a uniform policy for all Federal statistical collections, this law will reduce public confusion, uncertainty, and concern about the treatment of confidential statistical information by different Federal agencies. By establishing consistent rational principles and processes to buttress confidentiality pledges, the guidance that implements the law will harmonize confidentiality claims and set minimum standards for safeguarding confidential statistical information. Such consistent protection of confidential statistical information will, in turn, reduce the perceived risks of more efficient working relationships among statistical agencies, relationships that can reduce both the cost and reporting burden imposed by statistical programs.

Development and Review

In 2003, OMB and the other members of the Interagency Council on Statistical Policy (ICSP) formed an interagency group to discuss issues that OMB and the agencies anticipated would arise in the implementation of CIPSEA. OMB was particularly interested in understanding the questions and concerns that these statistical agencies had about the new law and how it would affect their activities. OMB also sought to incorporate the best practices of these agencies for handling confidential statistical information.

An initial draft of this implementation guidance was reviewed by the ICSP members, and OMB revised the draft guidance in response to the comments that we received. Based on the use of the law by agencies over the past three years, OMB has also addressed in the proposed guidance specific issues that have arisen, such as nonstatistical agencies' use of CIPSEA.

Issues for Comment

With this notice, OMB requests comments on the proposed Implementation Guidance for Title V of the E-Government Act, the Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA). OMB seeks comments from interested parties on all aspects of this proposed guidance. In particular, OMB seeks comments on the appropriate use of CIPSEA by statistical and nonstatistical agencies, and the appropriate wording for CIPSEA and non-CIPSEA pledges. OMB also seeks comments on the necessary elements for contracts and written

agreements for agents covered in Appendix A of the guidance.

Steven D. Aitken,

Acting Administrator, Office of Information and Regulatory Affairs.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. IC-27512; 812-12986]

Delaware Management Business Trust, *et al.*; Notice of Application

October 10, 2006.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as certain disclosure requirements.

SUMMARY OF APPLICATION: Applicants request an order that would permit them to enter into and materially amend subadvisory agreements without shareholder approval and would grant relief from certain disclosure requirements.

APPLICANTS: Delaware Management Business Trust, Optimum Fund Trust, Lincoln Variable Insurance Products Trust (the "Lincoln Trust"), Delaware Group Adviser Funds, Delaware Group Cash Reserve, Delaware Group Equity Funds I, Delaware Group Equity Funds II, Delaware Group Equity Funds III, Delaware Group Equity Funds IV, Delaware Group Equity Funds V, Delaware Group Foundation Funds, Delaware Group Global & International Funds, Delaware Group Government Fund, Delaware Group Income Funds, Delaware Group Limited-Term Government Funds, Delaware Group State Tax-Free Income Trust, Delaware Group Tax Free Fund, Delaware Group Tax Free Money Fund, Delaware Pooled Trust, Delaware VIP Trust, Voyageur Insured Funds, Voyageur Intermediate Tax Free Funds, Delaware Investments Municipal Trust, Voyageur Mutual Funds, Voyageur Mutual Funds II, Voyageur Mutual Funds III and Voyageur Tax Free Funds (each a "Trust" and collectively, the "Trusts") and Delaware Management Company (the "Adviser").

FILING DATES: The application was filed on June 25, 2003 and amended on December 8, 2005 and October 4, 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 November 6, 2006, and should be accompanied by proof of service on the 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 may request notification of a hearing by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington DC, 20549-1090. Applicants, David P. O'Conner, Esq., Delaware Investments, One Commerce Square, 2005 Market Street, Philadelphia, PA, 19103-7094; Colleen E. Tonn, Esq., The Lincoln National Life Insurance Company, 1300 S. Clinton Street, Fort Wayne, IN 46802.

FOR FURTHER INFORMATION CONTACT: John Yoder, Senior Counsel, at (202) 551-6878, or Mary Kay Frech, Branch Chief, 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 Commission's Public Reference Branch, U.S. Securities and Exchange Commission, 100 F Street NE., Washington DC 20549-0102 (tel. 202-551-5850).

