

CENTRAL EUROPE & RUSSIA FUND INC  
Form 40-17G  
November 16, 2006

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Securities and Exchange Commission

Office of Filings and Information Services

100 F Street, NE

Washington, DC 20549

Re: Investment Company Fidelity Bond for

The European Equity Fund, Inc.

The New Germany Fund, Inc.

The Central Europe and Russia Fund, Inc

(collectively, the Funds )

Dear Sir/Madam:

On behalf of the Funds, enclosed for filing with the Securities and Exchange Commission, pursuant to the requirements of Rule 17g-1(g) of the Investment Company Act of 1940, as amended, are the following:

1. A copy of the joint Investment Company Blanket Bond for the period of August 21, 2006 to August 21, 2007,
2. A copy of the resolution of a majority of the Board of Directors of the Funds who are not "interested persons" of the Funds approving the form and amount of the bond,
3. A statement showing the amount of the single insured bond which each Fund would have provided and maintained had it not been named as an insured under a joint insured bond, and
4. A copy of the agreement between all of the named insured Funds entered into pursuant to paragraph (f).

Premiums have been paid for the period from August 21, 2006 to August 21, 2007.

If you have any questions or need further information, please contact me at 212-454-6778.

Very truly yours,

/s/ David Goldman

Secretary of the Funds

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Resolutions Of The Board Of Directors Of

The European Equity Fund, Inc.

The New Germany Fund, Inc.

The Central Europe And Russia Fund, Inc.

As Adopted Unanimously At Their

Regular Meeting

October 30, 2006

RESOLVED, that the actions taken by the Audit Committee on August 18, 2006 and August 29, 2006, including actions relating to (i) the Investment Company Blanket Bond, issued by National Union (AIG), in the form and amount of \$2,350,000 and a premium of \$6,136, covering The European Equity Fund, Inc., The New Germany Fund, Inc. and The Central Europe and Russia Fund, Inc. (collectively, the Funds ), and (ii) the joint liability insurance policy issued by Hartford Insurance Company for \$5 million primary coverage and a premium of \$70,000 covering the Funds, Deutsche Investment Management Americas Inc. and Deutsche Asset Management International GmbH, are hereby ratified, confirmed and approved in all respects;

FURTHER RESOLVED, that the officers of the Funds are hereby authorized to enter into a Fidelity Bond Insurance Allocation Agreement in conformity with paragraph (f) of Rule 17g-1 under the Investment Company Act of 1940, as amended, in substantially the form presented to this meeting, with such changes as may be recommended by counsel, such approval to be conclusively evidenced by execution of the agreement by an officer of the Funds.

Resolutions Of The Audit Committees Of

The European Equity Fund, Inc.

The New Germany Fund, Inc.

The Central Europe And Russia Fund, Inc.

As Adopted Unanimously At Their

Special Meeting

August 18, 2006

RESOLVED, that the Investment Company Blanket Bond (the Bond ), issued by National Union Fire Insurance Company of Pittsburgh, Pa (AIG), in the form and amount of \$2,350,000 million and a deductible of \$25,000 (zero for losses arising from employee dishonesty), covering The European Equity Fund, Inc., The New Germany Fund, Inc. and The Central Europe and Russia Fund, Inc. (each an Investment Company ) as proposed is deemed reasonable and, at a minimum, meets the requirements for fidelity bond coverage required by Rule 17g-1 under the 1940 Act; and that the officers of each Investment Company are hereby authorized and directed to maintain such coverage;

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FURTHER RESOLVED, that the premiums of the Bond be allocated in the following proportion: each Investment Company shall be allocated a proportion of the premium equal to the proportion that the minimum amount of fidelity bond coverage required for each Investment Company individually under Rule 17g-1 bears to the total coverage.

Respectfully Submitted By David Goldman, Secretary of the Funds

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The European Equity Fund, Inc.

The New Germany Fund, Inc.

The Central Europe And Russia Fund, Inc.

Premium Estimates For

Standalone Bond for Each Fund

| <b>Fund</b>                              | <b>Gross Assets as of August<br/>18, 2006</b> | <b>Rule 17g-1<br/>Minimum bond</b> | <b>Cost of Standalone<br/>Bond**</b> |
|--|---|------------------------------------|--------------------------------------|
| The European Equity Fund, Inc.           | \$139,919,300                                 | \$525,000                          | \$2,100                              |
| The New Germany Fund, Inc.               | \$346,075,728                                 | \$750,000                          | \$3,000                              |
| The Central Europe and Russia Fund, Inc. | \$748,248,042                                 | \$900,000                          | \$3,600                              |
| Total:                                   | \$1,234,243,070                               | \$2,175,000*                       | \$8,700                              |

\* Actual bond is \$2,350,000

\*\* Estimated by ICI Mutual Insurance Company

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FORM OF FIDELITY BOND

INSURANCE ALLOCATION AGREEMENT

THIS INSURANCE ALLOCATION AGREEMENT (the Agreement ) is made as of October 30, 2006, by and among the investment companies listed as signatories on Schedule A to this Agreement (the Funds ) (sometimes individually hereinafter referred to as a party or collectively as parties ).

