

read "Macedonia, The Former Yugoslav Republic of"; and

■ e. Revising the phrase "Saint Vincent" to read "Saint Vincent and the Grenadines".

Dated: April 12, 2004.

Peter Lichtenbaum,

Assistant Secretary, for Export Administration.

[FR Doc. 04-8807 Filed 4-19-04; 8:45 am]

BILLING CODE 3510-33-P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 200

[Release No. 34-49562]

Revision of Rule Concerning Holding Period and Disclosure Requirements for Members' and Employees' Investment Company Transactions

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission is amending its rule covering member and employee securities transactions. The amended rule updates the definition of money market fund; removes the exception to the six-month holding period for shares of a unit investment trust having a term of less than six months; requires Commission members and employees to hold investment company shares for a minimum of 30 days before they are permitted to transfer those assets to another registered investment company within the same family of registered investment companies; and requires Commission members and employees to report every purchase or sale of investment company shares, other than money market fund shares.

DATES: *Effective Date:* May 20, 2004.

FOR FURTHER INFORMATION CONTACT: William Lenox, Assistant Ethics Counsel, or Richard Connor, Assistant Ethics Counsel, Office of the General Counsel, at (202) 942-0970, 450 Fifth Street, NW., Washington, DC 20549-0303.

SUPPLEMENTARY INFORMATION: The Securities and Exchange Commission ("Commission") is amending 17 CFR 200.735-5, its rule covering members' and employees' securities transactions. This rule was adopted as part of the Commission's Conduct Regulation in 1953. Until 1980, the rule prohibited Commissioners and all employees from purchasing securities of registered investment companies. In 1980, the rule

was revised to permit employees, other than Commissioners and SES members in the Division of Investment Management, to purchase such securities. The rule was further revised in 1988 to allow employees to transfer funds within a family of registered investment companies without regard to the holding period previously established by the rule. In 1995, the rule was again amended to allow Commissioners and SES members in the Division of Investment Management and the Office of Compliance Inspections and Examinations to purchase diversified mutual funds. In light of recent developments regarding trading practices in the investment company industry, and in furtherance of the Commission's tradition of imposing stringent trading limitations on its employees, the Commission is amending the rule to ensure that its employees' trading practices continue to adhere to the highest possible standards of ethical conduct.

First, the Commission is updating the definition of money market fund¹ to comport with the language used by the Division of Investment Management in other contexts.

Second, the Commission is modifying current exceptions to its six-month holding period for certain types of securities. The Commission's rule provides that "no member or employee shall effect or cause to be effected any transaction in a security except for bona fide investment purposes. Therefore, all securities purchased by a member or employee must be held for a minimum of six months."² The rule contains six exceptions to the six-month holding period requirement. One of the exceptions provides that the holding period is not applicable to "shares of a unit investment trust having a term of less than six months."³ The Commission is removing this exception from the rule.

Another exception provides that the six-month holding period is not applicable to "the transferring of funds within a *family* of registered investment companies."⁴ The Commission is amending this exception to provide that the six-month holding period is not applicable to the transferring of funds that have been held as shares in a registered investment company for a minimum of 30 days to another registered company within the same *family* of registered investment

companies. This 30-day holding period will not apply to money market fund shares, which are already fully exempted from the six-month holding period.

Third, the Commission is increasing its reporting requirements for members and employees. The Commission's rule currently requires, with limited exceptions, that members and employees report every acquisition or sale of any security.⁵ One of the exceptions applies to mutual fund transactions occurring after the initial purchase has been reported.⁶ The Commission is amending this exception to require members and employees to report every purchase or sale of investment company shares, other than money market fund shares. With respect to money market fund shares, Commission members and employees will be required to report the initial purchase and final sale of such shares.

The Commission has determined that these amendments to its rule regulating member and employee securities holdings and transactions relate solely to the agency's organization, procedure or practice. Therefore, the provisions of the Administrative Procedure Act regarding notice and comment are not applicable.⁷ It follows that the requirements of the Regulatory Flexibility Act do not apply.⁸ These rule amendments also impose no new collection of information under the Paperwork Reduction Act.⁹

Statutory Basis

The amendments to the Commission's rule are adopted pursuant to section 23(a) of the Securities Exchange Act of 1934, 15 U.S.C. 78w(a); section 19(a) of the Securities Act of 1933, 15 U.S.C. 77s(a); section 20(a) of the Public Utility Holding Company Act of 1935, 15 U.S.C. 79t(a); section 319 of the Trust Indenture Act of 1939, 15 U.S.C. 77sss(a); section 38(a) of the Investment Company Act of 1940, 15 U.S.C. 80a-37(a); and section 211(a) of the Investment Advisers Act of 1940, 15 U.S.C. 80b-11(a).

List of Subjects in 17 CFR Part 200

Conflict of interests.

■ In accordance with the foregoing, Title 17 Chapter II of the Code of Federal Regulations is amended as follows:

¹ Footnote 17 following 17 CFR 200.735-5(b)(1)(ii).

² 17 CFR 200.735-5(b)(1).

³ 17 CFR 200.735-5(b)(1)(v).

⁴ 17 CFR 200.735-5(b)(1)(vi).

⁵ 17 CFR 200.735-5(m)(2).

⁶ 17 CFR 200.735-5(m)(3).

⁷ 5 U.S.C. 553(b).

