

DETERMINED TO BE AN  
ADMINISTRATIVE MARKING  
E.O. 12065, Section 8-102  
By JMV NARS, Date 5/2/2012

OPEN MEETING OF THE SECURITIES AND EXCHANGE COMMISSION

Tuesday, April 30, 2002 – 10:03 a.m.

COMMISSIONERS PRESENT:

Harvey L. Pitt, Chairman  
Isaac C. Hunt, Jr.  
Cynthia A. Glassman

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Mr. Beller, Director, Ms. Klein and Mr. Thorpe, of the Division of Corporation Finance; Mr. Herdman, Chief Accountant, Mr. Day, Deputy Chief Accountant, and Ms. Minke-Gerard, Associate Chief Accountant, of the Office of Chief Accountant; Mr. Becker, General Counsel, of the Office of General Counsel; and Mr. Sokobin, of the Office of Economic Analysis, were present.

The Commission approved (3-0), along the lines discussed, issuance of a release proposing rules that would require companies to discuss “critical accounting estimates” in their “Management’s Discussion and Analysis” (MD&A) section of annual reports, registration statements and proxy and information statements. Quarterly updates to disclose material changes would be required under the proposals. The proposed disclosure is designed to provide additional key information to enhance investors’ understanding of a company’s financial condition, changes in financial condition and results of operations, and to provide information about the quality of, and potential variability of, a company’s earnings. The proposed amendments reflect the changes to MD&A rules that the Commission announced its intention to propose in Press Release 2002-22 on February 13, 2002 (Item 303 of Regulation S-K, Item 303 of Regulation S-B, under the Securities Act of 1933 and Item 5 of Form 20-F under the Securities Exchange Act of 1934).

(See Release 33-8098, dated May 10, 2002.)

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Ms. King, Associate Director, and Ms. Riley, of the Division of Market Regulation; and Mr. Becker, General Counsel, and Mr. Jung, of the Office of General Counsel, were present.

Following discussion, the Commission approved (3-0) issuance of a release proposing to amend Rule 31-1 under the Securities Exchange Act of 1934 to clarify how

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to calculate assessments that are required to be paid by national securities exchanges and national securities associations pursuant to Section 31(d) of the Exchange Act for security futures transactions. The proposed amendments to Rule 31-1 also would provide guidance on how to calculate fees that are required to be paid by national securities exchanges and national securities associations pursuant to Sections 31(b) and (c) of the Exchange Act, respectively, for sales of securities that result from the physical settlement of security futures.

(See Release 34-45854, dated May 1, 2002.)

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Mr. Roye, Director, Mr. Plaze, Associate Director, Mr. Jones, Ms. Peterson, Mr. Peirce and Mr. Middlebrooks, of the Division of Investment Management; Mr. Westbrook and Mr. Strickland, of the Office of Economic Analysis; and Mr. Becker, General Counsel, and Mr. Pisto, of the Office of General Counsel, were present.

Following discussion, the Commission approved (3-0) issuance of a release proposing amendments to Rules 10f-3, 12d3-1, 17a-6, 17d-1, and 17e-1 and new Rule 17a-10 under the Investment Company Act of 1940. The proposed amendments to Rules 17a-6 and 17d-1 would expand the current exemptions for investment companies to enter into principal transactions and joint arrangements with portfolio companies that are affiliated with an investment company because the investment company controls the portfolio company, or owns more than five percent of the portfolio's voting securities. The proposed amendments to Rules 10f-3, 12d3-1, and 17e-1 and new Rule 17a-10 would permit investment companies and their affiliated subadvisers to enter into a variety of transactions together without first obtaining an exemptive order from the Commission.

The Commission also approved issuance of a release adopting amendments to Rule 10f-3 under the Investment Company Act of 1940. Rule 10f-3 permits investment companies to purchase certain securities in an underwriting in which an affiliated underwriter is participating. The amendments to Rule 10f-3 include government securities among the types of securities that investment companies may purchase under the rule.

(See Release IC-25557, dated April 30, 2002; and Release IC-25560, dated April 30, 2002.)

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Mr. Levine and Ms. Levine, of the Office of General Counsel; and Mr. Katz, Secretary, of the Office of the Secretary, were present.

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Following discussion, the Commission approved (3-0) issuance of a release amending its rules, 17 CFR § 200.30-7(a), to delegate authority to the Secretary of the Commission to enter orders instituting previously authorized administrative proceedings based on the entry of an injunction or a criminal conviction.

(See Release 34-45848, dated April 30, 2002.)

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The meeting was adjourned at 11:28 a.m.

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Jill Peterson  
Assistant Secretary

By: Tara M. Sussan  
Program Information Specialist