

NUCLEAR REGULATORY COMMISSION

[NRC-2008-0500]

Proposed Revisions to the License Renewal Interim Staff Guidance Process and Regulatory Issue Summary 2007-16; Request for Public Comment**AGENCY:** Nuclear Regulatory Commission (NRC).**ACTION:** Request for public comment.

SUMMARY: The NRC requests public comment on a proposed draft License Renewal Interim Staff Guidance (LR-ISG) Process, Revision 1. This draft incorporates changes to the existing LR-ISG process, dated December 12, 2003, and basic framework for developing and implementing LR-ISGs. The NRC also requests public comment on a proposed revision to NRC Regulatory Issue Summary (RIS) 2007-16. This revision clarifies the role of the LR-ISG process for including "newly identified" systems, structures, and components in accordance with § 54.37(b) of Title 10, Part 54, "Requirements for Renewal of Operating Licenses for Nuclear Power Plants," of the Code of Federal Regulations (10 CFR 54.37(b)). The proposed revisions to the LR-ISG process and RIS are available in the NRC's Agencywide Documents Access and Management System (ADAMS), under Accession Nos. ML082180346 and ML083500028, respectively.

DATES: Comments must be filed no later than April 27, 2009. Comments received after this date will be considered, if it is practical to do so, but the NRC staff is able to ensure consideration only for comments received on or before this date.

ADDRESSES: You may submit comments by any one of the following methods. Comments submitted in writing or in electronic form will be made available to the public in their entirety on the Federal Government's rulemaking Web site <http://www.regulations.gov>. Personal information, such as name, address, telephone, e-mail address, etc., will not be removed from your submission.

E-mail comments to: The Federal e-Rulemaking Portal at <http://www.regulations.gov>; search Docket ID NRC-2008-0500.

Mail comments to: Michael Lesar, Chief, Rulemaking and Directives Branch, Mailstop TWB-05-B01M, Office of Administration, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001.

Documents created or received after November 1, 1999, are available electronically at the NRC's Public Electronic Reading Room on the Internet at <http://www.nrc.gov/reading-rm/adams.html>. From this site, the public can gain entry into ADAMS. If you do not have access to the Internet or if there are any problems in accessing the documents located in ADAMS, contact the NRC Public Document Room reference staff at 1-800-397-4209, 301-415-4737, or by e-mail at PDR.Resource@nrc.gov.

FOR FURTHER INFORMATION CONTACT: Mr. Matthew Homiack, Division of License Renewal, Office of Nuclear Reactor Regulation, U.S. Nuclear Regulatory Commission, Washington, DC 20555-0001; telephone 301-415-1683; or e-mail Matthew.Homiack@nrc.gov.

SUPPLEMENTARY INFORMATION: The NRC posts its issued interim staff guidance on the NRC public Web page at <http://www.nrc.gov/reading-rm/doc-collections/iscg>. The NRC staff requests public comment on draft LR-ISG-2007-01 entitled, "License Renewal Interim Staff Guidance Process, Revision 1" (ADAMS Accession No. ML082180346). Once approved, this LR-ISG will supersede the existing process entitled, "Process for Interim Staff Guidance," issued December 12, 2003 (ML023520620). The NRC staff is proposing revisions to this process in order to address certain recommendations made in a report issued by the NRC's Office of the Inspector General, OIG-07-A-15, "Audit of the NRC's License Renewal Program," dated September 6, 2007 (ML072490486). The revision also extends the LR-ISG process to include certain guidance documents associated with environmental reviews for license renewal applications. These documents are NUREG-1555, "Environmental Standard Review Plan," Supplement 1, "Operating License Renewal," dated March 2000 (ML003702019), and NRC Regulatory Guide 4.2, Supplement 1, "Preparation of Supplemental Environmental Reports for Applications to Renew Nuclear Power Plant Operating Licenses," dated September 2000 (ML003710495). The staff is also proposing to eliminate the previous "clarification" and "compliance" LR-ISG designations. As an alternative, the staff will document the basis for applicability of 10 CFR 54.37(b) or 10 CFR 50.109 in a proposed new backfitting discussion section of each LR-ISG. In addition, the draft LR-ISG process includes administrative changes, such as references to the NRC's organizational structure.