Applicants' Representations

1. Each Trust is organized as a Delaware statutory trust and is registered under the Act as an open-end management investment company. The Trusts currently offer 101 series (each, a "Fund" and collectively, the "Funds"), each of which has its own investment objectives, restrictions, and policies.¹ The Adviser is registered as

¹ Applicants request that any relief granted pursuant to the application also apply to any existing or future registered open-end management investment company or series thereof that: (i) Is advised by the Adviser or any entity controlling, controlled by, or under common control with the Adviser; (ii) uses the "manager of managers" structure described in the application; and (iii) complies with the terms and conditions of the application (included in the term "Funds"). The Trusts are the only existing investment companies that currently intend to rely on the order. If the name of any Fund, at any time, contains the name

an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and serves as investment adviser to the Funds pursuant to an investment advisory agreement with each Trust (each, an “Advisory Agreement”). Each Advisory Agreement has been approved by the shareholders² of each Fund and by such Fund’s board of trustees (the “Board”), including a majority of the trustees who are not “interested persons,” as defined in section 2(a)(19) of the Act, of the Trust (“Independent Trustees”).

2. Under the terms of each Advisory Agreement, the Adviser is authorized to manage the investment of the assets of each Fund. Each Advisory Agreement permits the Adviser to delegate its investment advisory responsibilities to one or more investment advisers (“Sub-Advisers”) pursuant to sub-advisory agreements (each, a “Sub-Advisory Agreement”), subject to approval by the Board. The Adviser monitors and evaluates the Sub-Advisers and recommends to the Board their hiring, retention or termination. The Board, including a majority of the Independent Trustees, will approve each Sub-Advisory Agreement. Each Sub-Adviser is an investment adviser registered under the Advisers Act. The Adviser compensates each Sub-Adviser out of the fees paid to the Adviser under the Advisory Agreement.

3. Applicants request relief to permit the Adviser to enter into and materially amend Sub-Advisory Agreements without obtaining shareholder approval. The requested relief will not extend to any Sub-Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of a Fund or the Adviser, other than by reason of serving as a Sub-Adviser to one or more of the Funds (“Affiliated Sub-Adviser”). None of the current Sub-Advisers is an Affiliated Sub-Adviser.

4. Applicants also request an exemption from the various disclosure provisions described below that may require the Funds to disclose the fees paid by the Adviser to the Sub-Advisers. An exemption is requested to permit a Fund to disclose (as both a dollar amount and as a percentage of the Fund’s net assets): (a) The aggregate fees paid to the Adviser and any Affiliated Sub-Advisers; and (b) the aggregate fees paid to Sub-Advisers other than Affiliated Sub-Advisers (“Aggregate Fee

Disclosure”). If a Fund employs an Affiliated Sub-Adviser, the Fund will provide separate disclosure of any fees paid to the Affiliated Sub-Adviser.

Applicants’ Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except under a written contract that has been approved by the vote of a majority of the company’s outstanding voting securities. Rule 18f-2 under the Act provides that each series or class of stock in a series company affected by a matter must approve such matter if the Act requires shareholder approval.

2. Form N-1A is the registration statement used by open-end investment companies. Item 14(a)(3) of Form N-1A requires disclosure of the method and amount of the investment adviser’s compensation.

3. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Securities Exchange Act of 1934 (“1934 Act”). Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A, taken together, require a proxy statement for a shareholder meeting at which the advisory contract will be voted upon to include the “rate of compensation of the investment adviser,” the “aggregate amount of the investment adviser’s fees,” a description of the “terms of the contract to be acted upon,” and, if a change in the advisory fee is proposed, the existing and proposed fees and the difference between the two fees.

4. Form N-SAR is the semi-annual report filed with the Commission by registered investment companies. Item 48 of Form N-SAR requires investment companies to disclose the rate schedule for fees paid to their investment advisers, including the Sub-Advisers.

