

approximately 17 hours each year to comply with the notice requirement of Rule 15c3-3.

Finally, a broker-dealer that effects transactions in SFPs for customers also will have paperwork burdens associated with the requirement in paragraph (o) of Rule 15c3-3 to make a record of each change in account type.¹ More specifically, a broker-dealer that changes the type of account in which a customer's SFPs are held must create a record of each change in account type that includes the name of the customer, the account number, the date the broker-dealer received the customer's request to change the account type, and the date the change in account type took place. As of December 31, 2009, broker-dealers that were also registered as futures commission merchants reported that they maintained 35,242,468 customer accounts. The staff estimates that 8% of these customers may engage in SFP transactions (35,242,468 accounts × 8% = 2,819,397). Further, the staff estimates that 20% per year may change account type. Thus, broker-dealers may be required to create this record for up to 563,879 accounts (2,819,397 accounts × 20%). The staff believes that it will take approximately 3 minutes to create each record.² Thus, the total annual burden associated with creating a record of change of account type will be 28,194 hours (563,879 accounts × (3min/60min)).

Consequently, the staff estimates that the total annual burden hours associated with Rule 15c3-3 would be approximately 65,091 hours (36,780 hours + 100 hours + 17 hours + 28,194 hours).

The staff estimates that a broker-dealer would have (1) A financial reporting manager make a record of its reserve computations and send the required notices to the Commission, (2) an attorney obtain the written notifications from banks where it has a Special Reserve Bank Account to evidence bank's acknowledgement that assets deposited in the Account are being held by the bank for the exclusive benefit of customers, and (3) a compliance clerk create a record of each change in account type. The staff estimates that the hourly rate of a financial reporting manager and an attorney are \$290 and \$354, respectively,³ and the hourly rate of a

compliance clerk is \$67.⁴ Consequently, the total cost of the above-described hour burden would be \$12,595,528.⁵

In addition, a broker-dealer that effects transactions in SFPs for customers also will have an annualized cost burden associated with the requirements in paragraph (o) of Rule 15c3-3 to (1) provide each customer that plans to effect SFP transactions with a disclosure document containing certain information,⁶ and (2) send each SFP customer notification of any change of account type.⁷ Approximately 8% of the accounts held by broker-dealers that are also registered as FCMS, or 2,819,397 accounts, may engage in SFP transactions. The staff estimates that the cost of printing and sending each disclosure document will be approximately \$.15 per document sent.⁸ Thus, the staff estimates that the cost of printing and sending disclosure documents would be approximately \$422,910 (2,819,397 accounts × \$.15). In addition, approximately 563,879 accounts (2,819,397 accounts × 20%) may change account type per year requiring that broker-dealers provide notification to those customers. The staff estimates that the cost of sending this notification to customers will be about \$84,582 (563,879 accounts × \$.15). Consequently, the staff estimates that the total annual cost associated with Rule 15c3-3 would be \$507,492 (\$422,910 + \$84,583).

Written comments are invited on:

- Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility;
- the accuracy of the agency's estimate of the burden of the proposed collection of information;
- ways to enhance the quality, utility, and clarity of the information to be collected; and
- ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or

Professional Salaries in the Securities Industry 2010, as modified by Commission staff to account for an 1,800 hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

⁴ The \$67/hour figure for a compliance clerk is derived from SIFMA's Office Salaries in the Securities Industry 2010, modified by Commission staff to account for an 1,800 hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

⁵ (((36,780 hours + 17 hours) × \$290/hour) + (100 hours × \$354/hour) + (28,194 hours × \$67/hour)).

⁶ 17 CFR 240.15c3-3(o)(2).

⁷ 17 CFR 240.15c3-3(o)(3)(ii).

⁸ Based on past conversations with industry representatives regarding other rule changes as adjusted to account for inflation and increased postage costs.

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: Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, Virginia 22312 or send an e-mail to: PRA_Mailbox@sec.gov.

Dated: January 6, 2011.

Elizabeth M. Murphy,
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 482; SEC File No. 270-508; OMB Control No. 3235-0565.

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 ("OMB") for extension and approval.

Like most issuers of securities, when an investment company¹ ("fund") offers its shares to the public, its promotional efforts become subject to the advertising restrictions of the Securities Act of 1933, (15 U.S.C. 77) (the "Securities Act"). In recognition of the particular problems faced by funds that continually offer securities and wish to advertise their securities, the Commission has previously adopted advertising safe harbor rules. The most important of these is rule 482 (17 CFR 230.482) under the Securities Act, which, under certain circumstances, permits funds to advertise investment performance data, as well as other information. Rule 482 advertisements are deemed to be "prospectuses" under Section 10(b) of the Securities Act.²

¹ "Investment company" refers to both investment companies registered under the Investment Company Act of 1940 and business development companies.