The NRC staff also requests public comment on a proposed revision to RIS 2007-16. The NRC staff identified the need to revise this RIS to be consistent with the revision to the LR-ISG process. This revised RIS, once approved, will supersede the original version entitled, "Implementation of the Requirements of 10 CFR 54.37(b) for Holders of Renewed Licenses," issued August 23, 2007 (ML071080338).

The NRC staff is issuing this notice to solicit public comments on draft LR-ISG-2007-01. After the NRC staff considers any public comments, it will make a determination regarding the draft LR-ISG.

Dated at Rockville, Maryland, this 18th day of March 2009.

For the Nuclear Regulatory Commission.

Brian E. Holian,

Director, Division of License Renewal, Office of Nuclear Reactor Regulation.

[FR Doc. E9-6757 Filed 3-25-09; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION**Proposed Collection; Comment Request**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

Extension:

Rule 12d1-1; SEC File No. 270-526; OMB Control No. 3235-0584.

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 (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Under current law, an investment company ("fund") is limited in the amount of securities the fund ("acquiring fund") can acquire from another fund ("acquired fund"). In general under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act" or "Act"), a registered fund (and companies it controls) cannot: (i) Acquire more than three percent of another fund's securities; (ii) invest more than five percent of its own assets in another fund; or (iii) invest more than ten percent of its own assets in other funds

in the aggregate.¹ In addition, a registered open-end fund, its principal underwriter, and any registered broker or dealer cannot sell that fund's shares to another fund if, as a result: (i) The acquiring fund (and any companies it controls) owns more than three percent of the acquired fund's stock; or (ii) all acquiring funds (and companies they control) in the aggregate own more than ten percent of the acquired fund's stock.² Rule 12d1-1 under the Act (17 CFR 270.12d1-1) provides an exemption from these limitations for "cash sweep" arrangements, in which a fund invests all or a portion of its available cash in a money market fund rather than directly in short-term instruments. An acquiring fund relying on the exemption may not pay a sales load, distribution fee, or service fee on acquired fund shares, or if it does, the acquiring fund's investment adviser must waive a sufficient amount of its advisory fee to offset the cost of the loads or distribution fees.³ The acquired fund may be a fund in the same fund complex or in a different fund complex. In addition to providing an exemption from section 12(d)(1) of the Act, the rule provides exemptions from section 17(a) and rule 17d-1, which restrict a fund's ability to enter into transactions and joint arrangements with affiliated persons.⁴ These provisions could otherwise prohibit an acquiring fund from investing in a money market fund in the same fund complex,⁵ or prohibit a fund that acquires five percent or more of the securities of a money market fund in another fund complex from making

any additional investments in the money market fund.⁶

The rule also permits a registered fund to rely on the exemption to invest in an unregistered money market fund that limits its investments to those in which a registered money market fund may invest under rule 2a-7 under the Act (17 CFR 270.2a-7), and undertakes to comply with all the other provisions of rule 2a-7. In addition the acquiring fund must reasonably believe that the unregistered money market fund (i) operates in compliance with rule 2a-7, (ii) complies with sections 17(a), (d), (e), 18, and 22(e) of the Act⁷ as if it were a registered open-end fund, (iii) has adopted procedures designed to ensure that it complies with these statutory provisions, (iv) maintains the records required by rules 31a-1(b)(2)(ii), 31a-1(b)(2)(iv), and 31a-1(b)(9);⁸ and (v) preserves permanently, the first two years in an easily accessible place, all books and records required to be made under these rules.

Rule 2a-7 contains certain collection of information requirements. An unregistered money market fund that complies with rule 2a-7 would be subject to these collection of information requirements. In addition, the recordkeeping requirements under rule 31a-1 with which the acquiring fund reasonably believes the unregistered money market fund complies are collections of information for the unregistered money market fund. By allowing funds to invest in registered and unregistered money market funds, rule 12d1-1 is intended to provide funds greater options for cash management. In order for a registered fund to rely on the exemption to invest in an unregistered money market fund, the unregistered money market fund must comply with certain collection of information requirements for registered money market funds. These requirements are intended to ensure that the unregistered money market fund has established procedures for collecting the information necessary to make adequate credit reviews of securities in its portfolio, as well as other recordkeeping requirements that will assist the acquiring fund in overseeing the unregistered money market fund (and Commission staff in its examination of the unregistered money market fund's adviser).

