

also are required to agree to exercise reasonable care.

The collection of information requirements in rule 17f-7 are intended to provide workable standards that protect funds from the risks of using securities depositories while assigning appropriate responsibilities to the fund's primary custodian and investment adviser based on their capabilities. The requirement that the depository meet specified minimum standards is intended to ensure that the depository is subject to basic safeguards deemed appropriate for all depositories. The requirement that the custody contract state that the fund's primary custodian will provide an analysis of the custody risks of depository arrangements, monitor the risks, and report on material changes is intended to provide essential information about custody risks to the fund's investment adviser as necessary for it to approve the continued use of the depository. The requirement that the primary custodian agree to exercise reasonable care is intended to provide assurances that its services and the information it provides will meet an appropriate standard of care. The alternative requirement that the funds obtain adequate indemnification or insurance against the custody risks of depository arrangements is intended to provide another, potentially less burdensome means to protect assets held in depository arrangements.

The staff estimates that each of approximately 828 investment advisers² would make an average of 7 responses annually under the rule to address depository compliance with minimum requirements, any indemnification or insurance arrangements, and reviews of risk analyses or notifications. The staff estimates each response would take 5.5 hours, requiring a total of approximately 38.5 hours for each adviser. The total annual burden associated with these requirements of the rule would be approximately 31,878 hours (828 advisers × 38.5 hours per adviser). The staff further estimates that during each year, each of approximately 15 global custodians would make an average of 4 responses to analyze custody risks and provide notice of any material changes to custody risk under the rule. The staff estimates that each response would take 250.25 hours, requiring approximately 1001 hours annually per custodian.³

² At the start of 2008, there were more than 9,300 open-end (including ETFs) portfolios and closed-end funds. These entities were managed or sponsored by more than 828 investment advisers.

³ These estimates are based on conversations with representatives of the fund industry and global custodians.

The total annual burden associated with these requirements of the new rule would be approximately 15,015 hours (15 custodians × 1001 hours). Therefore, the staff estimates that the total annual burden associated with all collection of information requirements of the rule would be 46,893 hours (31,878 + 15,015). The total annual cost of burden hours is estimated to be \$10,081,302 (31,878 × \$239 for a portfolio manager, plus 15,015 hours × \$164/hour for a trust administrator's time).⁴ The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. Compliance with the collection of information requirements of the rule is necessary to obtain the benefit of relying on the rule's permission for funds to maintain their assets in foreign custodians.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or e-mail to: Kimberly_P._Nelson@omb.eop.gov; and (ii) Lewis W. Walker, Acting Director/CIO, Securities and Exchange Commission, C/O Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312; or send an e-mail to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 8, 2008.

Florence E. Harmon,
Acting Secretary.

[FR Doc. E8-21534 Filed 9-15-08; 8:45 am]

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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 Investor
Education and Advocacy,
Washington, DC 20549-0213

Extension:

Rule 19b-1; SEC File No. 270-312; OMB
Control No. 3235-0354.

⁴ The salaries for a portfolio manager and a trust administrator are from SIFMA's Management & Professional Earnings in the Securities Industry 2007, modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

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

Section 19(b) of the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a-19(b)) authorizes the Commission to regulate registered investment company ("fund") distributions of long-term capital gains made more frequently than once every twelve months. Rule 19b-1 under the Act¹ prohibits funds from distributing long-term capital gains more than once every twelve months unless certain conditions are met. Rule 19b-1(c) (17 CFR 270.19b-1(c)) permits unit investment trusts ("UITs") engaged exclusively in the business of investing in certain eligible fixed-income securities to distribute long-term capital gains more than once every twelve months, if: (i) The capital gains distribution falls within one of several categories specified in the rule² and (ii) the distribution is accompanied by a report to the unitholder that clearly describes the distribution as a capital gains distribution (the "notice requirement").³ Rule 19b-1(e) (17 CFR 270.19b-1(e)) permits a fund to apply to the Commission for permission to distribute long-term capital gains more than once a year if the fund did not foresee the circumstances that created the need for the distribution. The application must set forth the pertinent facts and explain the circumstances that justify the distribution.⁴ An application that meets those requirements is deemed to be granted unless the Commission denies the request within 15 days after the Commission receives the application.

Commission staff estimates that, on average, each year five funds file an application under rule 19b-1(e). The staff understands that funds that file an application generally use outside counsel to prepare the application. The cost burden of using outside counsel is

¹ 17 CFR 270.19b-1.

² 17 CFR 270.19b-1(c)(1).

³ The notice requirement in rule 19b-1(c)(2) (17 CFR 270.19b-1(c)(2)) supplements the notice requirement of section 19(a) [15 U.S.C. 80a-19(a)] and rule 19a-1 [17 CFR 270.19a-1], which requires any distribution in the nature of a dividend payment made by a fund to its investors to be accompanied by a notice disclosing the source of the distribution.

⁴ Rule 19b-1(e) also requires that the application comply with rule 0-2 [17 CFR 270.02], which sets forth the general requirements for papers and applications filed with the Commission.

discussed below. The staff estimates that, on average, the fund's investment adviser spends approximately four hours to review an application, including 3.5 hours by an assistant general counsel, at a cost of \$371 per hour, and 0.5 hours by an administrative assistant, at a cost of \$65 per hour.⁵ Thus, the Commission staff estimates that the annual hour burden of the collection of information imposed by rule 19b-1 is approximately four hours per fund, at a cost of \$1331, for a total burden of 20 hours at a cost of \$6655.⁶

The Commission staff estimates that there is no hour burden associated with complying with the collection of information component of rule 19b-1(c).

