

**SUMMARY:** In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104–13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) has submitted to the Office of Management and Budget a request for review of an expiring information collection. SF 2808, Designation of Beneficiary: Civil Service Retirement System (CSRS), is used by persons covered by CSRS to designate a beneficiary to receive the lump sum payment due from the Civil Service Retirement and Disability Fund in the event of their death.

Approximately 2,000 SF 2808 forms will be completed annually. We estimate it takes approximately 15 minutes to complete the form. The annual burden is estimated at 500 hours.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606–2150, FAX (202) 418–3251 or E-mail to mbtoomey@opm.gov. Please include a mailing address with your request.

**DATES:** Comments on this proposal should be received on or before August 30, 2001.

**ADDRESSES:** Send or deliver comments to—Ronald W. Melton, Chief, Operations Support Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street, NW, Room 3349, Washington, DC 20415 and Joseph Lackey, OPM Desk Officer, Officer of Information & Regulatory Affairs, Office of Management & Budget, New Executive Office Building, NW, Room 10235, Washington, DC 20503.

**FOR INFORMATION REGARDING**

**ADMINISTRATIVE COORDINATION—CONTACT:** Donna G. Lease, Team Leader, Forms Analysis and Design, Budget and Administrative Services Division, (202) 606–0623.

Office of Personnel Management.

**Kay Coles James,**

*Director.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–44584; File No. SR–MSRB–2001–05]

**Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change and Amendment Thereto by the Municipal Securities Rulemaking Board Relating to Municipal Fund Securities and Qualification of Municipal Securities Principals, Operative on August 6, 2001**

July 23, 2001.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 19b–4 thereunder,<sup>1</sup> notice is hereby given that on July 5, 2001, the Municipal Securities Rulemaking Board (the “MSRB”) filed with the Securities and Exchange Commission (the “Commission”) a proposed rule change (File No. SR–MSRB–2001–05) (the “proposed rule change”). The MSRB subsequently filed an amendment to the proposed rule change with the Commission on July 11, 2001 (together with the proposed rule change, the “Proposed Rule Change”). The Proposed Rule Change is described in Items I, II, and III below, which Items have been prepared by the MSRB. The Commission is publishing this notice to solicit comments on the Proposed Rule Change from interested persons.

**I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change**

The MSRB has filed with the Commission a Proposed Rule Change consisting of an amendment to rule G–3, on professional qualifications. The Proposed Rule Change will become operative on August 6, 2001. The text of the Proposed Rule Change is set forth below. Additions are italicized.

*Rule G–3—Classification of Principals and Representatives; Numerical Requirements; Testing; Continuing Education Requirements*

- (a) No change.
- (b) Municipal Securities Principal.
- (i)–(iii) No change.

*(iv) Temporary Provisions for Municipal Fund Securities Limited Principal. Until July 31, 2002, the following provisions shall apply to any broker, dealer or municipal securities dealer whose municipal securities activities are limited exclusively to municipal fund securities:*

*(A) notwithstanding the provisions of paragraph (b)(ii), the broker, dealer or municipal securities dealer may designate any person who has taken and passed the General Securities Principal Qualification Examination or Investment Company and Annuity Principal Qualification Examination as a municipal fund securities limited principal.*

*(B) any municipal fund securities limited principal designated as provided in subparagraph (b)(iv)(A) may undertake all actions required or permitted under any Board rule to be taken by a municipal securities principal.*

*(C) the broker, dealer or municipal securities dealer may count one municipal fund securities limited principal toward the numerical requirement for municipal securities principal set forth in paragraph (b)(iii); provided that, if such broker, dealer or municipal securities dealer is only required to have one municipal securities principal, such broker, dealer, or municipal securities dealer may count one municipal fund securities limited principal toward the numerical requirement only if the broker, dealer or municipal securities dealer is described in subparagraph (b)(iii)(B).*

(c)–(h) No change.

