

October 19, 2009.

Florence E. Harmon,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available

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

Extension:

Rule 17i-4, SEC File No. 270-530, OMB
Control No. 3235-0594.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995¹ the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below. The Code of Federal Regulations citation to this collection of information is the following: 17 CFR 240.17i-4.

Section 231 of the Gramm-Leach-Bliley Act of 1999² (the "GLBA") amended Section 17 of the Securities Exchange Act of 1934 to create a regulatory framework under which a holding company of a broker-dealer ("investment bank holding company" or "IBHC") may voluntarily be supervised by the Commission as a supervised investment bank holding company (or "SIBHC").³ In 2004, the Commission promulgated rules, including Rule 17i-4, to create a framework for the Commission to supervise SIBHCs.⁴ This framework includes qualification criteria for SIBHCs, as well as recordkeeping and reporting requirements. Among other things, this regulatory framework for SIBHCs is intended to provide a basis for non-U.S. financial regulators to treat the Commission as the principal U.S. consolidated, home-country supervisor for SIBHCs and their affiliated broker-dealers.⁵

Rule 17i-4 requires an SIBHC to comply with present Exchange Act Rule 15c3-4⁶ as though it were a broker-

dealer, which requires that the firm establish, document and maintain a system of internal risk management controls to assist it in managing the risks associated with its business activities (including market, credit, operational, funding, and legal risks). In addition, Rule 17i-4 requires that an SIBHC establish, document, and maintain procedures for the detection and prevention of money laundering and terrorist financing as part of its internal risk management control system. Finally, Rule 17i-4 requires that an SIBHC periodically review its internal risk management control system for integrity of the risk measurement, monitoring, and management process, and accountability, at the appropriate organizational level, for defining the permitted scope of activity and level of risk. The records required to be created pursuant to Rule 17i-4 must be preserved for a period of not less than three years.⁷

The collection of information required pursuant to Rule 17i-4 is needed so that the Commission can adequately supervise the activities of these SIBHCs, and to allow the Commission to effectively determine whether supervision of an IBHC as an SIBHC is necessary or appropriate in furtherance of the purposes of Section 17 of the Act. Without this information, the Commission would be unable to adequately supervise the SIBHC as provided for under the Exchange Act.

We estimate that three IBHCs will file Notices of Intention with the Commission to be supervised by the Commission as SIBHCs. An SIBHC will require, on average, about 3,600 hours to assess its present structure, businesses, and controls, and establish and document its risk management control system. In addition, an SIBHC will require, on average, approximately 250 hours each year to maintain its risk management control system. Consequently, the total initial burden for all SIBHCs is approximately 10,800 hours⁸ and the continuing annual burden is about 750 hours.⁹ Thus, the total burden relating to Rule 17i-4 for all SIBHCs is approximately 11,550 hours¹⁰ in the first year, and approximately 750 hours each year thereafter.¹¹

We believe that an IBHC likely would upgrade its information technology

("IT") systems in order to more efficiently comply with certain of the SIBHC framework rules (including Rules 17i-4, 17i-5, 17i-6 and 17i-7), and that this would be a one-time cost. Depending on the state of development of the IBHC's IT systems, it would cost an IBHC between \$1 million and \$10 million to upgrade its IT systems to comply with the SIBHC framework of rules. Thus, on average, it would cost each of the three SIBHCs about \$5.5 million to upgrade their IT systems, or approximately \$16.5 million in total. It is impossible to determine what percentage of the IT systems costs would be attributable to each Rule, so we allocated the total estimated upgrade costs equally (at 25% for each of the above-mentioned Rules), with \$4,125,000 attributable to Rule 17i-5.

Written comments are invited on: (a) Whether the 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.

Comments should be directed to Charles Boucher, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: PRA_Mailbox@sec.gov.

October 19, 2009.

Florence E. Harmon,
Deputy Secretary.

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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 31a-2; SEC File No. 270-174; OMB
Control No. 3235-0179.

¹ 44 U.S.C. 3501 *et seq.*

² Public Law No. 106-102, 113 Stat. 1338 (1999).