5. Regulation S-X sets forth the requirements for financial statements required to be included as part of investment company registration statements and shareholder reports filed with the Commission. Sections 6-07(2)(a), (b), and (c) of Regulation S-X require that investment companies include in their financial statements information about investment advisory fees.

6. Section 6(c) 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 provisions of the Act, or from any rule thereunder, 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. Applicants state that their requested relief meets this standard for the reasons discussed below.

7. Applicants state that the Funds’ shareholders will rely on the Adviser to select the Sub-Advisers best suited to achieve a Fund’s investment objectives. Applicants assert that, from the perspective of the investor, the role of the Sub-Advisers is comparable to that of individual portfolio managers employed by traditional investment advisory firms. Applicants contend that requiring shareholder approval of Sub-Advisory Agreements would impose unnecessary costs and delays on the Funds and may preclude the prompt replacement of a Sub-Adviser when considered advisable by the Board and the Adviser. Applicants note that each Advisory Agreement will remain subject to the shareholder approval requirements of section 15(a) and rule 18f-2.

8. Applicants assert that some Sub-Advisers use a “posted” fee schedule to set their fees. Applicants state that while Sub-Advisers are willing to negotiate fees that are lower than those posted on the schedule, they are reluctant to do so where the fees are disclosed to other prospective and existing customers. Applicants submit that the requested relief will better enable the Adviser to negotiate lower advisory fees with the Sub-Advisers, the benefits of which would be passed on to the shareholders of the Funds.

Applicants’ Conditions

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

1. Before a Fund may rely on the order requested in the application, the operation of the Fund in the manner described in the application will be approved by a majority of the Fund’s outstanding voting securities, as defined in the Act, or, in the case of a Fund whose public shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder before offering the Fund’s shares to the public.

2. The prospectus for each Fund will disclose the existence, substance and effect of any order granted pursuant to the application. In addition, each Fund will hold itself out to the public as employing the management structure described in the application. The prospectus will prominently disclose that the Adviser has ultimate responsibility (subject to oversight by

of a Sub-Adviser, the name of the Adviser will precede the name of the Sub-Adviser.

² The term “shareholder” includes variable life insurance policy and variable annuity contract owners that are unitholders of any separate account for which a Fund of the Lincoln Trust serves as a funding medium.

the Board) to oversee Sub-Advisers and to recommend their hiring, termination and replacement.

3. At all times, at least a majority of the Board will be Independent Trustees, and the nomination of new or additional Independent Trustees will be placed at the discretion of the then-existing Independent Trustees.

4. The Adviser will not enter into a Sub-Advisory Agreement with any Affiliated Sub-Adviser without that agreement, including the compensation to be paid thereunder, being approved by the shareholders of the applicable Fund.

5. When a change of Sub-Adviser is proposed for a Fund with an Affiliated Sub-Adviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the Board minutes, that such change is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Adviser or an Affiliated Sub-Adviser derives an inappropriate advantage.

6. Within 90 days of the hiring of any new Sub-Adviser, shareholders will be furnished all information about the new Sub-Adviser that would be contained in a proxy statement, except as modified to permit Aggregate Fee Disclosure. This information will include Aggregate Fee Disclosure and any change in such disclosure caused by the addition of a new Sub-Adviser. The applicable Trust or the Adviser will meet this condition by providing shareholders, within 90 days of the hiring of a new Sub-Adviser, an information statement meeting the requirements of Regulation 14C, Schedule 14C and Item 22 of Schedule 14A under the 1934 Act, except as modified to permit Aggregate Fee Disclosure.

