

Compliance with Rule 19b-7 is mandatory. Information received in response to Rule 19b-7 shall not be kept confidential; the information collected is public information.

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.

Comments should be directed to (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an e-mail to: Alexander_T_Hunt@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, 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 within 30 days of this notice.

Dated: March 4, 2007.

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 10f-3; SEC File No. 270-237; OMB Control No. 3235-0226.

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 a request for extension and approval of the collection of information discussed below.

Section 10(f) of the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Act") prohibits a registered investment company ("fund") from purchasing any security during an underwriting or selling syndicate if the fund has certain relationships with a principal underwriter for the security. Congress enacted this provision in 1940 to protect funds and their shareholders by preventing underwriters from

"dumping" unmarketable securities on affiliated funds.

Rule 10f-3 (17 CFR 270.10f-3) permits a fund to engage in a securities transaction that otherwise would violate section 10(f) if, among other things: (i) Each transaction effected under the rule is reported on Form N-SAR; (ii) the fund's directors have approved procedures for purchases made in reliance on the rule, regularly review fund purchases to determine whether they comply with these procedures, and approve necessary changes to the procedures; and (iii) a written record of each transaction effected under the rule is maintained for six years, the first two of which in an easily accessible place. The written record must state: (i) From whom the securities were acquired; (ii) the identity of the underwriting syndicate's members; (iii) the terms of the transactions; and (iv) the information or materials on which the fund's board of directors has determined that the purchases were made in compliance with procedures established by the board.

The rule also conditionally allows managed portions of fund portfolios to purchase securities offered in otherwise off-limits primary offerings. To qualify for this exemption, rule 10f-3 requires that the subadviser that is advising the purchaser be contractually prohibited from providing investment advice to any other portion of the fund's portfolio and consulting with any other of the fund's advisers that is a principal underwriter or affiliated person of a principal underwriter concerning the fund's securities transactions.

These requirements provide a mechanism for fund boards to oversee compliance with the rule. The required recordkeeping facilitates the Commission staff's review of rule 10f-3 transactions during routine fund inspections and, when necessary, in connection with enforcement actions.

The staff estimates that approximately 350 funds engage in a total of approximately 4,400 rule 10f-3 transactions each year.¹ Rule 10f-3 requires that the purchasing fund create a written record of each transaction that includes, among other things, from whom the securities were purchased and the terms of the transaction. The staff estimates² that it takes an average fund approximately 30 minutes per transaction and approximately 2,200

hours³ in the aggregate to comply with this portion of the rule.

The funds also must maintain and preserve these transactional records in accordance with the rule's recordkeeping requirement, and the staff estimates that it takes a fund approximately 20 minutes per transaction and that annually, in the aggregate, funds spend approximately 1,467 hours⁴ to comply with this portion of the rule.

In addition, fund boards must, no less than quarterly, examine each of these transactions to ensure that they comply with the fund's policies and procedures. The information or materials upon which the board relied to come to this determination also must be maintained and the staff estimates that it takes a fund 1 hour per quarter and, in the aggregate, approximately 1,400 hours⁵ annually to comply with this rule requirement.

The staff estimates that reviewing and revising as needed written procedures for rule 10f-3 transactions takes, on average for each fund, two hours of a compliance attorney's time per year.⁶ Thus, annually, in the aggregate, the staff estimates that funds spend a total of approximately 700 hours⁷ on monitoring and revising rule 10f-3 procedures.

Based on an analysis of fund filings, the staff estimates that approximately 600 fund portfolios enter into subadvisory agreements each year.⁸ Based on discussions with industry representatives, the staff estimates that it will require approximately 3 attorney hours to draft and execute additional clauses in new subadvisory contracts in order for funds and subadvisers to be able to rely on the exemptions in rule 10f-3. Because these additional clauses are identical to the clauses that a fund would need to insert in their subadvisory contracts to rely on rules 12d3-1, 17a-10, and 17e-1, and because we believe that funds that use one such

³This estimate is based on the following calculation: (30 minutes × 4,400 = 2,200 hours).

⁴This estimate is based on the following calculations: (20 minutes × 4,400 transactions = 88,000 minutes; 88,000 minutes / 60 = 1,467 hours).

⁵This estimate is based on the following calculation: (1 hour per quarter × 4 quarters × 350 funds = 1,400 hours).

⁶These averages take into account the fact that in most years, fund attorneys and boards spend little or no time modifying procedures and in other years, they spend significant time doing so.

⁷This estimate is based on the following calculation: (350 funds × 2 hours = 700 hours).

⁸The use of subadvisers has grown rapidly over the last several years, with approximately 600 portfolios that use subadvisers registering between December 2005 and December 2006. Based on information in Commission filings, we estimate that 31 percent of funds are advised by subadvisers.

¹These estimates are based on staff extrapolations from filings with the Commission.

²Unless stated otherwise, the information collection burden estimates contained in this Supporting Statement are based on conversations between the staff and representatives of funds.

rule generally use all of these rules, we apportion this 3 hour time burden equally to all four rules. Therefore, we estimate that the burden allocated to rule 10f-3 for this contract change would be 0.75 hours.⁹ Assuming that all 600 funds that enter into new subadvisory contracts each year make the modification to their contract required by the rule, we estimate that the rule's contract modification requirement will result in 450 burden hours annually.¹⁰

The staff estimates, therefore, that rule 10f-3 imposes an information collection burden of 6217 hours.¹¹ This estimate does not include the time spent filing transaction reports on Form N-SAR, which is encompassed in the information collection burden estimate for that form.

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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: Alexander_T._Hunt@omb.eop.gov; and (ii) R. Corey Booth, Director/Chief Information Officer, 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: March 6, 2008.

Florence E. Harmon,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-57445; File No. SR-NASDAQ-2007-090]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Accept Financial Statements Prepared in Accordance With International Financial Reporting Standards, as Issued by the International Accounting Standards Board, for Certain Foreign Private Issuers, Consistent With Commission Rules

March 6, 2008.

On November 16, 2007, The NASDAQ Stock Market LLC ("Nasdaq") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to allow Nasdaq to accept financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), for certain foreign private issuers. Nasdaq filed Amendment No. 1 to the proposed rule change on February 6, 2008. The proposed rule change was published for comment in the **Federal Register** on February 12, 2008.³ The Commission received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

The Commission recently amended Form 20-F under the Act and other rules under the Securities Act of 1933 that eliminate the requirement for U.S. GAAP reconciliation for foreign private issuers that file financial statements prepared in accordance with IFRS, as issued by the IASB, if certain conditions are met.⁴ These changes apply only to foreign private issuers that file on Form

20-F, regardless of whether the issuer complies with IFRS as issued by the IASB voluntarily or in accordance with the requirements of the issuer's home country regulator or the exchange on which its securities are listed.⁵ A foreign private issuer will continue to be required to provide a reconciliation to U.S. GAAP if its financial statements include deviations from IFRS as issued by the IASB, if it does not state unreservedly and explicitly that its financial statements are in compliance with IFRS as issued by the IASB, if the auditor does not opine on compliance with IFRS as issued by the IASB, or if the auditor's report contains any qualification relating to compliance with IFRS as issued by the IASB.⁶ The Commission's rules are applicable to annual financial statements for financial years ending after November 15, 2007, and to interim periods within those years, that are contained in filings made after March 4, 2008.⁷

To allow foreign private issuers to take full advantage of this development, Nasdaq has proposed to allow such issuers to evidence compliance with Nasdaq's listing requirements on the same basis as permitted by the Commission. In its filing, Nasdaq states that to require foreign private issuers to provide U.S. GAAP reconciliations to list on Nasdaq, when they no longer are required to under Commission rules, may cause such issuers not to list in the U.S., thereby denying U.S. investors the ability to easily invest in such issuers.

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.⁸ In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act, which requires that an exchange have rules designed, among other things, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in

⁵ IFRS/IASB Adopting Release at 992.

⁶ *Id.* at 993. A foreign private issuer using a jurisdictional or other variation of IFRS will be able to rely on the amendments if that issuer also is able to state compliance with both IFRS as issued by the IASB and a jurisdictional variation of IFRS (and does so state), and its auditor opines that the financial statements comply with both IFRS as issued by the IASB and the jurisdictional variation, as long as the statement relating to the former is unreserved and explicit. *Id.*

⁷ *Id.* at 994.

⁸ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 57290 (February 7, 2008), 73 FR 8084.

⁴ See Securities Exchange Act Release No. 57026 (December 21, 2007), 73 FR 986 (January 4, 2008) (the "IFRS/IASB Adopting Release"). See also Securities Exchange Act Release No. 55998 (July 2, 2007), 72 FR 37962 (July 11, 2007) (the "IFRS/IASB Proposing Release"). The Commission is also considering whether to allow U.S. issuers to satisfy their reporting requirements through the provision of financial statements prepared in accordance with IFRS instead of U.S. GAAP. See Securities Exchange Act Release No. 56217 (August 7, 2007), 72 FR 45600 (August 14, 2007). This proposed Nasdaq rule change would be applicable only to foreign private issuers and would not apply to domestic U.S. companies.

⁹ This estimate is based on the following calculation (3 hours ÷ 4 rules = .75 hours).

¹⁰ These estimates are based on the following calculations: (0.75 hours × 600 portfolios = 450 burden hours).

¹¹ This estimate is based on the following calculation: (2,200 hours + 1,467 hours + 1,400 hours + 700 hours + 450 hours = 6,217 total burden hours).