³ See 15 U.S.C. 78q(i).

⁴ See Exchange Act Release No. 49831 (Jun. 8, 2004), 69 FR 34472 (Jun. 21, 2004).

⁵ See H.R. Conf. Rep. No. 106-434, 165 (1999). See also Exchange Act Release No. 49831, at 6 (Jun. 8, 2004), 69 FR 34472, at 34473 (Jun. 21, 2004).

⁶ 17 CFR 240.15c3-4.

⁷ 17 CFR 240.17i-5(b)(5).

⁸ (3,600 hours × 3 SIBHCs) = 10,800 hours.

⁹ (250 hours per year × 3 SIBHCs) = 750 hours per year.

¹⁰ (3,600 hours × 3 SIBHCs) + (250 hours per year × 3 SIBHCs.)

¹¹ (250 hours per year × 3 SIBHCs).

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.

Section 31(a)(1) of the Investment Company Act of 1940 (the “Act”)¹ requires registered investment companies (“funds”) and certain principal underwriters, broker-dealers, investment advisers and depositors of funds to maintain and preserve records as prescribed by Commission rules. Rule 31a–1² specifies the books and records that each of these entities must maintain. Rule 31a–2,³ which was adopted on April 17, 1944, specifies the time periods that entities must retain books and records required to be maintained under rule 31a–1.

Rule 31a–2 requires the following:

1. Every fund must preserve permanently, and in an easily accessible place for the first two years, all books and records required under rule 31a–1(b)(1)–(4).⁴

2. Every fund must preserve for at least six years, and in an easily accessible place for the first two years:

a. All books and records required under rule 31a–1(b)(5)–(12);⁵

b. All vouchers, memoranda, correspondence, checkbooks, bank statements, canceled checks, cash reconciliations, canceled stock certificates and all schedules that support each computation of net asset value of fund shares;

c. Any advertisement, pamphlet, circular, form letter or other sales

literature addressed or intended for distribution to prospective investors;

d. Any record of the initial determination that a director is not an interested person of the fund, and each subsequent determination that the director is not an interested person of the fund, including any questionnaire and any other document used to determine that a director is not an interested person of the company;

e. Any materials used by the disinterested directors of a fund to determine that a person who is acting as legal counsel to those directors is an independent legal counsel; and

f. Any documents or other written information considered by the directors of the fund pursuant to section 15(c) of the Act in approving the terms or renewal of a contract or agreement between the company and an investment advisor.

3. Every underwriter, broker or dealer that is a majority-owned subsidiary of a fund must preserve records required to be preserved by brokers and dealers under rules adopted under section 17 of the Securities Exchange Act of 1934⁶ (“section 17”) for the periods established in those rules.

4. Every depositor of any fund, and every principal underwriter of any fund other than a closed-end fund, must preserve for at least six years records required to be preserved by brokers and dealers under rules adopted under section 17 to the extent the records are necessary or appropriate to record the entity’s transactions with the fund.

5. Every investment adviser that is a majority-owned subsidiary of a fund must preserve the records required to be maintained by investment advisers under rules adopted under section 204 of the Investment Advisers Act of 1940⁷ (“section 204”) for the periods specified in those rules.

6. Every investment adviser that is not a majority-owned subsidiary of a fund must preserve for at least six years records required to be maintained by registered investment advisers under rules adopted under section 204 to the extent the records are necessary or appropriate to reflect the adviser’s transactions with the fund.

The records required to be maintained and preserved under this part may be maintained and preserved for the required time by, or on behalf of, a fund on (i) micrographic media, including microfilm, microfiche, or any similar medium, or (ii) electronic storage media, including any digital storage medium or system that meets the terms of this

section. The fund, or person that maintains and preserves records on its behalf, must arrange and index the records in a way that permits easy location, access, and retrieval of any particular record.⁸

The Commission periodically inspects the operations of all funds to ensure their compliance with the provisions of the Act and the rules under the Act. The Commission staff spends a significant portion of their time in these inspections reviewing the information contained in the books and records required to be kept by rule 31a–1 and to be preserved by rule 31a–2.

