

Commission staff in its examinations of money market funds to determine compliance with the rule, as well as to ensure that money market funds have established procedures for collecting the information necessary to make adequate credit reviews of securities in their portfolios. The reporting requirements of rule 2a-7 are intended to assist Commission staff in overseeing money market funds.

Commission staff estimates that approximately 891 money market funds are subject to the rule each year. The staff estimates that each of these funds spends an average of 539 hours each year to document credit risk analyses, and determinations regarding adjustable rate securities, asset backed securities, and securities subject to a demand feature or guarantee.<sup>1</sup> In addition, each year an estimated average of three money market funds each spends approximately one hour to record (in the board minutes) board determinations and actions in response to certain securities' failure to maintain eligibility standards, or certain events of default or insolvency, and to notify the Commission of the event.<sup>2</sup> Finally, Commission staff estimates that in the first year of operation, the board of directors, counsel, and staff of an average of 15 new money market fund each spends 38.5 hours to formulate and establish written procedures for stabilizing the fund's NAV and guidelines for delegating certain of the board's responsibilities to the fund's adviser. Based on these estimates, Commission staff estimates the total burden of the rule's paperwork requirements for money market funds to be 480,830 hours.<sup>3</sup> This is an increase from the previous estimate of 319,211 hours. The increase is attributable to updated information from money market funds regarding hourly burdens, a more accurate calculation of the component parts of some information collection burdens, and the significant differences in burden hours reported by the funds selected at random to be surveyed in different submission years.

These estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a

<sup>1</sup> This average is based on discussions with individuals at money market funds and their advisers. The actual number of burden hours may vary significantly depending on the type and number of portfolio securities held by individual funds.

<sup>2</sup> This number may vary significantly from year to year.

<sup>3</sup> This estimate is based on the following calculation:  $(891 \times 539) + (3 \times 1) + (15 \times 38.5) = 480,830$ .

comprehensive or even a representative survey or study of Commission rules.

In addition to the burden hours, Commission staff estimates that money market funds will incur costs to preserve records 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.<sup>4</sup> Commission staff estimates that the amount an individual fund may spend ranges from \$100 per year to \$300,000. Based on an average cost of \$0.0000052 per dollar of assets under management for small and medium-sized funds to \$0.0000024 per dollar of assets under management for large funds,<sup>5</sup> the staff estimates compliance with rule 2a-7 costs the fund industry approximately \$5 million per year.<sup>6</sup> Based on responses from individuals in the money market fund industry, the staff estimates that some of the largest fund complexes have created computer programs for maintaining and preserving compliance records for rule 2a-7. Based on a cost of \$0.0000097 per dollar of assets under management for large funds, the staff estimates that the total annualized capital/startup costs range from \$0 for small funds to \$20 million for all large funds. Commission staff further estimates, however, that even absent the requirements of rule 2a-7, money market funds would spend at least half of the amount for capital costs (\$10 million) and for record preservation (\$2.5 million) to establish and maintain these records and the systems for preserving them as a part of sound business practices to ensure diversification and minimal credit risk in a portfolio for a fund that seeks to maintain a stable price per share.

<sup>4</sup> The amount of assets under management in money market funds ranges from approximately \$100,000 to \$60.9 billion.

<sup>5</sup> For purpose of this PRA submission, Commission staff used the following categories for fund sizes: (i) small—money market funds with \$50 million or less in assets under management, (ii) medium—money market funds with more than \$50 million up to and including \$1 billion in assets under management; and (iii) large—money market funds with more than \$1 billion in assets under management.

<sup>6</sup> The staff estimated the annual cost of preserving the required books and records by identifying the annual costs incurred by several funds and then relating this total cost to the average net assets of these funds during the year. With a total of \$191.3 billion under management in small and medium funds, and \$2,078 billion under management in large funds, the total amount was estimated as follows:  $(\$0.0000052 \times \$191.3 \text{ billion}) + (\$0.0000024 \times \$2,078 \text{ billion}) = \$5 \text{ million}$ .

The collections of information required by rule 2a-7 are necessary 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 requested 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 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 Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549.

Dated: October 30, 2002.

**Margaret H. McFarland,**  
Deputy Secretary.

[FR Doc. 02-28188 Filed 11-5-02; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### Agency Meeting

#### FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:

[67 FR 66433, October 31, 2002].

**STATUS:** Open Meeting.

**PLACE:** 450 Fifth Street, NW., Washington, DC.

**DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING:** November 6, 2000.

**CHANGE IN THE MEETING:** Room Change.

The Open Meeting scheduled for Wednesday, November 6, 2002 at 10 a.m. will be held in Room 1C30, the William O. Douglas Room.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact:

The Office of the Secretary at (202) 942-7070.

Dated: November 1, 2002.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 02-28325 Filed 11-4-02; 11:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-46738; File No. SR-Amex-2001-32]

### Self-Regulatory Organizations; Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Change and Amendment No. 1 thereto by American Stock Exchange LLC Relating to the Listing of Fixed Income Trust Receipts Under Rule 1000A.

