

accounts on Form N-27D-1, which is intended to facilitate the Commission's oversight of compliance with the reserve requirements set forth in rule 27d-1. The form requires depositors and principal underwriters to report deposits to a segregated trust account, including those made pursuant to paragraphs (c) and (e) of the rule. Withdrawals pursuant to paragraph (f) of the rule also must be reported. In addition, the form solicits information regarding the minimum amount required to be maintained under paragraphs (d) and (e) of rule 27d-1. Depositors and principal underwriters must file the form once a year on or before January 31 of the year following the year for which information is presented.

Instead of relying on rule 27d-1 and filing Form N-27D-1, depositors or principal underwriters for the issuers of periodic payment plans may rely on the exemption afforded by rule 27d-2. In order to comply with the rule, (i) the depositor or principal underwriter must secure from an insurance company a written guarantee of the refund requirements, (ii) the insurance company must satisfy certain financial criteria, and (iii) the depositor or principal underwriter must file as an exhibit to the issuer's registration statement, a copy of the written undertaking, an annual statement that the insurance company has met the requisite financial criteria on a monthly basis, and an annual audited balance sheet.

Rules 27d-1 and 27d-2, which were explicitly authorized by statute, provide assurance that depositors and principal underwriters of issuers have access to sufficient cash to meet the demands of certificate holders who reconsider their decisions to invest in a periodic payment plan. The information collection requirements in rules 27d-1 and 27d-2 enable the Commission to monitor compliance with reserve rules.

Commission staff estimates that there are four issuers of periodic payment plan certificates. The depositor or principal underwriter of each of these issuers must file Form N-27D-1 annually or comply with the requirements in rule 27d-2. On average, the Commission receives two Form N-27D-1 filings annually. The staff estimates that a staff accountant spends 8 hours and an accounting manager spends 3 hours preparing the form. Therefore, the total annual hour burden associated with rule 27d-1 and Form N-

27d-1 is estimated to be 22 hours.¹ The staff estimates that two depositors or principal underwriters rely on rule 27d-2 and that each of these respondents makes three responses annually. We estimate that each depositor or underwriter expends approximately two hours per year obtaining a written guarantee from an insurance company or negotiating changes to coverage with the insurance company and five hours per year filing the two required documents from the insurance company on EDGAR. Thus, we estimate that the annual burden is approximately 14 hours.²

The staff believes that rules 27d-1 and 27d-2 and Form N-27D-1 do not impose any cost burdens other than those arising from the hour burdens discussed above.

The estimates of average burden hours and costs are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.³

Complying with the collection of information requirements of rule 27d-1 is mandatory for depositors or principal underwriters of issuers of periodic payment plans unless they comply with the requirements in rule 27d-2. The information provided pursuant to rules 27d-1 and 27d-2 is public and, therefore, will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

General comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503; or e-mail to: David_Rostker@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

¹ This estimate is based on the following calculation: 2 funds × (8 hours of staff accountant time + 3 hours of accounting time) = 22 hours.

² This estimate is based on the following calculation: 2 funds × (2 hours negotiating coverage + 5 hours filing necessary proof of adequate coverage) = 14 hours.

³ These estimates are based on telephone interviews between the Commission staff and representatives of depositors or principle underwriters of periodic payment plan issuers.

June 6, 2005.

J. Lynn Taylor,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17f-2(e), SEC File No. 270-37, OMB Control No. 3235-0031.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for approval of extension on the following rule: Rule 17f-2(e).

Rule 17f-2(e) requires members of national securities exchanges, brokers, dealers, registered transfer agents, and registered clearing agencies claiming exemption from the fingerprinting requirements of Rule 17f-2 to prepare and maintain a statement supporting their claim exemption. This requirement assists the Commission and other regulatory agencies with ensuring compliance with Rule 17f-2.

Notices prepared pursuant to Rule 17f-2(e) must be maintained for as long as the covered entity claims an exemption from the fingerprinting requirements of Rule 17f-2. The recordkeeping requirement under Rule 17f-2(e) is mandatory to assist the Commission and other regulatory agencies with ensuring compliance with Rule 17f-2. This rule does not involve the collection of confidential information.

It is estimated that approximately 75 respondents will incur an average burden of 30 minutes per year to comply with this rule, for a total approximate burden of 38 hours.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number. Written comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office

Building, Washington, DC 20503 or by sending an e-mail to: David_Rostker@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 7, 2005.

J. Lynn Taylor,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17e-1, SEC File No. 270-224, OMB Control No. 3235-0217.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information described below.

