

Specifications (TSs) 4.3.1.2b and TS 4.3.1.2c of the FCS TSs. The amendment also made an administrative change to TS 4.3.1.2 to correct the current wording of TS 4.3.1.2 and TS 4.3.1.2d. TS 4.3.1.2 implied that more than one new fuel storage rack at FCS is installed when there is actually only one new fuel storage rack. In addition, Omaha Public Power District (OPPD) will complete additional procedural enhancements of administrative controls for compliance with 10 CFR 50.68(b)(2) and (b)(3) prior to receipt of new fuel for the 2006 Refueling.

*Date of issuance:* June 27, 2006.

*Effective date:* The license amendment is effective as of its date of issuance and shall be implemented within 7 days of issuance. OPPD will complete additional enhancements of administrative controls for compliance with 10 CFR 50.68(b)(2) and (b)(3) prior to receipt of new fuel for the 2006 Refueling.

*Amendment No.:* 240.

*Renewed Facility Operating License No. DPR-40:* Amendment revised the Technical Specifications.

*Public comments requested as to proposed no significant hazards consideration (NSHC):*

Yes. Omaha World-Herald on June 11, 2006. The notice provided an opportunity to submit comments on the Commission's proposed NSHC determination. No comments have been received.

The Commission's related evaluation of the amendment, finding of exigent circumstances, state consultation, and final NSHC determination are contained in a safety evaluation dated August 31, 2006.

*Attorney for licensee:* James R. Curtiss, Esq., Winston & Strawn, 1700 K Street, NW., Washington, DC 20006-3817.

*NRC Branch Chief:* David Terao.

Dated at Rockville, Maryland, this 18th Day of September 2006.

For the Nuclear Regulatory Commission.

**Catherine Haney,**

*Director, Division of Operating Reactor Licensing, Office of Nuclear Reactor Regulation.*

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 27494 ; 812-13209]

### Quaker Investment Trust and Quaker Funds, Inc.; Notice of Application

September 20, 2006.

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

**ACTION:** Notice of application for an order under section 6(c) of the Investment Company Act of 1940 (the "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:* Quaker Investment Trust (the "Trust") and Quaker Funds, Inc. (the "Adviser").

*Filing Dates:* The application was filed on July 6, 2005, and amended on September 5, 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 October 16, 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 who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

**ADDRESSES:** Secretary, U.S. Securities & Exchange Commission, 100 F Street NE., Washington, DC 20549-1090; Applicants, 309 Technology Drive, Malvern, PA 19355.

#### FOR FURTHER INFORMATION CONTACT:

Bruce R. MacNeil, Senior Counsel, at (202) 551-6817 or Stacy L. Fuller, 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, 100 F Street, NE., Washington, DC 20549-0102 (telephone (202) 551-5850).

#### Applicants' Representations

1. The Trust, a Massachusetts business trust, is registered under the Act as an open-end management investment company. The Trust currently is comprised of eight series (each a "Fund" and collectively, the "Funds"), each with a separate investment objective, policy and restrictions.<sup>1</sup> The Adviser is registered as 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 ("Advisory Agreement") with the Trust. The Advisory Agreement has been approved by the Trust'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 or the Adviser ("Independent Trustees"), as well as by each Fund's shareholders.

2. Under the terms of the Advisory Agreement, the Adviser provides investment advisory services to each Fund, supervises the investment program for each Fund, and has the authority, subject to Board approval, to enter into investment subadvisory agreements ("Subadvisory Agreements") with one or more investment subadvisers ("Subadvisers"). The Adviser monitors and evaluates the Subadvisers and recommends to the Board their hiring, retention or termination. Subadvisers recommended to the Board by the Adviser must be selected and approved by the Board, including a majority of the Independent Trustees. Each Subadviser to a Fund is, and any future Subadviser to a Fund will be, an investment adviser registered under the Advisers Act. The Adviser compensates each Subadviser out of the fees paid to the Adviser under the Advisory Agreement.

<sup>1</sup> Applicants request that any relief granted pursuant to the application also apply to any future series of the Trust and any other existing or future registered open-end management investment company or series thereof that: (a) is advised by the Adviser; (b) uses the management structure described in the application; and (c) complies with the terms and conditions of the application (included in the term "Funds"). The Trust is the only existing registered open-end management investment company that currently intends to rely on the order. All references to the term "Adviser" include (a) the Adviser and (b) an entity controlling, controlled by, or under common control with the Adviser. If the name of any Fund contains the name of a Subadviser (as defined below), the name of the Adviser that serves as primary adviser to the Fund will precede the name of the Subadviser.

3. Applicants request an order to permit the Adviser, subject to Board approval, to enter into and materially amend Subadvisory Agreements without obtaining shareholder approval. The requested relief will not extend to any Subadviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Trust or of the Adviser, other than by reason of serving as a Subadviser to one or more of the Funds ("Affiliated Subadviser"). None of the current Subadvisers is an Affiliated Subadviser.

4. Applicants also request an exemption from the various disclosure provisions described below that may require a Fund to disclose fees paid by the Adviser to each Subadviser. An exemption is requested to permit each Fund to disclose (as both a dollar amount and as a percentage of each Fund's net assets): (a) The aggregate fees paid to the Adviser and any Affiliated Subadvisers; and (b) the aggregate fees paid to Subadvisers other than Affiliated Subadvisers ("Aggregate Fee Disclosure"). For any Fund that employs an Affiliated Subadviser, the Fund will provide separate disclosure of any fees paid to the Affiliated Subadviser.

#### 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 registered investment companies to disclose the rate schedule for fees paid to their investment advisers, including the Subadvisers.

