

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 a request for extension of the previously approved collection of information discussed below.

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-day written notice to the affected party and to the Commission; in the case of a joint insured bond, 60-day 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 are designed 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 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 3,885 active funds,<sup>1</sup> 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 a 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 time spent by the board of directors as a whole includes any time spent initially establishing the bond, as well as time spent on annual updates and approvals. The Commission staff therefore estimates the total ongoing paperwork burden hours per year for all funds required by rule 17g–1 to be 7,770 hours (3,885 funds × 2 hours = 7,770 hours).

These estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived from a comprehensive or even a representative

<sup>1</sup> Based on statistics compiled by Commission staff, we estimate that there are approximately 3,885 funds that must comply with the collections of information under rule 17g–1.

survey or study of Commission rules. The collection of information required by Rule 17g–1 is mandatory and 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 send an e-mail to Shagufta Ahmed at [Shagufta\\_Ahmed@omb.eop.gov](mailto:Shagufta_Ahmed@omb.eop.gov); and (ii) 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](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: June 1, 2009.

**Florence E. Harmon,**  
*Deputy Secretary.*

[FR Doc. E9–13257 Filed 6–5–09; 8:45 am]

**BILLING CODE 8010–01–P**

## 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 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”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

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.<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> 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.<sup>4</sup> These provisions could otherwise prohibit an acquiring fund from investing in a money market fund in the same fund complex,<sup>5</sup> 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.<sup>6</sup>

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 Act<sup>7</sup> 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);<sup>8</sup> 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.<sup>9</sup> Staff estimates that each of these unregistered money market funds spends 1,220 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,<sup>10</sup> and the estimate of burden hours associated with these responses is 80,714 hours.<sup>11</sup>

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

<sup>1</sup> 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.

<sup>2</sup> See 15 U.S.C. 80a-12(d)(1)(B).

<sup>3</sup> See Rule 12d1-1(b)(1).

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

<sup>5</sup> 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.

<sup>6</sup> See 15 U.S.C. 80a-2(a)(3)(A), (B).

<sup>7</sup> 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).

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

<sup>9</sup> 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.

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

<sup>11</sup> This estimate is based on the following calculation:  $(60 \times 1,220) + (6 \times 1,220) + (6 \times 21) + (15 \times 4.5) = 80,714$ .

management.<sup>12</sup> Based on a cost of \$0.0000005 per dollar of assets under management for medium-sized funds, the staff estimates compliance with rule 2-7 costs these types of unregistered money market funds \$11,400 annually.<sup>13</sup> Commission staff estimates that unregistered money market funds do not incur any capital costs to create computer programs for maintaining and preserving compliance records for rule 2a-7.<sup>14</sup>

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.

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 send an e-mail to Shagufta Ahmed at [Shagufta\\_Ahmed@omb.eop.gov](mailto:Shagufta_Ahmed@omb.eop.gov); and (ii) 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](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

June 1, 2009.

**Florence E. Harmon,**

*Deputy 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 Investor Education and Advocacy, Washington, DC 20549-0213.

*Extension:*

Rule 6c-7; SEC File No. 270-269; OMB Control No. 3235-0276.

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") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 6c-7 (17 CFR 270.6c-7) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) ("1940 Act") provides exemption from certain provisions of Sections 22(e) and 27 of the 1940 Act for registered separate accounts offering variable annuity contracts to certain employees of Texas institutions of higher education participating in the Texas Optional Retirement Program. There are approximately 100 registrants governed by Rule 6c-7. The burden of compliance with Rule 6c-7, in connection with the registrants obtaining from a purchaser, prior to or at the time of purchase, a signed document acknowledging the restrictions on redeemability imposed by Texas law, is estimated to be approximately 3 minutes per response for each of approximately 3000 purchasers annually (at an estimated \$63 per hour),<sup>1</sup> for a total annual burden of 150 hours (at a total annual cost of \$9,450).

Rule 6c-7 requires that the separate account's registration statement under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) include a representation that Rule 6c-7 is being relied upon and is being complied with. This requirement enhances the Commission's ability to monitor utilization of and compliance with the rule. There are no recordkeeping requirements with respect to Rule 6c-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 of the costs of Commission rules or forms. The Commission does not include in the estimate of average burden hours the time preparing registration statements and sales literature disclosure regarding the restrictions on redeemability imposed by Texas law. The estimate of burden hours for completing the relevant registration statements are reported on the separate PRA submissions for those statements. (See the separate PRA submissions for Form N-3 (17 CFR 274.11b) and Form N-4 (17 CFR 274.11c).)

Complying with the collection of information requirements of the rules is necessary to obtain a benefit. 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 send an email to Shagufta Ahmed at [Shagufta\\_Ahmed@omb.eop.gov](mailto:Shagufta_Ahmed@omb.eop.gov); and (ii) 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](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: June 1, 2009.

**Florence E. Harmon,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Extension of Existing Request; Comment Request

*Upon Written Request, Copies Available*

*From:* Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213.

*Extension:*

Regulation S-P, OMB Control No. 3235-0537, SEC File No. 270-480.

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") is soliciting comments on the existing collection of information provided for in the following rule:

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

<sup>13</sup> This estimate was based on the following calculation: 60 unregistered money market funds x \$380 million in assets under management x \$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.

<sup>14</sup> 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.

<sup>1</sup> \$63/hour figure for a Compliance Clerk is from *SIFMA's Office Salaries in the Securities Industry 2008*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.