

reasonably designed to monitor any purchases of securities by the Unaffiliated Fund in an Affiliated Underwriting once an investment by a Fund of Funds in the securities of the Unaffiliated 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 Fund will review these purchases periodically, but no less frequently than annually, to determine whether the purchases were influenced by the investment by the Fund of Funds in shares of the Unaffiliated Fund. The Board of the Unaffiliated Fund will consider, among other things: (a) Whether the purchases were consistent with the investment objectives and policies of the Unaffiliated 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 Fund in Affiliated Underwritings and the amount purchased directly from an Underwriting Affiliate have changed significantly from prior years. The Board of the Unaffiliated Fund will take any appropriate actions based on its review, including, if appropriate, the institution of procedures designed to ensure that purchases of securities in Affiliated Underwritings are in the best interests of shareholders.

7. Each Unaffiliated 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 from an Affiliated Underwriting occurred, the first two years in an easily accessible place, a written record of each purchase made once an investment by a Fund of Funds in the securities of an Unaffiliated 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 Fund were made.

8. Prior to its investment in shares of an Unaffiliated Fund in excess of the limit in section 12(d)(1)(A)(i) of the Act, the Fund of Funds and the Unaffiliated

Fund will execute a Participation Agreement stating, without limitation, that their boards of directors or trustees and their investment advisers 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 Fund in excess of the limit in section 12(d)(1)(A)(i), a Fund of Funds will notify the Unaffiliated Fund of the investment. At such time, the Fund of Funds will also transmit to the Unaffiliated Fund a list of the names of each Fund of Funds Affiliate and Underwriting Affiliate. The Fund of Funds will notify the Unaffiliated Fund of any changes to the list as soon as reasonably practicable after a change occurs. The Unaffiliated Fund and the Fund of Funds 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. Prior to approving any investment advisory contract under section 15 of the Act, each Fund of Funds Board, including a majority of the Disinterested Trustees, will find that the advisory fees charged under the advisory contract are based on services provided that are in addition to, rather than duplicative of, services provided under the advisory contract(s) of any Underlying Funds in which the Fund of Funds may invest. This finding, and the basis upon which the finding was made, will be recorded fully in the minute books of the appropriate Fund of Funds.

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

Funds in the Unaffiliated Underlying Fund made at the direction of the Subadviser. In the event that the Subadviser waives fees, the benefit of the waiver will be passed through to the Fund of Funds.

11. No Underlying Fund will acquire securities of any other 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, except to the extent that such Underlying Fund: (a) Receives securities of another investment company as a dividend or as a result of a plan of reorganization of a company (other than a plan devised for the purpose of evading section 12(d)(1) of the Act); or (b) acquires (or is deemed to have acquired) securities of another investment company pursuant to exemptive relief from the Commission permitting such Underlying Fund to: (i) Acquire securities of one or more investment companies for short-term cash management purposes, or (ii) engage in interfund borrowing and lending transactions.

12. Any sales charges and/or service fees charged with respect to shares of a Fund of Funds will not exceed the limits applicable to funds of funds set forth in NASD Conduct Rule 2830.

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

**Florence E. Harmon,**

*Acting Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-58630; File No. 4-443]

### Joint Industry Plan; Order Granting Permanent Approval to Amendment No. 2 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options

September 24, 2008.

#### I. Introduction

On August 12, 2008, August 18, 2008, August 15, 2008, August 13, 2008, August 8, 2008, August 14, 2008, August 14, 2008, and August 18, 2008, the American Stock Exchange LLC ("Amex"), the Boston Stock Exchange, Inc. ("BSE"), Chicago Board Options Exchange, Incorporated ("CBOE"), the International Securities Exchange, LLC ("ISE"), The NASDAQ Stock Market LLC ("Nasdaq"), NYSE Arca Inc.

("NYSE Arca"), the Philadelphia Stock Exchange, Inc. ("Phlx"), and the Options Clearing Corporation ("OCC") respectively, filed with the Securities and Exchange Commission ("Commission"), pursuant to section 11A of the Securities Exchange Act<sup>1</sup> of 1934 ("Act") and Rule 608 thereunder,<sup>2</sup> Amendment No. 2 to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options ("the Options Listing Procedures Plan" or "OLPP").<sup>3</sup> Amendment No. 2 would provide a uniform minimum volume threshold per underlying class to qualify for the introduction of a new expiration year of Long-term Equity Anticipation securities ("LEAP" or "LEAPS") options.

On August 19, 2008, the Commission issued notice of and approved Amendment No. 2 on a temporary basis not to exceed 120 days, and solicited comment on the proposal.<sup>4</sup> The Commission received no comment letters in response to the Temporary Approval Order. This order approves Amendment No. 2 on a permanent basis.

## II. Description of the Proposal

Currently, Plan Sponsors may list a new LEAP expiration year at the appropriate time without any consideration as to the activity level of the class of options. Amendment No. 2 proposes to apply a uniform minimum volume threshold per underlying class to qualify for the introduction of a new expiration year of LEAP options.