There are approximately 4,522 registered investment companies (“funds”) as of September 30, 2009, all of which are required to comply with rule 31a–2. Based on conversations with representatives of the fund industry and past estimates, our staff estimates that each fund currently spends 220 hours per year complying with rule 31a–2. Based on these estimates, our staff estimates that the total annual burden for a fund to comply with rule 31a–2, is 220 hours, with a total annual burden for all funds of 994,840 hours.⁹

The hour burden estimates for retaining records under rule 31a–2 are based on our experience with registrants and our experience with similar requirements under the Act and the rules under the Act. The number of burden hours may vary depending on, among other things, the complexity of the fund, the issues faced by the fund, and the number of series and classes of the fund. The estimated average burden hours are made solely for purposes of the Paperwork Reduction Act and are not derived from quantitative, comprehensive, or even representative

⁸ In addition, the fund, or whoever maintains the documents for the fund must provide promptly any of the following that the Commission (by its examiners or other representatives) or the directors of the fund may request: (A) A legible, true, and complete copy of the record in the medium and format in which it is stored; (B) a legible, true, and complete printout of the record; and (C) means to access, view, and print the records; and separately store, for the time required for preservation of the original record, a duplicate copy of the record on any medium allowed by this section. In the case of records retained on electronic storage media, the fund, or person that maintains and preserves records on its behalf, must establish and maintain procedures: (i) To maintain and preserve the records, so as to reasonably safeguard them from loss, alteration, or destruction; (ii) to limit access to the records to properly authorized personnel, the directors of the fund, and the Commission (including its examiners and other representatives); and (iii) to reasonably ensure that any reproduction of a non-electronic original record on electronic storage media is complete, true, and legible when retrieved.

⁹ This estimate is based on the following calculation: 4,522 registered investment companies × 220 hours = 994,840 total hours.

¹ 15 U.S.C. 80a–30(a)(1).

² 17 CFR 270.31a–1.

³ 17 CFR 270.31a–2.

⁴ 17 CFR 270.31a–1(b)(1)–(4). These include, among other records, journals detailing daily purchases and sales of securities or contracts to purchase and sell securities, general and auxiliary ledgers reflecting all asset, liability, reserve, capital, income and expense accounts, separate ledgers reflecting, separately for each portfolio security as of the trade date all “long” and “short” positions carried by the fund for its own account, and corporate charters, certificates of incorporation and by-laws.

⁵ 17 CFR 270.31a–1(b)(5)–(12). These include, among other records, records of each brokerage order given in connection with purchases and sales of securities by the fund, all other portfolio purchases, records of all puts, calls, spreads, straddles or other options in which the fund has an interest, has granted, or has guaranteed, records of proof of money balances in all ledger accounts, files of all advisory material received from the investment adviser, and memoranda identifying persons, committees or groups authorizing the purchase or sale of securities for the fund.

⁶ 15 U.S.C. 78q.

⁷ 15 U.S.C. 80b–4.

survey or study of the burdens associated with our rules and forms.

The Commission staff estimates the average cost of preserving books and records required by rule 31a-2, to be approximately \$70,000 annually per fund. As discussed previously, there are approximately 4,522 funds currently operating, for a total cost of preserving records as required by rule 31a-2 of \$316,540,000 per year.¹⁰ Our staff understands, however, based on conversations with representatives of the fund industry, that funds would already spend approximately half of this amount (\$158,270,000) to preserve these same books and records, as they are also necessary to prepare financial statements, meet various state reporting requirements, and prepare their annual federal and state income tax returns. Therefore, we estimate that the total annual cost burden for funds as a result of compliance with rule 31a-2 is \$158,270,000 per year.

These estimates of average costs are 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. 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.

Written comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission's estimate of the burdens of the collections of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burdens of the collections 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.

¹⁰ This estimate is based on the following calculation: 4,522 funds × \$70,000 = \$316,540,000.

Dated: October 19, 2009.