Commission staff estimates that registered funds currently invest in 60

unregistered money market funds in excess of the statutory limits under rule 12d1-1, and will invest in approximately 6 new unregistered money market funds each year.⁹ Staff estimates that each of these unregistered money market funds spends 1220 hours to perform the record of credit risk analysis and other determinations annually, and each of the 6 unregistered money market funds in which an acquiring fund invests in for the first time under the rule will spend 21 hours to implement the board procedures. Finally, Commission staff estimates that 15 unregistered money market funds each spend 4.5 hours to review and amend procedures annually. The estimated total of annual responses under rule 12d1-1 is 10,713,¹⁰ and the estimate of burden hours associated with these responses is 80,714 hours.¹¹

Commission staff estimates that unregistered money market funds also incur costs to preserve records, as required under rule 2a-7. These costs will vary significantly for individual funds, depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records. In its rule 2a-7 Paperwork Reduction Act ("PRA") submission, Commission staff estimated that the amount an individual money market fund may spend ranged from \$100 per year to \$300,000. We have no reason to believe the range is different for unregistered money market funds. The Commission does not have specific information on the amount of assets managed by unregistered money market funds. Accordingly, Commission staff estimates that an unregistered money market fund in which registered funds invest in reliance on rule 12d1-1 have, on average, \$380 million in assets under management.¹² Based on a cost of \$0.0000005 per dollar of assets under management for medium-sized funds,

⁹ This estimate is based on the number of applications filed with the Commission in 2005 (40), increased by investment in 6 new funds each year since 2005 (18), and rounded to the nearest tenth (60). This estimate may be understated because applicants generally do not identify the name or number of unregistered money market funds in which registered funds intend to invest, and each application also applies to unregistered money market funds to be organized in the future.

¹⁰ This estimate is based on the following calculation: $(60 \times 162) + (6 \times 162) + (6 \times 1) + (15 \times 1) = 10,713$.

¹¹ This estimate is based on the following calculation: $(60 \times 1220) + (6 \times 1220) + (6 \times 21) + (15 \times 4.5) = 80,714$.

¹² This estimate is based on the average of assets under management of medium-sized registered money market funds (\$50 million to \$999 million).

¹ See 15 U.S.C. 80a-12(d)(1)(A). If an acquiring fund is not registered, these limitations apply only with respect to the acquiring fund's acquisition of registered funds.

² See 15 U.S.C. 80a-12(d)(1)(B).

³ See Rule 12d1-1(b)(1).

⁴ See 15 U.S.C. 80a-17(a), 15 U.S.C. 80a-17(d); 17 CFR 270.17d-1.

⁵ An affiliated person of a fund includes any person directly or indirectly controlling, controlled by, or under common control with such other person. See 15 U.S.C. 80a-2(a)(3)(C) (definition of "affiliated person"). Most funds today are organized by an investment adviser that advises or provides administrative services to other funds in the same complex. Funds in a fund complex are generally under common control of an investment adviser or other person exercising a controlling influence over the management or policies of the funds. See 15 U.S.C. 80a-2(a)(9). Not all advisers control funds they advise. The determination of whether a fund is under the control of its adviser, officers, or directors depends on all the relevant facts and circumstances. See Investment Company Mergers, Investment Company Act Release No. 25259 (Nov. 8, 2001) [66 FR 57602 (Nov. 15, 2001)], at n.11. To the extent that an acquiring fund in a fund complex is under common control with a money market fund in the same complex, the funds would rely on the rule's exemptions from section 17(a) and rule 17d-1.

⁶ See 15 U.S.C. 80a-2(a)(3)(A), (B).

⁷ See 15 U.S.C. 80a-17(a), 15 U.S.C. 80a-17(d), 15 U.S.C. 80a-17(e), 15 U.S.C. 80a-18, 15 U.S.C. 80a-22(e).