October 29, 2002.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 25, 2001, the American Stock Exchange LLC (the "Amex" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission" or the "SEC") the proposed rule change as described in Items I and II, which Items have been prepared by the Exchange. On October 21, 2002, the Amex submitted Amendment No. 1 to the proposed rule change.<sup>3</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons and to grant accelerated approval.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Amex proposes to list under Amex Rule 1000A ("Index Fund Shares") "Fixed Income Trust Receipts" ("FITRs") issued by the Exchange Traded Fund ("ETF") Advisors Trust ("Trust"), as described below, whose portfolio will consist of investment grade government debt securities.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Amex included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed

rule change. The text of these statements may be examined at the places specified in Item IV below. The Amex has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

##### Purpose

Amex Rule 1000A provides standards for listing Index Fund Shares, which are securities issued by an open-end management investment company (open-end mutual fund) for Exchange trading. These securities are registered under the Investment Company Act of 1940<sup>4</sup> ("1940 Act") as well as the Exchange Act.<sup>5</sup> The Exchange currently trades over 80 different index funds under Rule 1000A based on various stock indexes,<sup>6</sup> as well as indexes based on fixed income securities.

The Exchange proposes to list FITRs under Rule 1000A issued by index funds of ETF Advisors Trust ("Trust"), whose portfolio will consist of investment grade government debt securities (e.g., securities issued or guaranteed by the U.S. Treasury, an agency or instrumentality of the U.S. government, or by a government-sponsored entity).<sup>7</sup>

##### 1. Fixed Income Trust Receipts

The Trust is an open-end management investment company offering a number of separate investment portfolios of fixed income securities (each such portfolio an "Index Fund" or a "Fund"). These securities would be listed under Amex Rules 1000A *et. seq.*, including Amex Rule 1000A as it is proposed to be amended herein. Each Index Fund that is the subject of this filing will hold a portfolio of securities selected to reflect the duration, and which seek to closely match, before fees and expenses, the total return of a specified fixed income securities index (individually,

an "Underlying Index" and collectively, the "Underlying Indexes").<sup>8</sup> The Underlying Indexes are the Ryan 10 Year Treasury Index,<sup>9</sup> the Ryan 5 Year Treasury Index,<sup>10</sup> the Ryan 2 Year Treasury Index,<sup>11</sup> and the Ryan 1 Year Treasury Index.<sup>12</sup> All of the Underlying Indexes<sup>13</sup> are based on total returns of various maturities of U.S. Treasury Securities (defined below).

The Underlying Indexes were created by Ronald J. Ryan and Ryan Holdings LLC, and are compiled and maintained by Ryan Labs Inc. (collectively, the "Index Provider"). Ryan Labs Inc. has calculated and published each Underlying Index or its equivalent predecessor and related data for over 10 years. The construction, calculation model and components of each Underlying Index are based upon measurable objective events, instruments and standards; these have remained consistent since initial publication in all cases except one where the 1-year Index had to be adjusted to reflect the U.S. Treasury's

<sup>8</sup> The Trust, ETF Advisors, LLC. ("Advisor"), and ALPs Distributors, Inc. ("Applicants") have filed with the Commission an Application for Orders ("Application") under Section 6(c) of the 1940 Act for the purpose of exempting the Index Funds from various provisions of the 1940 Act and rules thereunder. See Investment Company Act Release No. 25725 (September 3, 2002), 67 FR 57464 (September 10, 2002) (File No. 812-12843). The Commission granted the requested exemptive relief. See Investment Company Act Release No. 25759 (September 27, 2002). The information provided in this Rule 19b-4 filing relating to the Index Funds is based on information included in the Application. Additional information regarding the Index Funds is included in the Application.

<sup>9</sup> The Ryan 10 Year Treasury Index is based on the return of the most recently auctioned 10 year Treasury note. Calculated once each day, the Index is available for periods back to November 1, 1977. The 10 Year Treasury note is replaced at each new quarterly auction.

<sup>10</sup> The Ryan 5 Year Treasury Index is based on the return of the most recently auctioned 5 year Treasury note. Calculated once each day, the Index is available for periods back to August 28, 1979. The 5 Year Treasury note is replaced at each new quarterly auction.

<sup>11</sup> The Ryan 2 Year Treasury Index is based on the return of the most recently auctioned 2 year Treasury note. Calculated once each day, the Index is available for periods back to August 24, 1973. The 2 Year Treasury note is replaced at each new monthly auction.

<sup>12</sup> Since May 23, 2001, the Ryan 1 Year Adjusted Treasury Index has been based on (a) the return of the most recently auctioned 6 Month Treasury bill, weighted two-thirds, and (b) the return of the most recently auctioned 2 year Treasury note, weighted one-third. Calculated once each day, the original Index was created on December 31, 1988. The 6 Month Treasury bill is replaced at each weekly auction, and the 2 Year Treasury note is replaced at each new monthly auction.

<sup>13</sup> Except for the Ryan 1 Year Adjusted Treasury Index, the Underlying Indices listed above have been calculated daily since March 21, 1983; Underlying Indices for dates prior to March 21, 1983 have been constructed from historical databases.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> This notice, representing Amendment No. 1, replaces the original Rule 19b-4 filing in its entirety.

<sup>4</sup> 15 U.S.C. 80a.

<sup>5</sup> 15 U.S.C. 78a.

<sup>6</sup> Standard & Poor's Depository Receipts®, S&P MidCap SPDRs, DIAMONDS®, and NASDAQ-100 Index Tracking Stock(sm) are unit investment trust securities listed under Amex Rules 1000 *et seq.* applicable to Portfolio Depository Receipts.

<sup>7</sup> The Commission previously approved amendments to Rule 1000A(b) to specify that Index Fund Shares (1) may be based on a portfolio of fixed income securities; (2) may be issued by an investment company in return for a specified portfolio of fixed income securities and/or cash, and (3) may be redeemed at a holder's request by the investment company, which will pay the redeeming holder fixed income securities and/or cash. See Securities Exchange Act Release No. 46252 (July 24, 2002), 67 FR 49715 (July 31, 2002) (Approving File No. SR-Amex-2001-35).