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available

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

Extension:

Rule 17i-6; SEC File No. 270-532; OMB Control No. 3235-0588.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995¹ the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget requests for extension of the previously approved collections of information discussed below. The Code of Federal Regulations citation to this collection of information is the following: 17 CFR 240.17i-6.

Section 231 of the Gramm-Leach-Bliley Act of 1999² (the "GLBA") amended Section 17 of the Securities Exchange Act of 1934 to create a regulatory framework under which a holding company of a broker-dealer ("investment bank holding company" or "IBHC") may voluntarily be supervised by the Commission as a supervised investment bank holding company (or "SIBHC").³ In 2004, the Commission promulgated rules, including Rule 17i-6, to create a framework for the Commission to supervise SIBHCs.⁴ This framework includes qualification criteria for SIBHCs, as well as recordkeeping and reporting requirements. Among other things, this regulatory framework for SIBHCs is intended to provide a basis for non-U.S. financial regulators to treat the Commission as the principal U.S. consolidated home-country supervisor for SIBHCs and their affiliated broker-dealers.⁵

Pursuant to Section 17(i)(3)(A) of the Exchange Act, an SIBHC must make and keep records, furnish copies thereof, and make such reports as the

Commission may require by rule.⁶ Rule 17i-6 requires that an SIBHC file with the Commission certain monthly and quarterly reports and an annual audit report. The reports and notices required to be filed pursuant to Rule 17i-6 must be preserved for a period of not less than three years.⁷

The collections of information required by Rule 17i-6 are necessary to allow the Commission adequately to supervise the activities of these SIBHCs and to effectively determine whether supervision of an IBHC as an SIBHC is necessary or appropriate in furtherance of the purposes of Section 17 of the Act. Rule 17i-6 also enhances the Commission's supervision of an SIBHC's subsidiary broker-dealers through collection of additional information and inspections of affiliates of those broker-dealers. Without these reports, the Commission would be unable to adequately supervise an SIBHC, nor would it be able to determine whether continued supervision of an IBHC as an SIBHC were necessary and appropriate in furtherance of the purposes of Section 17 of the Act.

We estimate that three IBHCs will file Notices of Intention with the Commission to be supervised by the Commission as SIBHCs. An SIBHC will require about 8 hours to prepare and file each monthly report required by this rule (or approximately 96 hours per year).⁸ On average, it will take an SIBHC about 16 hours each quarter (or 64 hours each year)⁹ to prepare and file the quarterly reports required by this rule. An SIBHC will require about 200 hours to prepare and file the annual audit reports required by this rule. Consequently, the total annual burden of Rule 17i-6 on all SIBHCs is approximately 984 hours.¹⁰

Rule 17i-6 requires that an SIBHC file certain monthly and quarterly reports with the Commission, as well as an annual audit report. The average cost for an SIBHC to prepare and file the monthly reports is about \$1,424 per month, and thus approximately \$11,392

⁶ 15 U.S.C. 78q(i)(3)(A).

⁷ 17 CFR 240.17i-5(b)(3).

⁸ The SIBHC must file with the Commission a monthly report within 30 calendar days after the end of each month that does not coincide with a fiscal quarter end. Consequently, the SIBHC must file a monthly report 8 times each year. (8 hours × 8 months) = 64 hours/year.

⁹ (16 hours × 4 quarters in a year) = 64 hours/year.

¹⁰ (64 hours per year to prepare and file monthly reports + 64 hours each year to prepare and file quarterly reports + 200 hours each year to prepare and file annual audit reports) × 3 SIBHCs = 984 hours.

¹ 44 U.S.C. 3501 *et seq.*

² Pub. L. No. 106-102, 113 Stat. 1338 (1999).

³ See 15 U.S.C. 78q(i).

⁴ See Exchange Act Release No. 49831 (Jun. 8, 2004), 69 FR 34472 (Jun. 21, 2004).

⁵ See H.R. Conf. Rep. No. 106-434, 165 (1999). See also Exchange Act Release No. 49831, at 6 (Jun. 8, 2004), 69 FR 34472, at 34473 (Jun. 21, 2004).