As noted above, the Commission staff understands that funds that file an application under rule 19b-1(e) generally use outside counsel to prepare the application.⁷ The staff estimates that, on average, outside counsel spends 10 hours preparing a rule 19b-1(e) application, including eight hours by an associate and two hours by a partner. Outside counsel billing arrangements and rates vary based on numerous factors. Based on conversations with outside counsel and average billing rates of outside counsel the staff estimates that the average cost of outside counsel preparation of the 19b-1(e) exemptive application is \$5,000. Thus, the staff estimates that the total annual cost burden imposed by the exemptive application requirements of rule 19b-1(e) is \$25,000.⁸

The Commission staff estimates that there are approximately 6030 UITs,⁹ which may rely on rule 19b-1(c) to make capital gains distributions. The staff estimates that, on average, these UITs rely on rule 19b-1(c) once a year to make a capital gains distribution.¹⁰ In

⁵ These hourly rate estimates are derived from annual salaries reported in: Securities Industry and Financial Markets Association, Management and Professional Earnings in the Securities Industry (2007) and Securities Industry and Financial Markets Association, Office Salaries in the Securities Industry (2007).

⁶ This estimate is based on the following calculations: \$1298.50 (3.5 hours × \$371 = \$1298.5) plus \$32.50 (0.5 hours × \$65 = \$32.50) equals \$1331.00 (cost of one application); \$1331 × 5 applications = \$6655 total cost.

⁷ This understanding is based on conversations with representatives from the fund industry.

⁸ This estimate is based on the following calculation: \$5,000 multiplied by 5 (funds) equals \$25,000.

⁹ The Investment Company Institute, Unit Investment Trust Data, (April, 2008).

¹⁰ The number of times UITs rely on the rule to make capital gains distributions depends on a wide range of factors and, thus, can vary greatly across years. A number of UITs are organized as grantor trusts, and therefore do not generally make capital gains distributions under rule 19b-1(c), or may not

most cases, the trustee of the UIT is responsible for preparing and sending the notices that must accompany a capital gains distribution under rule 19b-1(c)(2). These notices require limited preparation, the cost of which accounts for only a small, indiscrete portion of the comprehensive fee charged by the trustee for its services to the UIT. The staff believes that as a matter of good business practices, and for tax preparation reasons, UITs would collect and distribute the capital gains information required to be sent to unitholders under rule 19b-1(c) even in the absence of the rule. The staff estimates that the cost of preparing a notice for a capital gains distribution under rule 19b-1(c)(2) is approximately \$50. There is no separate cost to mail the notices because they are mailed with the capital gains distribution. Thus, the staff estimates that the capital gains distribution notice requirement imposes an annual cost on UITs of approximately \$301,500.¹¹ The staff therefore estimates that the total cost imposed by rule 19b-1 is \$326,500 (\$301,500 plus \$25,000 equals \$326,500).

Based on these calculations, the total number of respondents for rule 19b-1 is estimated to be 6035 (6030 UIT portfolios + 5 funds filing an application under rule 19b-1(e)), the total annual hour burden is estimated to be 20 hours, and the total annual cost burden is estimated to be \$326,500. These estimates of average annual burden hours and costs are made solely for purposes of the Paperwork Reduction Act. The collections of information required by 19b-1(c) and 19b-1(e) are necessary to obtain the benefits described above. Responses 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 control number.

Please direct general comments regarding the above information to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or email to: Kimberly_P_Nelson@omb.eop.gov; and (ii) Lewis W. Walker, Acting Director/Chief Information Officer, Securities

rely on rule 19b-1(c) as they do not meet the rule's requirements. Other UITs may distribute capital gains biannually, annually, quarterly, or at other intervals.

¹¹ This estimate is based on the following calculation: 6030 UITs multiplied by \$50 equals \$301,500.

and Exchange Commission, C/O Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312; or send an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 8, 2008.

Florence E. Harmon,
Acting Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 28378; 812-13517]

Global X Funds and Global X Management Company LLC; Notice of Application

September 10, 2008.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of an application for an order under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 2(a)(32), 5(a)(1), 22(d), 22(e), and 24(d) of the Act and rule 22c-1 under the Act, under section 12(d)(1)(f) for an exemption from sections 12(d)(1)(A) and (B) of the Act, and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and (a)(2) of the Act.

SUMMARY OF APPLICATION: Applicants request an order that would permit (a) certain open-end management investment companies and their series, to issue shares ("Shares") that can be redeemed only in large aggregations ("Creation Units"); (b) secondary market transactions in Shares to occur at negotiated prices; (c) dealers to sell Shares to purchasers in the secondary market unaccompanied by a prospectus when prospectus delivery is not required by the Securities Act of 1933 ("Securities Act"); (d) certain series to pay redemption proceeds, under certain circumstances, more than seven days after the tender of Shares for redemption; (e) certain affiliated persons of the series to deposit securities into, and receive securities from, the series in connection with the purchase and redemption of Creation Units; and (f) certain registered management investment companies and unit investment trusts outside of the same group of investment companies as the series to acquire Shares.

APPLICANTS: Global X Funds and Global X Management Company LLC ("Adviser").