

by the SEC, about issuers of securities, and about individuals and companies whose activities may violate the federal securities laws. Investors who submit the Investor Complaint Form are asked to provide information on, among other things, their names, how they can be contacted, the names of the financial institutions, companies, or individuals they are complaining about, the nature of their complaints, what documents can be provided, and what legal actions they have taken. The online version asks for general information about the investor's complaint and then poses follow-up questions based on previous answers. Most questions on the Investor Complaint Form are asked in a multiple-choice style that allows the investor to provide an answer simply by checking a box. Some questions require the investor to provide more detailed full-text responses about the facts of his complaint.

Investors will use the Investor Question Form to ask general questions about the SEC's programs, rules, and other matters that are not appropriate for the Investor Complaint Form. Investors who submit the Investor Question Form are asked to provide their names, how they can be contacted, and their questions.

The total reporting burden of using the Investor Complaint Forms or Investor Question Form is estimated to be 23,750 hours. This was calculated by multiplying the total number of investors whom the SEC expects to use the forms times how long it will take to complete each form (95,000 respondents  $\times$  15 minutes = 23,750 burden hours).

Use of Investor Complaint and Questions Forms is voluntary. The SEC will continue to accept questions and complaints submitted in letters (sent by mail or fax), e-mail messages, and telephone calls. However, if an investor chooses to submit an Investor Complaint Form or Investor Question Form through the Internet, the investor must respond to certain questions about the nature of the complaint or the form will not be accepted electronically.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information

technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: August 14, 2000.

**Margaret H. McFarland,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 24598; 812-11922]

### CNI Charter Funds and City National Bank; Notice of Application

August 14, 2000.

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

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

*Summary of Application:* The order would permit applicants to enter into and materially amend subadvisory agreements without shareholder approval.

*Applicants:* CNI Charter Funds (the "Trust") and City National Bank (the "Adviser").

*Filing Dates:* The application was filed on December 30, 1999. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

*Hearing or Notification of Hearing:* An order granting the application will be issued unless the SEC orders a hearing. Interested persons may request a hearing by writing to the SEC's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the SEC by 5:30 p.m. on September 7, 2000, and should be accompanied by proof of service on 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 SEC's Secretary.

**ADDRESSES:** Secretary, SEC, 450 Fifth Street, NW., Washington, DC 20549-

0609. Applicants, 400 North Roxbury Drive, Suite 600, Beverly Hills, California 92010.

### FOR FURTHER INFORMATION CONTACT:

Bruce R. MacNeil, Staff Attorney, at (202) 942-0634, or Michael W. Mundt, Branch Chief, at (202) 942-0564 (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 from the SEC's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0102 (tel. (202) 942-8090).

### Applicants' Representations

1. The Trust, a Delaware business trust, is registered under the Act as an open-end management investment company. The Trust is currently comprised of nine separate series (each a "Fund," and together, the "Funds"), each with its own investment objectives, policies, and restrictions.<sup>1</sup> The Adviser, a federally chartered bank, serves as the investment adviser to the Funds and is exempt from registration under the Investment Advisers Act of 1940 ("Advisers Act").

2. The Adviser serves as investment adviser to the Funds pursuant to an investment advisory agreement between the Trust and the adviser that was approved by the Trust's board of trustees ("Board"), including a majority of the trustees who are not "interested persons" as defined in section 2(a)(19) of the Act ("Independent Trustees"), and each Fund's shareholders ("Advisory Agreement").

3. The Advisory Agreement permits the Adviser to enter into separate investment advisory agreements ("Subadvisory Agreements") with subadvisers ("Subadvisers") to whom the Adviser may delegate responsibility for providing investment advice and making investment decisions for a Fund.<sup>2</sup> The Adviser monitors and evaluates the Subadvisers and recommends to the Board their hiring, termination, and replacement. Each Subadviser is an investment adviser registered under the Advisers Act or

<sup>1</sup> Applicants also request relief for any future series of the Trust and any other future registered open-end management investment company that (a) is advised by the Adviser or any entity controlling, controlled by or under common control with the Adviser; (b) uses the adviser/subadviser structure that is described in the application; and (c) complies with the terms and conditions in the application. The Trust is the only existing open-end management investment company that currently intends to rely on the order.

<sup>2</sup> Currently, three of the Funds are advised by a Subadviser.

exempt from registration. The Adviser compensates the Subadvisers out of the fees paid to the Adviser by the Fund.

4. Applicants request relief to permit the Adviser 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 the Adviser, other than by reason of serving as a Subadviser to one or more of the Funds ("Affiliated Subadviser").

#### Applicant's 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 a majority of the investment 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 the matter if the Act requires shareholder approval.

2. Section 6(c) of the Act authorizes the SEC to exempt persons or transactions from the provisions of the Act to the extent that the exemption is unnecessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policies and provisions of the Act. Applicants state that the requested relief meets this standard for the reasons discussed below.

3. Applicants assert that the Funds' shareholders rely on the Adviser to select the 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 individual portfolio managers employed by other investment advisory firms. Applicants submit that the requested relief will reduce the Funds' expenses associated with shareholder meetings and proxy solicitations, and enable the Funds to operate more efficiently. Applicants also note that the Advisory Agreement will remain subject to section 15(a) of the Act and rule 18f-2 under the Act.

#### Applicants' Conditions

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

1. Before a Fund may rely on the requested order, the operation of the Fund, as 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 purchased shares on the basis of the prospectus containing the disclosure contemplated by condition 2 below, by the initial shareholders before offering shares of that Fund to the public.

2. Each Fund relying on the requested relief will disclose in its prospectus 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 review of the Board to monitor and evaluate Subadvisers and recommend their hiring, termination, and replacement.

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

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

5. When 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 Trust's Board minutes, that the 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.

6. Within 90 days of the hiring of any new Subadviser, the Adviser will furnish shareholders of the affected Fund with the information about the Subadviser that would be included in a proxy statement. The information will include any changes caused by the addition of the new Subadviser. The Adviser will meet this condition by providing shareholders of the applicable Fund with an information statement meeting the requirements of Regulation 14C, Schedule 14C, and Item 22 of Schedule 14A under the Securities Exchange Act of 1934, as amended.

7. The Adviser will provide general management services to the Funds, including overall supervisory responsibility for the general management and investment of each Fund's securities portfolio and, subject to review and approval by the Board, will (i) set each Fund's overall investment strategies; (ii) evaluate, select, and recommend Subadvisers to

manage all or a part of a Fund's assets; (iii) when appropriate, allocate and reallocate the Fund's assets among multiple Subadvisers; (iv) monitor and evaluate the performance of the Subadvisers; and (v) implement procedures reasonably designed to ensure that the Subadvisers comply with the Fund's investment objectives, restrictions, and policies.

8. No trustee or officer of the 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 any such trustee, director or officer) any interest in a Subadviser 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 securities 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.

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

**Margaret H. McFarland,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act; Agency Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Pub. L. 94-409, that the Securities and Exchange Commission will hold the following meetings during the week of August 21, 2000.

A closed meeting will be held on Thursday, August 24, 2000 at 11 a.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the closed meeting. Certain staff members who have an interest in the matters may also be present.

The General Counsel of the commission, or his designee, has certified that, in his opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(4), (8), (9)(A) and (10) and 17 CFR 200.402(a)(4), (8), (9)(A) and (10), permit consideration for the scheduled matters at the closed meeting.

The subject matters of the closed meeting scheduled Thursday, August 24, 2000 will be: Institution and settlement of injunctive actions; and institution and settlement of