

SUPPORTING STATEMENT
Rule 23c-1

A. JUSTIFICATION

1. Necessity for the Information Collection

Section 23(c) of the Investment Company Act of 1940 (15 U.S.C. 80a-23(c)) (“1940 Act”) prohibits a registered closed-end investment company (“closed end fund” or “fund”) from purchasing any security of which it is the issuer except on a securities exchange, pursuant to a tender, or under such other circumstances as the Securities and Exchange Commission (the “Commission”) may permit by rules, regulations, or orders designed to insure that the purchases are made in a manner or on a basis which does not unfairly discriminate against any holders of the securities to be purchased. Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) permits a closed-end fund to purchase its securities, other than on a securities exchange or pursuant to a tender, if certain conditions are met.

Rule 23c-1(a) permits a closed-end fund to repurchase its securities for cash if, in addition to the other requirements set forth in the rule, the following conditions are met:

(i) payment of the purchase price is accompanied or preceded by a written confirmation of the purchase (“written confirmation”); (ii) the asset coverage per unit of the security to be purchased is disclosed to the seller or his agent (“asset coverage disclosure”); and (iii) if the security is a stock, the fund has, within the preceding six months, informed stockholders of its intention to purchase stock (“six month notice”).

In addition, the fund must file with the Commission a copy of any written solicitation to purchase securities given by or on behalf of the fund

to 10 or more persons. The copy must be filed as an exhibit to Form N-CSR (17 CFR 249.331 and 274.128).¹

2. Purposes of the Information Collection

The purpose of the information collection requirements in Rule 23c-1 is to protect shareholders of closed-end funds from fraud in connection with the repurchase by funds of the funds' own securities.

3. Role of Improved Information Technology

The Commission's electronic filing project (Electronic Data Gathering, Analysis and Retrieval System, or "EDGAR") is designed to automate the filing, processing and dissemination of full disclosure filings. This automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. Form N-CSR must be filed with the Commission electronically on EDGAR. The public may access filings on EDGAR through the Commission's Internet web site (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms. In addition, some closed-end funds may communicate with third parties electronically, which could reduce the burdens associated with the third party notifications required by the rule.

4. Efforts to Identify Duplication

The requirements of Rule 23c-1 are not duplicated elsewhere in federal securities laws, and similar information is not available from other sources.

¹ Item 8 of Form N-CSR requires closed-end funds to disclose information similar to the information that was required in Form N-23C-1, which was discontinued in 2004.

5. Effect on Small Entities

Rule 23c-1 is available to any closed-end fund, including those that are small entities, that wishes to repurchase its own securities. There are approximately 30 closed-end funds that are small entities. Any fund that wishes to rely on Rule 23c-1 must comply with its information collection requirements. These requirements are necessary for investor protection.

6. Consequences of Less Frequent Collection

The information collection requirements of Rule 23c-1 are applicable only when a closed-end fund decides to purchase securities of which it is the issuer. Because the information required to be provided to shareholders must be reasonably current, less frequent reporting would not serve the investor protection purposes of the rule.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

The rule's required provision of written confirmations, asset coverage disclosures, and six month notices may cause information to be provided to third parties more often than quarterly, depending upon the frequency with which a closed-end fund repurchases its securities.

8. Consultations Outside the Agency

The Commission and its staff participate in ongoing dialogue with representatives of the fund industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and its staff with a means of ascertaining and acting upon paperwork burdens confronting the industry.

The Commission requested public comment on the collection of

information requirements in Rule 23c-1 before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

Not applicable.

11. Sensitive Questions

Not applicable.

12. Estimate of Hour Burden

The burden associated with filing Form N-CSR is addressed in the submission related to that Form and is not included in the estimates contained in this submission. Depending upon the number of securities repurchases by closed-end funds that may rely on the rule, the burden hours associated with complying with the rule's paperwork requirements could vary widely.

Commission staff estimates that 14 closed-end funds undertake a total of 122 securities repurchases annually under Rule 23c-1.² It is estimated that, with respect to each repurchase, each fund spends 2.5 hours to comply with the rule's written confirmation, asset coverage disclosure and six month notice requirements. Thus, Commission staff estimates the total annual respondent reporting burden is 305 hours. Commission staff further

² These data are based on the number of Form N-23C-1 filings in 2003, the last full calendar year in which Form N-23C-1 was required to be filed. The number of Form N-23C-1 filings had been consistently declining in the last few years prior to the discontinuation of Form N-23C-1 in 2004.

estimates that the cost of the hourly burden per repurchase is \$262 (one half hour of a compliance attorney's time at \$312 per hour,³ and two hours of clerical time at \$53 per hour⁴). The total annual cost for all funds is estimated to be \$31,964.

13. Estimate of Total Annual Cost Burden

Commission staff estimates that there is no cost burden relating to the paperwork burdens of Rule 23c-1 other than the cost of the hour burden identified in Item 12 of this Supporting Statement.

14. Estimate of Cost to the Federal Government

There are no costs to the Federal government associated with Rule 23c-1.

15. Explanation of Changes in Burden

The reduction in estimated total annual burden hours from 330 hours to 305 hours is the result of using more recent information as the basis for the estimate. The new estimate is based upon actual repurchases by closed-end funds under the rule during 2003, the most recent full calendar year in which Form N-23C-1 was used.

16. Information Collection Planned for Statistical Purposes

Not applicable.

³ This rate is derived from the median salary paid to compliance attorneys outside New York as reported in an industry survey. See Securities Industry Association, A Report on Management & Professional Earnings in the Securities Industry 2005. The \$312 per hour figure accounts for an 1800-hour work-year and includes a multiple of 5.35 to account for bonuses, firm size, employee benefits and overhead.

⁴ This rate is derived from the median salary paid to compliance clerks outside New York as reported in an industry survey. See Securities Industry Association, A Report on Management & Professional Earnings in the Securities Industry 2005. The rate includes bonuses, firm size, employee benefits and overhead.

17. Approval to not Displayed Expiration Date

Not applicable.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.