⁸ See 17 CFR 270.31a-1(b)(2)(ii), 17 CFR 270.31a-1(b)(2)(iv), 17 CFR 270.31a-1(b)(9).

the staff estimates compliance with rule 2-7 costs each of these unregistered money market funds \$11,400 annually.¹³ Commission staff estimates that unregistered money market funds will not incur any capital costs to create computer programs for maintaining and preserving compliance records for rule 2a-7.¹⁴

The collections of information required for unregistered money market funds by rule 12d1-1 are necessary in order for acquiring funds to be able to obtain the benefits described above. Notices to the Commission 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.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Charles Boucher, 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.

Dated: March 18, 2009.

Florence E. Harmon,

Deputy Secretary.

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¹³ This estimate was based on the following calculation: 60 unregistered money market funds × \$380 million in assets under management × \$0.0000005 = \$11,400. The estimate of cost per dollar of assets is the same as that used for medium-sized funds in the rule 2a-7 PRA submission.

¹⁴ This estimate is based on information Commission staff obtained in its survey for the rule 2a-7 PRA submission. Of the funds surveyed, no medium-sized funds incurred this type of capital cost. The funds either maintained record systems using a program the fund would be likely to have in the ordinary course of business (such as Excel) or the records were maintained by the fund's custodian.

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

Extension:

Rule 17g-1, SEC File No. 270-208, OMB Control No. 3235-0213.

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") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 17g-1 (17 CFR 270.17g-1) under the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a-17(g)) governs the fidelity bonding of officers and employees of registered management investment companies ("funds") and their advisers. Rule 17g-1 requires, in part, the following:

Independent Directors' Approval

The form and amount of the fidelity bond must be approved by a majority of the fund's independent directors at least once annually, and the amount of any premium paid by the fund for any "joint insured bond," covering multiple funds or certain affiliates, must be approved by a majority of the fund's independent directors.

Terms and Provisions of the Bond

The amount of the bond may not be less than the minimum amounts of coverage set forth in a schedule based on the fund's gross assets; the bond must provide that it shall not be cancelled, terminated, or modified except upon 60-days written notice to the affected party and to the Commission; in the case of a joint insured bond, 60-days written notice must also be given to each fund covered by the bond; a joint insured bond must provide that the fidelity insurance company will provide all funds covered by the bond with a copy of the agreement, a copy of any claim on the bond, and notification of the terms of the settlement of any claim prior to execution of that settlement; and a fund that is insured by a joint bond must enter into an agreement with all other parties insured by the joint bond regarding recovery under the bond.

Filings With the Commission

Upon the execution of a fidelity bond or any amendment thereto, a fund must file with the Commission within 10 days a copy of the executed bond or any amendment to the bond, the independent directors' resolution approving the bond, and a statement as to the period for which premiums have been paid on the bond. In the case of a joint insured bond, a fund must also file (i) a statement showing the amount the fund would have been required to maintain under the rule if it were insured under a single insured bond and (ii) the agreement between the fund and all other insured parties regarding recovery under the bond. A fund must also notify the Commission in writing within five days of any claim or settlement on a claim under the fidelity bond.

Notices to Directors

A fund must notify by registered mail each member of its board of directors of (i) any cancellation, termination, or modification of the fidelity bond at least 45 days prior to the effective date, and (ii) the filing or settlement of any claim under the fidelity bond when notification is filed with the Commission.

Rule 17g-1's independent directors' annual review requirements, fidelity bond content requirements, joint bond agreement requirement and the required notices to directors seek to ensure the safety of fund assets against losses due to the conduct of persons who may obtain access to those assets. These requirements also seek to facilitate oversight of a fund's fidelity bond. The rule's required filings with the Commission are designed to assist the Commission in monitoring funds' compliance with the fidelity bond requirements.

Based on conversations with representatives in the fund industry, the Commission staff estimates that for each of the estimated 3885 active funds,¹ the average annual paperwork burden associated with rule 17g-1's requirements is two hours, one hour each for a compliance attorney and the board of directors as a whole. The time spent by compliance attorney includes time spent filing reports with the Commission for any fidelity losses (if any) as well as paperwork associated with any notices to directors, and managing any updates to the bond and the joint agreement (if one exists). The

¹ Based on statistics compiled by Commission staff, we estimate that there are approximately 3885 funds that must comply with the collections of information under rule 17g-1.