

annual burden is approximately 14 hours.²

The staff believes that rules 27d-1 and 27d-2 and Form N-27D-1 do not impose any cost burdens other than those arising from the hour burdens discussed above.

The estimates of average burden hours and costs are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.³

Complying with the collection of information requirements of rule 27d-1 is mandatory for depositors or principal underwriters of issuers of periodic payment plans unless they comply with the requirements in rule 27d-2. The information provided pursuant to rules 27d-1 and 27d-2 is public and, therefore, 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 OMB control number.

Written comments are invited on: (a) Whether the collection of information is 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 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 R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: March 29, 2005.

Margaret H. McFarland,
Deputy Secretary.

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² This estimate is based on the following calculation: 2 funds $\times$ (2 hours negotiating coverage + 5 hours filing necessary proof of adequate coverage) = 14 hours.

³ These estimates are based on telephone interviews between the Commission staff and representatives of depositors or principle underwriters of periodic payment plan issuers.

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17e-1; SEC File No. 270-224; OMB Control No. 3235-0217.

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 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.

Rule 17e-1 [17 CFR 270.17e-1] under the Investment Company Act of 1940 (the "Act") is entitled "Brokerage Transactions on a Securities Exchange." The rule governs the remuneration that a broker affiliated with a registered investment company ("fund") may receive in connection with securities transactions by the fund. The rule requires a fund's board of directors to establish, and review as necessary, procedures reasonably designed to provide that the remuneration to an affiliated broker is a fair amount compared to that received by other brokers in connection with transactions in similar securities during a comparable period of time. Each quarter, the board must determine that all transactions with affiliated brokers during the preceding quarter complied with the procedures established under the rule. Rule 17e-1 also requires the fund to (i) maintain permanently a written copy of the procedures adopted by the board for complying with the requirements of the rule; and (ii) maintain for a period of six years a written record of each transaction subject to the rule, setting forth: The amount and source of the commission, fee or other remuneration received; the identity of the broker; the terms of the transaction; and the materials used to determine that the transactions were effected in compliance with the procedures adopted by the board. The Commission's examination staff uses these records to evaluate transactions between funds and their affiliated brokers for compliance with the rule.

The Commission staff estimates that 3,028 portfolios of approximately 2,126 funds use the services of one or more subadvisers. Based on discussions with

industry representatives, the staff estimates that it will require approximately 6 hours to draft and execute revised subadvisory contracts (5 staff attorney hours, 1 supervisory attorney hour), in order for funds and subadvisers to be able to rely on the exemptions in rule 17e-1. The staff assumes that all of these funds amended their advisory contracts when rule 17e-1 was amended in 2002 by conditioning certain exemptions upon such contractual alterations.¹

Based on an analysis of fund filings, the staff estimates that approximately 200 new funds are registered annually. Assuming that the number of these funds that will use the services of subadvisers is proportionate to the number of funds that currently use the services of subadvisers, then approximately 46 new funds will enter into subadvisory agreements each year.² The Commission staff further estimates, based on analysis of fund filings, that 10 extant funds will employ the services of subadvisers for the first time each year. Thus, the staff estimates that a total of 56 funds, with a total of 78 portfolios,³ will enter into subadvisory agreements each year. Assuming that each of these funds enters into a contract that permits it to rely on the exemptions in rule 17e-1, we estimate that the rule's contract modification requirement will result in 117 burden hours annually.⁴

Based on an analysis of fund filings, the staff estimates that approximately 300 funds use at least one affiliated broker. Based on conversations with fund representatives, the staff estimates that rule 17e-1's exemption would free approximately 40 percent of transactions that occur under rule 17e-1 from the rule's recordkeeping and review requirements. This would leave approximately 180 funds (300 funds $\times$.6 = 180) still subject to the rule's recordkeeping and review requirements. The staff estimates that each of these funds spends 57 hours per year hours at a cost of approximately \$3,780 per year complying with rule 17e-1's requirements that (i) the fund retain

¹ Rules 12d3-1, 10f-3, 17a-10, and 17e-1 require virtually identical modifications to fund advisory contracts. The Commission staff assumes that funds would rely equally on the exemptions in these rules, and therefore the burden hours associated with the required contract modifications should be apportioned equally among the four rules.

