

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 275

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Commission Guidance Regarding the Duties and Responsibilities of Investment Company Boards of Directors with Respect to Investment Adviser Portfolio Trading Practices

AGENCY: Securities and Exchange Commission.

ACTION: Proposed guidance; request for comment.

SUMMARY: The Securities and Exchange Commission is publishing for comment this proposed guidance to boards of directors of registered investment companies to assist them in fulfilling their fiduciary responsibilities with respect to overseeing the trading of investment company portfolio securities. The guidance focuses on the role of an investment company board in overseeing the best execution obligations of the investment adviser hired to invest in securities and other instruments on the investment company's behalf. In this respect, we address the conflicts of interest that may exist when an investment adviser uses an investment company's brokerage commissions to purchase services other than execution, such as the purchase of brokerage and research services through client commission arrangements. The Commission also is requesting comment on whether to propose that advisers be subject to new disclosure requirements concerning the use of client commission arrangements to investment company shareholders and other investment advisory clients.

DATES: Comments should be received on or before October 1, 2008.

ADDRESSES: Comments may be submitted by any of the following methods:

