ORDER MODIFYING ORDER
INSTITUTING ADMINISTRATIVE
AND CEASE-AND-DESIST
PROCEEDINGS, MAKING
FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS AND A
CEASE-AND-DESIST ORDER
PURSUANT TO SECTION 8A OF THE
SECURITIES ACT OF 1933,
SECTIONS 15(b) AND 21C OF THE
SECURITIES EXCHANGE ACT OF
1934, SECTIONS 203(e) AND 203(k) OF
THE INVESTMENT ADVISERS ACT
OF 1940 AND SECTIONS 9(b) AND
9(f) OF THE INVESTMENT
COMPANY ACT OF 1940

I.

On February 9, 2005, the Securities and Exchange Commission ("Commission") instituted public administrative and cease-and-desist proceedings pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), Sections 15(b) and Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 ("Advisers Act") and Sections 9(b) and 9(f) of the
Investment Company Act of 1940 ("Investment Company Act") (the "2005 Order"), against Banc of America Capital Management, LLC ("BACAP"), BACAP Distributors, LLC, and Banc of America Securities, LLC ("BAS") (collectively "Respondents").

II.

In anticipation of the proceedings, Respondents consented to the entry of the 2005 Order. Among other things, the 2005 Order required Respondents to cease and desist from further violations of the federal securities laws, directed Respondents to pay disgorgement and civil money penalties, and directed Respondents to comply with certain undertakings.

III.

By and through their respective successors, Respondents have submitted an Amended Offer of Settlement (the "Offer") proposing to relieve Respondents of their continuing obligation to conduct third-party periodic reviews in accordance with paragraphs 141 and 145 of the 2005 Order and to order that Merrill Lynch, Pierce, Fenner & Smith Incorporated, as acquirer of BAS, will maintain a compliance and ethics oversight infrastructure that provides equivalent protections to the infrastructure that BAS was required to maintain pursuant to paragraph 138 of the 2005 Order. Solely for the purposes of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission's jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this Order Modifying Order Instituting Administrative and Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order Pursuant to Section 8A of the Securities Act of 1933, Sections 15(b) and Section 21C of the Securities Exchange Act of 1934, Sections 203(e) and 203(k) of the Investment Advisers Act of 1940 and Sections 9(b) and 9(f) of the Investment Company Act of 1940 ("Order"), as set forth below.

IV.

The Commission deems it appropriate and in the public interest to amend the 2005 Order as agreed to in the Respondents’ Offer.

Accordingly, IT IS HEREBY ORDERED that:

A. Paragraph 138 of the 2005 Order is amended as follows to order:

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), as the acquirer of Bank of America Investment Services, Inc. ("BAI"), the successor to the retail sales of mutual funds business of BAS, will maintain a compliance and ethics oversight infrastructure that provides equivalent protections to the compliance and ethics oversight

infrastructure that BAS was required to maintain under Paragraph 138 of the original 2005 Order. By October 2011, Merrill Lynch shall retain a third-party, who is not an interested person, as defined in the Investment Company Act, to conduct a review of the compliance and ethics oversight infrastructure applicable to Merrill Lynch to determine if the infrastructure provides equivalent protections to the compliance and ethics oversight infrastructure required under Paragraph 138 of the original 2005 Order. Merrill Lynch shall promptly deliver the third party’s report, along with any recommendations, to Merrill Lynch’s Compliance and Risk Operating Committees, the Merrill Lynch Board of Directors, and the Commission staff.

B. Paragraph 141 of the 2005 Order is amended as follows to order:

In the event that BACAP or BACAP Distributors or their successors (the “BACM Entities”) seek to advise, sponsor or distribute mutual funds, other than money-market funds (“Long-Term Funds”), the BACM Entities shall retain a third-party, who is not an interested person, as defined in the Investment Company Act, to conduct a compliance review of the BACM Entities. At the conclusion of the review, the BACM Entities shall require the third-party to issue a report of its findings and recommendations concerning the BACM Entities’ supervisory, compliance, and other policies and procedures reasonably designed to prevent and detect breaches of fiduciary duty, breaches of the Code of Ethics and federal securities law violations by the BACM Entities and their employees in connection with their duties and activities on behalf of and related to the Long-Term Funds. The BACM Entities shall promptly deliver the report, along with any recommendations, to BACM Entities’ Internal Compliance Controls Committee, the Audit Committee of the board of each Long-Term Fund, and the Commission staff.

C. Paragraph 145 of the 2005 Order is amended as follows to order:

By October 2011, Merrill Lynch, as the acquirer of BAI, shall undergo a compliance review by a third-party who is not an interested person, as defined in the Investment Company Act, of Merrill Lynch. At the conclusion of the review, Merrill Lynch shall require the third party to issue a report of its findings and recommendations concerning Merrill Lynch’s supervisory, compliance, and other policies and procedures reasonably designed to prevent and detect breaches of fiduciary duty, breaches of the Code of Ethics and federal securities law violations by Merrill Lynch and its employees in connection with the retail sales of mutual funds. Merrill Lynch shall promptly deliver such report, along with any recommendations, to Merrill Lynch’s Compliance and Risk Operating Committees, the Merrill Lynch Board of Directors, and the Commission staff.

D. All other provisions of the 2005 Order remain in effect.

By the Commission.

Elizabeth M. Murphy
Secretary