² Based on information in Commission filings, we estimate that 23 percent of funds are advised by subadvisers.

³ Based on existing statistics, we assume that each fund has 1.4 portfolios advised by a subadviser.

⁴ This estimate is based on the following calculations: (78 portfolios $\times$ 6 hours = 468 burden hours for rules 12d3-1, 10f-3, 17a-10, and 17e-1; 468 total burden hours for all of the rules/four rules = 117 annual burden hours per rule.)

records of transactions entered into pursuant to the rule, and (ii) the fund's directors review those transactions quarterly.⁵ We estimate, therefore, that all funds relying on this exemption incur yearly hourly burdens of 10,260 burden.⁶ Therefore, the annual aggregate burden hour associated with rule 17e-1 is 10,377.⁷

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. 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 R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: March 28, 2005.

Margaret H. McFarland,

Deputy Secretary.

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⁵ In calculating the total annual cost of complying with amended rule 17e-1, the Commission staff assumes that the entire burden would be attributable to professionals with an average hourly wage rate of \$66.31 per hour. Unless stated otherwise, all hourly rates in this Supporting Statement are derived from the average annual salaries reported for employees outside of New York City in Securities Industry Association, *Management and Professional Earnings in the Securities Industry* (2003) and Securities Industry Association, *Office Salaries in the Securities Industry* (2003).

⁶ This estimate is based on the following calculation: (180 funds × 57 hours = 10,260).

⁷ This estimate is based on the following calculation: (117 hours + 10,260 hours = 10,377).

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17a-6, SEC File No. 270-506, OMB Control No. 3235-0564.

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.

Section 17(a) of the Investment Company Act of 1940 (the "Act"), prohibits affiliated persons of a registered investment company ("fund") from borrowing money or other property from, or selling or buying securities or other property to or from the fund, or any company that the fund controls. Rule 17a-6 permits a fund and its "portfolio affiliates" (an issuer of which a fund owns more than five percent of the voting securities) to engage in principal transactions with if no prohibited participants (e.g., directors, officers, employees, or investment advisers of the fund contain persons controlling and under common control with the fund, and their affiliates) are parties to the transaction or have a direct or indirect financial interest in the transaction. Rule 17a-6 specifies certain interests that are not "financial interests." The rule also provides that the term "financial interest" does not include any interest that the fund's board of directors (including a majority of the directors who are not interested persons of the fund) finds to be not material, as long as the board records the basis for the findings in its meeting minutes.

The information collection requirements in rule 17a-6 are intended to ensure that Commission staff can review, in the course of its compliance and examination functions, the basis for a board of director's finding that the financial interest of a prohibited participant in a party to a transaction with a portfolio affiliate is not material.

Based on analysis of past filings, the Commission's staff estimates that 148 funds are affiliated persons of 668 issuers as a result of the fund's

ownership or control of the issuer's voting securities, and that there are approximately 1,000 such affiliate relationships. Staff discussions with mutual fund representatives have suggested that no funds currently rely on rule 17a-6 exemptions. We do not know definitively the reasons for this change in transactional behavior, but differing market conditions from year to year may offer some explanation for the current lack of fund interest in the exemptions under rule 17a-6. Accordingly, we estimate that annually there will be no principal transactions under rule 17a-6 that will result in a collection of information.

The Commission requests authorization to maintain an inventory of one burden hour to ease future renewals of rule 17a-6's collection of information analysis should reliance on rule 17a-6 increase in the coming years.

The estimate of average burden hours is 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. Complying with this collection of information requirement is necessary to obtain the benefit of relying on rule 17a-6. 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 R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: March 28, 2005.

Margaret H. McFarland,

Deputy Secretary.

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