⁸ 5 U.S.C. 601-612.

⁹ 44 U.S.C. 3501-3520.

PART 200—ORGANIZATION; CONDUCT AND ETHICS; AND INFORMATION AND REQUESTS

Subpart M—Regulation Concerning Conduct of Members and Employees and Former Members and Employees of the Commission

■ 1. The authority citation for subpart M continues to read as follows:

Authority: 15 U.S.C. 77s, 78w, 79t, 77sss, 80a–37, 80b–11; E.O. 11222, 3 CFR, 1964–1965 Comp.; 5 CFR 735.104 unless otherwise noted.

■ 2. Section 200.735–5 is amended by:

- a. Revising footnote 17 appearing in paragraph (b)(1)(ii);
- b. Adding at the end of paragraph (b)(1)(iv) the word “or”;
- c. Removing paragraph (b)(1)(v);
- d. Redesignating paragraph (b)(1)(vi) as paragraph (b)(1)(v);
- e. Revising newly redesignated paragraph (b)(1)(v); and
- f. Revising paragraph (m)(3).

The revisions read as follows.

§ 200.735–5 Securities transactions.

* * * * *

- (b)(1) * * *
- (ii) * * *

¹⁷ For purposes of this section a *money market fund* is defined as a registered open-end fund that complies with § 270.2a–7 of this chapter.

* * * * *

(v) The transferring of funds that have been held as shares in a registered investment company for a minimum of 30 days to another registered investment company within the same *family* of registered investment companies. This 30-day holding period does not apply to money market fund shares, which are exempted from the six-month holding period by paragraph (b)(1)(ii) of this section.

* * * * *

- (m)(1) * * *

(3) Members and employees shall report only the initial purchase and final sale of shares in a money market fund.

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Dated: April 14, 2004.
By the Commission.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 04–8890 Filed 4–19–04; 8:45 am]

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COURT SERVICES AND OFFENDER SUPERVISION AGENCY FOR THE DISTRICT OF COLUMBIA

28 CFR Part 803

[CSOSA–0007–F]

RIN 3225–AA05

Agency Seal

AGENCY: Court Services and Offender Supervision Agency for the District of Columbia.

ACTION: Final rule.

SUMMARY: The Court Services and Offender Supervision Agency for the District of Columbia (CSOSA or Agency) is adopting regulations on the use of its official seal and the official seal for the District of Columbia Pretrial Services Agency (PSA or Agency), an independent entity within CSOSA. Use by any person or organization may be made only with CSOSA’s or PSA’s prior written approval. Wrongful use of an official seal is subject to administrative action and/or criminal penalty.

EFFECTIVE DATE: May 20, 2004.

ADDRESSES: Office of the General Counsel, CSOSA, Room 1253, 633 Indiana Avenue, NW., Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Roy Nanovic, Records Manager (telephone: (202) 220–5359; e-mail: roy.nanovic@csosa.gov.

SUPPLEMENTARY INFORMATION: CSOSA is adopting regulations (28 CFR 803) on the use of its official seal and the official seal for PSA, an independent entity within CSOSA.

CSOSA and PSA have each developed a seal which signifies the authoritativeness of the item or document to which it is affixed as an official endorsement of the Agency. The seals are to be used for official Agency business or as approved under CSOSA’s regulations.

Matters of Regulatory Procedure

Administrative Procedure Act

A proposed rule on this subject was published in the **Federal Register** on April 22, 2003 (68 FR 19770). The Agency received no comment on this proposed rule. Accordingly, the Agency is adopting the proposed rule as final without change.

Any interested person, however, who wishes to submit further comments on the rule may do so by writing or e-mailing the agency at the addresses given above in the **ADDRESSES** and **FOR FURTHER INFORMATION CONTACT** captions. These comments will be considered but

will not necessarily receive a response in the **Federal Register**.

Executive Order 12866

This rule has been determined to be significant under Executive Order 12866 and has been reviewed by the Office of Management and Budget.

Executive Order 13132

This rule will not have substantial direct effects on the States, on the relationship between the national government and the States, or on distribution of power and responsibilities among the various levels of government. Therefore, in accordance with Executive Order 13132, the Director of CSOSA had determined that this rule does not have sufficient federalism implications to warrant the preparation of a Federalism Assessment.

Regulatory Flexibility Act

The Director of CSOSA, in accordance with the Regulatory Flexibility Act (5 U.S.C. 605(b)), has reviewed this rule and by approving it certifies that this rule will not have a significant economic impact upon a substantial number of small entities. This rule pertains to agency management, and its economic impact is limited to the agency’s appropriated funds.

Unfunded Mandates Reform Act of 1995

This rule will not result in the expenditure by State, local and tribal governments, in the aggregate, or by the private sector, of \$100,000,000 or more in any one year, and it will not significantly or uniquely affect small governments. Therefore, the Director of CSOSA has determined that no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995.

Small Business Regulatory Enforcement Fairness Act of 1996

This rule is not a major rule as defined by section 804 of the Small Business Regulatory Enforcement Fairness Act of 1996. This rule will not result in an annual effect on the economy of \$1000,000,000 or more; a major increase in costs or prices; or significant adverse effects on competition, employment, investment, productivity, innovation, or on the ability of United States-based companies to compete with foreign-based companies in domestic and export markets.

Plain Language Instructions

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