

the control of solid materials. The Issues Paper discussed several issues and alternative approaches and invited written and electronic comment on the paper by November 15, 1999 (the date was subsequently extended to December 22, 1999). In addition, the NRC held four facilitated public meetings at different locations between September and December 1999. Currently, the NRC Staff is preparing a paper, and plans to brief the Commission, on stakeholder reactions and concerns with the Issues Paper expressed both at the public meetings and in written comment, on the status of the technical analyses, and on recommendations on whether to proceed with rulemaking or other staff actions regarding release of solid materials, and the schedule for future staff actions on this effort. The NRC Staff will hold regular meetings to develop the March Commission paper that are open to the public to better clarify for interested parties the development of the alternatives and issues to be included in the March Commission paper, and to allow observers to comment on the planned development of the paper. As space permits, all interested parties may attend as observers. Time will be allocated for brief statements from the public.

Information about current NRC efforts in this area can be found on a website dedicated to this effort at the following address: <http://www.nrc.gov/NMSS/IMNS/controlsolids.html>. The website includes the Issues Paper, discussion of opportunities for public comment, and summaries of comments at the public meetings held to date.

The public meetings will generally be held at the Nuclear Regulatory Commission offices in Rockville, Maryland, every other Wednesday, beginning February 9, 2000, from 1 p.m. to 3 p.m. in Room T7-A1, Two White Flint North, 11545 Rockville Pike. Those planning to attend the meetings should verify the status of the meeting by checking the NRC public meeting website at <http://www.nrc.gov/NRC/PUBLIC/meet.html>. Also, for planning purposes, observers from the public are requested to notify Roberta Gordon at (301) 415-7555 if they plan to attend.

Dated at Rockville, Maryland, this 28th day of January 2000.

For the Nuclear Regulatory Commission.

**Lawrence E. Kokajko,**

*Acting Chief, Regulations and Guidance Branch, Division of Industrial and Medical Nuclear Safety, Office of Nuclear Material Safety and Safeguards.*

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## OFFICE OF MANAGEMENT AND BUDGET

### Budget Analysis Branch; Final Sequestration Report

**AGENCY:** Office of Management and Budget—Budget Analysis Branch.

**ACTION:** Notice of Transmittal of Final Sequestration Report to the President and Congress.

**SUMMARY:** Pursuant to Section 254(b) of the Balanced Budget and Emergency Control Act of 1985, as amended, the Office of Management and Budget hereby reports that it has submitted its Final Sequestration Report to the President, the Speaker of the House of Representatives, and the President of the Senate.

**FOR FURTHER INFORMATION CONTACT:** Ellen Balis, Budget Analysis Branch—202/395-4574.

Dated: January 27, 2000.

**Robert L. Nabors,**

*Executive Secretary and Assistant Director for Administration.*

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## SECURITIES AND EXCHANGE COMMISSION

### Requests Under Review by Office of Management and Budget

[Extension: Rule 2a-7, SEC File No. 270-258, OMB Control No. 3235-0268]

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Notice is hereby given that under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget ("OMB"), a request for extension of approval for rule 2a-7 (17 CFR 270.21-7) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Act").

Rule 2a-7 governs money market funds. Money market funds are open-end management investment companies that differ from other open-end management investment companies in that they seek to maintain a stable price per share, usually \$1.00. The rule exempts money market funds from the valuation requirements of the Act and, subject to certain risk-limiting conditions, permits money market funds to use the "amortized cost method" of asset valuation or the "penny-rounding method" of share pricing.

Rule 2a-7 imposes certain recordkeeping and reporting obligations on money market funds. The board of directors of a money market fund, in supervising the fund's operations, must establish written procedures designed to stabilize the fund's net asset value ("NAV"). The board also must adopt guidelines and procedures relating to certain responsibilities it delegates to the fund's adviser. These procedures and guidelines typically address various aspects of the fund's operations. The fund must maintain and preserve for six years a written copy of both procedures and guidelines. The fund also must maintain and preserve for six years a written record of the board's considerations and actions taken in connection with the discharge of its responsibilities, to be included in the board's minutes. In addition, the fund must maintain and preserve for three years written records of certain credit risk analyses, evaluations with respect to Securities subject to demand features or guarantees, and determinations with respect to adjustable rate securities an asset backed securities. If the board takes action with respect to defaulted securities, events of insolvency, or deviations in share price, the fund must file with the Commission an exhibit to Form N-SAR describing the nature and circumstances of the action. If any portfolio security fails to meet certain eligibility standards under the rule, the fund also must identify those securities in an exhibit to Form N-SAR. After certain events of default or insolvency relating to a portfolio security, the fund must notify the Commission of the event and the actions the fund intends to take in response to the situation.