By agreeing to a minimum volume threshold per underlying class to qualify for an additional year of LEAP series, the Plan Sponsors intend to mitigate the number of option series available for trading. It is intended that this will in turn mitigate quote traffic, because Participants will not be submitting quotes in the not-listed series. The Plan Sponsors have agreed on a minimum volume threshold of 1,000 contracts national average daily volume in the

preceding three calendar months (excluding volume in LEAP and FLEX series) to qualify for the introduction of a new LEAP expiration year.<sup>5</sup>

The Amendment does not restrict the introduction of a new LEAP expiration year in Index options, or in classes that have had options products trading at any exchange for less than six months. In addition, it also does not restrict, for a particular options class, the introduction of new LEAP series with an expiration year that has already been introduced by at least one Exchange.

## III. Discussion

After careful review, the Commission finds that Amendment No. 2 is consistent with the requirements of the Act and the rules and regulations thereunder.<sup>6</sup> Specifically, the Commission finds that Amendment No. 2 to the OLPP is consistent with section 11A of the Act<sup>7</sup> and Rule 608 thereunder<sup>8</sup> in that it is in the public interest and appropriate for the protection of investors and the maintenance of fair and orderly markets. Specifically, the Commission believes that by adopting a uniform minimum volume threshold per underlying class to qualify for the introduction of a new expiration year for LEAP series, the options exchanges should reduce the number of option series available for trading, and thus may reduce increases in the options quote rate because market participants would not be submitting quotes in the not-yet-available LEAP series. Accordingly, the Commission believes that it is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect mechanisms of, a national market system to approve Amendment No. 2 to the OLPP on a permanent basis.

## IV. Conclusion

It is therefore ordered, pursuant to section 11A of the Act,<sup>9</sup> and Rule 608 thereunder,<sup>10</sup> that proposed Amendment No. 2 to the OLPP be, and

it hereby is, approved on a permanent basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Florence E. Harmon,**

*Acting Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8962; 34-58657; File No. 4-567]

### Roundtable on Modernizing the SEC's Disclosure System

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of roundtable discussion; request for comment.

**SUMMARY:** On October 8, 2008 from 9 a.m. to 1 p.m., the Securities and Exchange Commission will hold a roundtable to discuss ways in which its current disclosure system can be modernized to provide investors more useful and timely information to help them make investment choices. The roundtable will be organized as two panels. The panels will be moderated by Commission staff and will include investor representatives, company officials, information intermediaries, practitioners, and academics. The roundtable is part of the Commission's 21st Century Disclosure Initiative.

The roundtable will be held in the auditorium of SEC headquarters at 100 F Street, NE., Washington, DC, from 9 a.m. until approximately 1 p.m. The roundtable will be open to the public with seating on a first-come, first-served basis. The roundtable discussions will be Webcast on the Commission's Web site at <http://www.sec.gov>. The roundtable agenda and other related materials, including a list of participants and moderators, will be accessible at <http://www.sec.gov/disclosureinitiative>. The Commission welcomes comments regarding any of the topics to be addressed at the roundtable and is particularly interested in comments responding to the questions that are set forth below.

**DATES:** We must receive comments on or before October 22, 2008.

**ADDRESSES:** You may submit your comments by any of the following methods:

<sup>11</sup> 17 CFR 200.30-3(a)(29).

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 242.608.

<sup>3</sup> On July 6, 2001, the Commission approved the OLPP, which was originally proposed by the Amex, CBOE, ISE, OCC, Phlx, and Pacific Exchange, Inc. (k/n/a NYSE Arca). See Securities Exchange Act Release No. 44521, 66 FR 36809 (July 13, 2001). On February 5, 2004, BSE was added as a sponsor to the OLPP. See Securities Exchange Act Release No. 49199, 69 FR 7030 (February 12, 2004). On March 21, 2008, Nasdaq was added as a sponsor to the OLPP. See Securities Exchange Act Release No. 57546 (March 21, 2008), 73 FR 16393 (March 27, 2008).

<sup>4</sup> See Securities Exchange Act Release No. 58385 (August 19, 2008), 73 FR 50375 (August 26, 2008) ("Temporary Approval Order").

<sup>5</sup> The Plan Sponsors represented that, in 2007, if this proposal had been in effect, the industry would not have added a new expiration year in 550 underlying securities, which would have reduced the overall number of listed series (LEAP and non-LEAP series) by 8%. These LEAP series generated only .43% of industry trading volume in a typical (non-expiration) sample week.

<sup>6</sup> In approving this proposed OPRA Plan Amendment, the Commission has considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>7</sup> 15 U.S.C. 78k-1.

<sup>8</sup> 17 CFR 242.608.

<sup>9</sup> 15 U.S.C. 78k-1.

<sup>10</sup> 17 CFR 242.608.