² 15 U.S.C. 77j(b).

¹ 17 CFR 240.15c3-3(o)(3)(i).

² In fact, the staff believes that most firms will have this process automated. To the extent that no person need be involved in the generation of this record, the burden will be very minimal.

³ The \$290/hour figure for a financial reporting manager and the \$354/hour figure for an attorney are derived from SIFMA's Management &

Rule 482 contains certain requirements regarding the disclosure that funds are required to provide in qualifying advertisements. These requirements are intended to encourage the provision to investors of information that is balanced and informative, particularly in the area of investment performance. For example, a fund is required to include disclosure advising investors to consider the fund's investment objectives, risks, charges and expenses, and highlighting the availability of the fund's prospectus. In addition, rule 482 advertisements that include performance data of open-end funds or insurance company separate accounts offering variable annuity contracts are required to include certain standardized performance information, information about any sales loads or other nonrecurring fees, and a legend warning that past performance does not guarantee future results. Such funds including performance information in rule 482 advertisements are also required to make available to investors month-end performance figures via website disclosure or by a toll-free telephone number, and to disclose the availability of the month-end performance data in the advertisement. The rule also sets forth requirements regarding the prominence of certain disclosures, requirements regarding advertisements that make tax representations, requirements regarding advertisements used prior to the effectiveness of the fund's registration statement, requirements regarding the timeliness of performance data, and certain required disclosures by money market funds.

Rule 482 advertisements must be filed with the Commission or, in the alternative, Financial Industry Regulatory Authority ("FINRA").³ This information collection differs from many other federal information collections that are primarily for the use and benefit of the collecting agency.

As discussed above, rule 482 contains requirements that are intended to encourage the provision to investors of information that is balanced and informative, particularly in the area of investment performance. The Commission is concerned that in the absence of such provisions fund investors may be misled by deceptive rule 482 performance advertisements and may rely on less-than-adequate information when determining in which

funds they should invest their money. As a result, the Commission believes it is beneficial for funds to provide investors with balanced information in fund advertisements in order to allow investors to make better-informed decisions.

The Commission estimates that 58,368 responses are filed annually pursuant to rule 482 by 3,540 investment companies offering approximately 16,225 portfolios, or approximately 3.6 responses per portfolio annually. Respondents consist of all the investment companies that take advantage of the safe harbor offered by the rule for their advertisements. The burden associated with rule 482 is presently estimated to be 5.16 hours per response. The hourly burden is therefore approximately 301,179 hours (58,368 responses × 5.16 hours per response).

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 and forms.

Cost burden is the cost of services purchased to comply with rule 482, such as for the services of computer programmers, outside counsel, financial printers, and advertising agencies. The Commission attributes no cost burden to rule 482.

The provision of information under rule 482 is necessary to obtain the benefits of the safe harbor offered by the rule. The information provided is not 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 Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, C/O Remi Pavlik-Simon, 6432 General Green Way, Alexandria,

VA 22312; or send an e-mail to: PRA_Mailbox@sec.gov.

Dated: January 5, 2011.

Elizabeth M. Murphy,
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 206(4)-6; SEC File No. 270-513; OMB Control No. 3235-0571.

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 collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget ("OMB") for extension and approval.

The title for the collection of information is "Rule 206(4)-6" under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*) ("Advisers Act") and the collection has been approved under OMB Control No. 3235-0571. The Commission adopted rule 206(4)-6 (17 CFR 275.206(4)-6), the proxy voting rule, to address an investment adviser's fiduciary obligation to clients who have given the adviser authority to vote their securities. Under the rule, an investment adviser that exercises voting authority over client securities is required to: (i) Adopt and implement policies and procedures that are reasonably designed to ensure that the adviser votes securities in the best interest of clients, including procedures to address any material conflict that may arise between the interest of the adviser and the client; (ii) disclose to clients how they may obtain information on how the adviser has voted with respect to their securities; and (iii) describe to clients the adviser's proxy voting policies and procedures and, on request, furnish a copy of the policies and procedures to the requesting client. The rule is designed to assure that advisers that vote proxies for their clients vote those proxies in their clients' best interest and provide

³ See rule 24b-3 under the Investment Company Act (17 CFR 270.24b-3), which provides that any sales material, including rule 482 advertisements, shall be deemed filed with the Commission for purposes of Section 24(b) of the Investment Company Act upon filing with FINRA.