The recordkeeping requirements in rule 2a-7 are designed to enable 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 949 money market funds are subject to rule 2a-7 each year.<sup>1</sup> The staff estimates that each of these funds spends an average of 336 hours each year to document credit risk analyses, and determinations regarding adjustable rate securities, asset backed securities, and securities

<sup>1</sup> This estimate is based on information in the Visions98 database, compiled by IBC Financial Data, Inc. (Oct. 22, 1999).

subject to a demand feature or guarantee.<sup>2</sup> In addition, each year an estimated average of 10 money market funds each spends approximately 2.5 hours to record (in the board minutes) board determinations and actions in response to certain events of default or insolvency, and to notify the Commission of the event.<sup>3</sup> Finally, Commission staff estimates that in the first year of operation, the board of directors of an average of 10 new money market funds each spends 7 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 319,211 hours.<sup>4</sup> This is an increase from the previous estimate of 196,371 hours. The increase is attributable to updated information from money market funds regarding hourly burdens, and to a more accurate calculation of the component parts of some information collection burdens.

These estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a 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, as 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>5</sup> Commission staff estimates that the amount an individual fund may spend ranges from \$100 per year to \$2 million. Based on an average cost of \$.0000052 per dollar of assets under management for small and medium-sized funds to \$0.000039 per dollar of assets under management for large funds,<sup>6</sup> the staff

estimates compliance with rule 2a-7 costs the fund industry approximately \$51.6 million.<sup>7</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 \$0.000068 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 \$88.4 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 (\$44.2 million) and for record preservation (\$25.8 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.

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.

Please direct general comments regarding the information above to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503; and (ii) Michael Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: January 27, 2000.

**Margaret H. McFarland,**

*Deputy Secretary.*

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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>7</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 \$204 billion under management in small and medium funds, and \$1,292.6 billion under management in large funds, the total amount was estimated as follows:  $(\$0.0000052 \times \$204 \text{ billion}) + (\$0.000039 \times \$1,292.6 \text{ billion}) = \$51.6 \text{ million}$ .

## SECURITIES AND EXCHANGE COMMISSION

### Request Under Review by the Office of Management and Budget

[Extension: Rule 15c1-7, SEC File No. 270-146, OMB control No. 3235-0134]

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

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 ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 15c1-7 provides that any act of a broker-dealer designed to effect securities transactions with or for a customer account over which the broker-dealer (directly or through an agent or employee) has discretion will be considered a fraudulent, manipulative, or deceptive practice under the federal securities laws, unless a record is made of the transaction immediately by the broker-dealer. The record must include (a) the name of the customer, (b) the name, amount, and price of the security, and (c) the date and time when such transaction took place. The Commission estimates that 500 respondents collect information annually under rule 15c1-7 and that approximately 33,333 hours would be required annually for these collections.

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.

General comments regarding the estimated burden hours should be directed to the Desk Officer for the Securities and Exchange Commission at the address below. Any comments concerning the accuracy of the estimated average burden hours for compliance with Commission rules and forms should be directed to Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549 and Desk Officer for Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503. Comments must be submitted to the Office of Management and Budget within 30 days of this notice.

<sup>2</sup> This average is based on discussions with individuals at money market funds and their advisers. The amount of time may vary significantly for individual money market funds.

<sup>3</sup> This number may vary significantly from year to year.

<sup>4</sup> This estimate is based on the following calculation:  $((949 \times 336) + (10 \times 2.5) + 46 \times 7) = 319,211$ .

<sup>5</sup> The amount of assets under management in money market funds ranges from approximately \$100,000 to \$60.9 billion.

<sup>6</sup> For purpose of this PRA submission, Commission staff used the following categories for fund sizes: (i) small—money market funds with \$50