Rule 17e-1 [17 CFR 270.17e-1] under the Investment Company Act of 1940 (the "Act") is entitled "Brokerage Transactions on a Securities Exchange." The rule governs the remuneration that a broker affiliated with a registered investment company ("fund") may receive in connection with securities transactions by the fund. The rule requires a fund's board of directors to establish, and review as necessary, procedures reasonably designed to provide that the remuneration to an affiliated broker is a fair amount compared to that received by other brokers in connection with transactions in similar securities during a comparable period of time. Each quarter, the board must determine that all transactions with affiliated brokers during the preceding quarter complied with the procedures established under the rule. Rule 17e-1 also requires the fund to (i) maintain permanently a written copy of the procedures adopted by the board for complying with the requirements of the rule; and (ii) maintain for a period of six years a

written record of each transaction subject to the rule, setting forth: the amount and source of the commission, fee or other remuneration received; the identity of the broker; the terms of the transaction; and the materials used to determine that the transactions were effected in compliance with the procedures adopted by the board. The Commission's examination staff uses these records to evaluate transactions between funds and their affiliated brokers for compliance with the rule.

The Commission staff estimates that 3,028 portfolios of approximately 2,126 funds use the services of one or more subadvisers. Based on discussions with industry representatives, the staff estimates that it will require approximately 6 hours to draft and execute revised subadvisory contracts (5 staff attorney hours, 1 supervisory attorney hour), in order for funds and subadvisers to be able to rely on the exemptions in rule 17e-1. The staff assumes that all of these funds amended their advisory contracts when rule 17e-1 was amended in 2002 by conditioning certain exemptions upon such contractual alterations.¹

Based on an analysis of fund filings, the staff estimates that approximately 200 new funds are registered annually. Assuming that the number of these funds that will use the services of subadvisers is proportionate to the number of funds that currently use the services of subadvisers, then approximately 46 new funds will enter into subadvisory agreements each year.² The Commission staff further estimates, based on analysis of fund filings, that 10 extant funds will employ the services of subadvisers for the first time each year. Thus, the staff estimates that a total of 56 funds, with a total of 78 portfolios,³ will enter into subadvisory agreements each year. Assuming that each of these funds enters into a contract that permits it to rely on the exemptions in rule 17e-1, we estimate that the rule's contract modification requirement will result in 117 burden hours annually.⁴

¹ Rules 12d3-1, 10f-3, 17a-10, and 17e-1 require virtually identical modifications to fund advisory contracts. The Commission staff assumes that funds would rely equally on the exemptions in these rules, and therefore the burden hours associated with the required contract modifications should be apportioned equally among the four rules.

² Based on information in Commission filings, we estimate that 23 percent of funds are advised by subadvisers.

³ Based on existing statistics, we assume that each fund has 1.4 portfolios advised by a subadviser.

⁴ This estimate is based on the following calculations: (78 portfolios × 6 hours = 468 burden hours for rules 12d3-1, 10f-3, 17a-10, and 17e-1; 468 total burden hours for all of the rules / four rules = 117 annual burden hours per rule.)

Based on an analysis of fund filings, the staff estimates that approximately 300 funds use at least one affiliated broker. Based on conversations with fund representatives, the staff estimates that rule 17e-1's exemption would free approximately 40 percent of transactions that occur under rule 17e-1 from the rule's recordkeeping and review requirements. This would leave approximately 180 funds (300 funds × .6 = 180) still subject to the rule's recordkeeping and review requirements. The staff estimates that each of these funds spends 57 hours per year hours at a cost of approximately \$3,780 per year complying with rule 17e-1's requirements that (i) the fund retain records of transactions entered into pursuant to the rule, and (ii) the fund's directors review those transactions quarterly.⁵ We estimate, therefore, that all funds relying on this exemption incur yearly hourly burdens of 10,260 burden.⁶ Therefore, the annual aggregate burden hour associated with rule 17e-1 is 10,377.⁷

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number.

General comments regarding the above information should be directed to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or e-mail to: David_Rostker@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

⁵ In calculating the total annual cost of complying with amended rule 17e-1, the Commission staff assumes that the entire burden would be attributable to professionals with an average hourly wage rate of \$66.31 per hour. Unless stated otherwise, all hourly rates in this Supporting Statement are derived from the average annual salaries reported for employees outside of New York City in Securities Industry Association, *Management and Professional Earnings in the Securities Industry* (2003) and Securities Industry Association, *Office Salaries in the Securities Industry* (2003).

⁶ This estimate is based on the following calculation: (180 funds × 57 hours = 10,260).

⁷ This estimate is based on the following calculation: (117 hours + 10,260 hours = 10,377).