WHEREAS, the Funds have been named as insured parties ( Insureds ) under joint insured fidelity bonds (hereinafter referred to individually as a Bond and collectively as the Bonds ) as may be approved, from time to time, by the Funds respective Boards of Directors (hereinafter referred to individually as a Board and collectively as the Boards );

WHEREAS, the parties desire to establish further (i) the criteria by which the premiums for the Bonds shall be allocated among the parties, (ii) the basis on which additional investment companies for which the Manager or its affiliates may hereafter act as investment adviser may be added as named Insureds under the Bonds, (iii) the criteria by which the amounts payable under the Bonds shall be allocated among the parties covered under same, and (iv) the manner in which the Manager will report to the Funds Board information about claims and payments under any of the Bonds;

NOW, THEREFORE, it is agreed as follows:

1. Each Fund shall pay a portion of the premium of each Bond under which it is covered, which portion shall be determined as of a specified date, which date shall be the same for all Funds, as allocated in such equitable manner as mutually agreed upon by the Funds, subject to the approval of the Board, including a majority of the non-interested directors, which amounts are set forth on Schedule B to this Agreement. From time to time, adjustments may be made by mutual agreement of the Funds to the portion of the balance of the premiums theretofore paid by a Fund, subject to the approval of the Board, including a majority of the non-interested directors, based on a subsequent change or changes in the gross assets of one or more Funds that affects the amount which the Fund would have paid had it provided and maintained a single insured bond with the minimum coverage required by Rule 17g-1(d) under the Investment Company Act of 1940, as amended (the Act ) or the addition or withdrawal of a Fund or Funds pursuant to this Agreement.

2. If each of the insurers issuing a Bond (the Insurers ) is willing, with or without additional premium, to add, as an Insured under a Bond, any investment company not listed as a signatory to this Agreement for which the Manager or an affiliate thereof is investment adviser, administrator or underwriter, which investment company may be included in the Bond pursuant to Rule 17g-1(b) under the Act, the Funds agree (a) that such addition may be made provided that the non-interested directors of the Funds covered by the Bond shall approve such addition and (b) that such additional entity may become a party to this Agreement and be included within the terms Fund or party , provided that in each case such entity shall have executed and delivered to the Funds its written agreement to become a party hereto and to be bound by the terms of this Agreement.

3. In the event that the claims of loss of two or more Insureds under the Bonds are so related that the Insurer(s) are entitled to assert that the claims must be aggregated, or in the event that the aggregate recovery by two or more Insureds under the Bonds is less than the aggregate loss incurred by the Insureds that gave rise to the claims, the following rules shall determine, as among the claimants, the priority of satisfaction of the claims under the Bonds:

Each Fund claimant with respect to the same claim shall receive the lesser of (i) proceeds equal to the full amount of its claim or (ii) the amount which it would have received had it provided and maintained a single insured bond with

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a minimum coverage which such Fund would have been required to carry by Rule 17g-1(d) under the Act at the time the claim arose.

4. The Manager shall provide, on a quarterly basis, a report to the Funds Board which shall include:

- (i) a description of any claim made during the preceding calendar quarter under any of the Bonds; and
- (ii) a description of the current status of any matter previously reported by the Manager to the Funds respective Boards pursuant to this Section 4.

5. This Agreement shall become effective as of the date first above written, and shall remain in full force and effect during the effective period of the Bonds as specified therein. Any party may withdraw from this Agreement and the Bonds upon sixty (60) days written notice to each of the other parties and the Securities and Exchange Commission in accordance with Rule 17g-1 under the Act. The withdrawing party shall be entitled to receive its proportionate share of any premium refund received from the Insurer.

6. This Agreement shall supersede all prior premium sharing and allocation agreements entered into among the Funds. Notwithstanding the foregoing, claims made under a Bond during a period prior to the effective date of this Agreement (and any recoveries related to any such claims) shall be subject to the terms of the premium sharing and allocation agreement in effect during that period.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their officers, as appropriate, hereunto duly authorized all as of the day and year first above written.

By: /s/ David Goldman

Name: David Goldman

Title: Secretary

The European Equity Fund, Inc.

By: /s/ David Goldman

Name: David Goldman

Title: Secretary

The New Germany Fund, Inc.

By: /s/ David Goldman

Name: David Goldman

Title: Secretary

The Central Europe and Russia Fund, Inc.

**SCHEDULE A: INSUREDS**

**FUNDS**

The European Equity Fund, Inc.

The New Germany Fund, Inc.

The Central Europe and Russia Fund, Inc.

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**SCHEDULE B**

**PREMIUM ALLOCATIONS**

|  | <b>Gross Assets as of August</b> | <b>Rule 17g-1</b>   |                    | <b>Premium</b>    |
|--|----------------------------------|---------------------|--------------------|-------------------|
| <b>Fund</b>                              | <b>18, 2006</b>                  | <b>Minimum bond</b> | <b>Allocated %</b> | <b>Allocation</b> |
| The European Equity Fund, Inc.           | \$139,919,300                    | \$525,000           | 24.138%            | \$1,481.10        |
| The New Germany Fund, Inc.               | \$346,075,728                    | \$750,000           | 34.483%            | \$2,115.86        |
| The Central Europe and Russia Fund, Inc. | \$748,248,042                    | \$900,000           | 41.379%            | \$2,539.04        |
| Total:                                   | \$1,234,243,070                  | \$2,175,000*        | 100.00%            | \$6,136.00        |

\* Actual bond is \$2,350,000