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 registered investment companies to 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 assert that the shareholders are relying on the Adviser's experience to select one or more Subadvisers best suited to achieve a Fund's investment objectives. Applicants assert that, from the perspective of the investor, the role of the Subadvisers is comparable to that of the individual portfolio managers employed by traditional investment company advisory firms. Applicants state that requiring shareholder approval of each Subadvisory Agreement would impose costs and unnecessary delays on the Funds, and may preclude the Adviser from acting promptly in a manner considered advisable by the Board. Applicants note that the Advisory Agreement will remain subject to section 15(a) of the Act and rule 18f-2 under the Act.

8. Applicants assert that many Subadvisers charge their customers for advisory services according to a "posted" fee schedule. Applicants state that while Subadvisers 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 allow the Adviser to negotiate more effectively with each Subadviser.

#### 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 shareholders purchase shares on the basis of a prospectus containing the disclosure contemplated by condition 2 below, by the sole initial shareholder before offering that 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. 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 the Board) to oversee the Subadvisers and recommend their hiring, termination, and replacement.

3. Within 90 days of the hiring of a new Subadviser, the affected Fund shareholders will be furnished all information about the new Subadviser that would be included 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 the new Subadviser. To meet this obligation, the Fund will provide shareholders within 90 days of the hiring of a new Subadviser with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the 1934 Act, except as modified by the order to permit Aggregate Fee Disclosure.

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

5. 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 within the discretion of the then-existing Independent Trustees.

6. Whenever a Subadviser change is proposed for a Fund with an Affiliated Subadviser, the Board, including a majority of the Independent Trustees, will make a separate finding, reflected in the applicable 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 the Affiliated Subadviser derives an inappropriate advantage.

7. Whenever a Subadviser is hired or terminated, the Adviser will provide the Board with information showing the expected impact on the profitability of the Adviser.

8. The Adviser will provide general management services to each Fund, including overall supervisory responsibility for the general management and investment of the Fund's assets, and, subject to review and approval of the Board, will: (a) Set each Fund's overall investment strategies, (b) evaluate, select and recommend Subadvisers to manage all or a part of a Fund's assets, (c) allocate and, when appropriate, reallocate a Fund's assets among one or more Subadvisers; (d) monitor and evaluate the performance of Subadvisers; and (e) implement procedures reasonably designed to ensure that the Subadvisers comply with the relevant Fund's investment objective, policies and restrictions.

9. No trustee or officer of the Trust or a Fund, 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 Subadviser, except for: (a) Ownership of interests in the Adviser or any entity that controls, is controlled by, or is under common control with the Adviser, or (b) ownership of less than 1% of the outstanding securities of any class of equity or debt of any publicly traded company that is either a Subadviser or an entity that controls, is controlled by or is under common control with a Subadviser.

10. Each Fund will disclose in its registration statement the Aggregate Fee Disclosure.

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

12. 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.

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

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

**Nancy M. Morris,**

*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-54469; File No. SR-BSE-2006-38]

### Self-Regulatory Organizations; Boston Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Effective Date of the Previously Approved Rule Relating to Information Contained in a Directed Order

September 19, 2006.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 11, 2006, the Boston Stock Exchange, Inc. ("BSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The BSE proposes to extend the effective date of the Exchange's Directed Order process on the Boston Options Exchange ("BOX") from September 30, 2006 to January 31, 2007.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the BSE included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The BSE has prepared

summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

On March 20, 2006, the BSE proposed an amendment to its rules governing its Directed Order process on the BOX.<sup>5</sup> The rules were amended to clearly state that the BOX Trading Host identifies to an Executing Participant ("EP") the identity of the firm entering a Directed Order. The amended rule was to be effective until June 30, 2006, while the Commission considered a corresponding Exchange proposal<sup>6</sup> to amend its rules to permit EPs to choose the firms from whom they will accept Directed Orders, while providing complete anonymity of the firm entering a Directed Order.

On June 30, 2006, the Exchange proposed extending the effective date of the rule governing its Directed Order process on the BOX from June 30, 2006 to September 30, 2006<sup>7</sup> while the Commission continued to consider the corresponding Exchange proposal to amend its rules to permit EPs to choose the firms from whom they would accept Directed Orders, while providing complete anonymity of the firm entering a Directed Order.

The Exchange now proposes another extension of the effective date of the amended rule governing its Directed Order process on BOX from September 30, 2006 to January 31, 2007. In the event the Commission reaches a decision with respect to the corresponding Exchange proposal to amend its rules before January 31, 2007, the amended rule governing the Exchange's Directed Order process on the BOX will cease to be effective at the time of that decision.

This filing proposes to extend the effective date of the approved amended rule governing the Exchange's Directed Order process on the BOX from September 30, 2006 to January 31, 2007.<sup>8</sup>

<sup>5</sup> See Securities Exchange Act Release No. 53516 (Mar. 20, 2006), 71 FR 15232 (Mar. 27, 2006) (Notice of Filing and Immediate Effectiveness of SR-BSE-2006-14).

<sup>6</sup> See Securities Exchange Act Release No. 53357 (Feb. 23, 2006), 71 FR 10730 (March 2, 2006) (Notice of Filing of SR-BSE-2005-52).

<sup>7</sup> See Securities Exchange Act Release No. 54082 (June 30, 2006), 71 FR 38913 (July 10, 2006) (Notice of Filing and Immediate Effectiveness of SR-BSE-2006-29).

<sup>8</sup> In the event that the issue of anonymity in the Directed Order process is not resolved by January

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).