7. The Adviser will provide general investment advisory services to the Funds, including overall supervisory responsibility for the general management and investment of each Fund's assets, and, subject to review and approval by the Board, the Adviser will: (i) Set the Fund's overall investment strategies; (ii) Evaluate, select and recommend Sub-Advisers to manage all or part of each Fund's assets; (iii) when appropriate, allocate and reallocate each applicable Fund's assets among multiple Sub-Advisers; (iv) monitor and evaluate the investment performance of the Sub-Advisers; and (v) ensure that the Sub-Advisers comply with each Fund's investment objectives, policies and restrictions, by among other things, implementing procedures reasonably designed to ensure compliance.

8. No trustee or officer of a Trust, or director or officer of the Adviser will own directly or indirectly (other than through a pooled investment vehicle that is not controlled by such person) any interest in a Sub-Adviser except for: (i) Ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser; or (ii) ownership of less than 1% of the outstanding securities of any class of equity or debt of a publicly traded company that is either a Sub-Adviser or an entity that controls, is controlled by, or is under common control with a Sub-Adviser.

9. Independent legal counsel, as defined in rule 0-1(a)(6) under the Act, will be engaged to represent the Independent Trustees. The selection of such counsel will be within the discretion of the then existing Independent Trustees.

10. Each Trust will include in its registration statement the Aggregate Fee Disclosure for each Fund.

11. Whenever a Sub-Adviser is hired or terminated, the Adviser will provide the Board with information showing the expected impact on the Adviser's profitability.

12. The Adviser will provide the Board, no less frequently than quarterly, with information about the Adviser's profitability on a per-Fund basis. The information will reflect the impact on profitability of the hiring or termination of any Sub-Adviser during the applicable quarter.

13. The requested order will expire on the effective date of rule 15a-5 under the Act, if adopted.

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

Nancy M. Morris,
Secretary.

[FR Doc. E6-17082 Filed 10-13-06; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27511; 812-12993]

SSgA Funds Management, Inc., et al.; Notice of Application

October 6, 2006.

AGENCY: Securities and Exchange Commission.

ACTION: Notice of an 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) and (B), under sections 6(c) and 17(b) of the Act for an exemption

from sections 17(a)(1) and 17(a)(2) of the Act, and under section 6(c) of the Act to amend a previous order.

Summary of the Application: The order would permit certain management investment companies and unit investment trusts ("UITs") registered under the Act to acquire shares ("Shares") of certain open-end management investment companies and UITs registered under the Act that operate as exchange-traded funds and are outside of the same group of investment companies as the acquiring investment companies. The order also would amend a prior order (the "Prior Order")¹ to permit: (a) Dealers to sell Shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 ("Securities Act"); (b) under certain circumstances, exchange-traded funds that track certain foreign equity securities indexes to pay redemption proceeds more than seven days after the tender of Shares (in large aggregations called "Creation Units") for redemption; and (c) additional exchange-traded funds that track certain foreign equity securities indexes to rely on the Prior Order. Further, the order would add certain representations and terms concerning the operations of exchange-traded funds that track certain foreign equity securities indexes, replace certain conditions, and add a condition, to the Prior Order.

Applicants: SSgA Funds Management, Inc. (the "Adviser"), ALPS Distributors, Inc., and State Street Global Markets, LLC (each, a "Distributor" and together, the "Distributors"), The Select Sector SPDR® Trust ("Select Sector Trust"), streetTRACKS® Series Trust ("Series Trust"), and streetTRACKS® Index Shares Funds ("Index Shares Funds") (each of Select Sector Trust, Series Trust, and Index Shares Funds, a "Trust" and collectively, the "Trusts").

DATES: The application was filed on July 29, 2003 and amended on August 3, 2006. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in the notice.

Hearing or Notification of Hearing: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request

¹ State Street Bank and Trust Company, *et al.*, Investment Company Act Release Nos. 24631 (Sept. 1, 2000) (notice) and 24666 (Sept. 25, 2000) ("Prior Order"), superseding The Select Sector SPDR Trust, *et al.*, Investment Company Act Release Nos. 23492 (Oct. 20, 1998) (notice) and 23534 (Nov. 13, 1998) (order).