**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 MSRB 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 texts of these statements may be examined at the places specified in Item IV below. The MSRB 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 Statutory Basis for, the Proposed Rule Change*

(a) Since 1998, the MSRB has been reviewing the application of its rules to transactions in municipal fund securities by brokers, dealers and municipal securities dealers (“dealers”). A municipal fund security is defined in rule D–12 as a municipal security issued by an issuer that, but for the application of Section 2(b) of the Investment Company Act of 1940 (the “Investment Company Act”), would constitute an investment company within the meaning of the Investment Company

<sup>1</sup> 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b–4 thereunder.

Act.<sup>2</sup> In view of the unique characteristics of municipal fund securities, the MSRB adopted a series of amendments to its existing rules and issued an interpretive notice regarding the sale of municipal fund securities in the primary market. These amendments and notice became effective on January 18, 2001.

In the course of its review of market practices in so-called Section 529 college savings plans,<sup>3</sup> the MSRB has learned that, in some cases, a dealer that has been engaged by an issuer of municipal fund securities to serve as its primary distributor has in turn entered into relationships with one or more other dealers to provide further channels for distribution (“selling dealers”). A significant number of the selling dealers that have or are seeking to become involved in these multi-tiered distribution systems may be new to the municipal securities market, having previously limited their activities to sales of investment company and annuity products.<sup>4</sup> Further, many of these dealers are quite small, having a limited number of associated persons who may be qualified solely as investment company/variable contracts limited representatives and investment company/variable contracts limited principals.<sup>5</sup>

Rule G-3, on professional qualification, permits an investment company/variable contracts limited representatives to qualify as a municipal securities representative, but only in connection with transactions in municipal fund securities.<sup>6</sup> In addition, a dealer must have at least one municipal securities principal (and in some cases two municipal securities principals), even if the dealer’s only

<sup>2</sup> Section 2(b) exempts states and political subdivisions, and agencies, authorities, and instrumentalities thereof, from application of the Investment Company Act.

<sup>3</sup> Section 529 college savings plans are higher education savings plan trusts established by states under section 529(b) of the Internal Revenue Code as “qualified state tuition programs” through which individuals make investments for the purpose of accumulating savings for qualifying higher education costs of beneficiaries.

<sup>4</sup> Others may have been formed specifically for the purpose of effecting transactions in municipal fund securities, including effecting transactions through such non-traditional methods as applying rebates earned on consumer purchases of goods and services from participating vendors to the purchase of municipal fund securities.

<sup>5</sup> Some firms also use general securities principals to supervise their investment company and annuity product activities.

<sup>6</sup> Thus, an associated person who sells both municipal fund securities and other types of municipal securities must qualify as a municipal securities representative by taking and passing either the Municipal Securities Representative Qualification Examination or the General Securities Registered Representative Examination.

municipal securities transactions are sales of municipal fund securities. The MSRB has received a number of inquiries from small dealers that wish to begin selling municipal fund securities but that have previously limited their practice to the sales of investment company securities or variable annuities. These small dealers generally do not have personnel who are qualified as municipal securities principals under rule G-3 and therefore face a significant barrier to entry in this sector precisely at a time when many municipal fund securities programs are structuring their distribution channels.

A dealer that does not currently have a municipal securities principal associated with it may hire a municipal securities principal or may have one of its existing municipal securities representatives, general securities representative or general securities principals become qualified as a municipal securities principal by taking and passing the Municipal Securities Principal Qualification Examination.<sup>7</sup> The MSRB is concerned that the burden to undertake either course of action may be higher for smaller firms than for larger firms. Of course, this differential also exists for firms seeking to enter the traditional debt sector or the municipal securities market. However, the repercussions of this higher burden on small firms may be considerably greater in the context of a market, such as the Section 529 college savings plan market, that is still in its formative stages and where long-term market advantages may accrue to firms that are able to enter the market more quickly.

The Proposed Rule Change provides a temporary alternative method for qualification of municipal securities principals in connection with municipal fund securities. Under the rule change, until July 31, 2002, if a dealer’s municipal securities activities are limited exclusively to municipal fund securities and the dealer has fewer than 11 associated persons engaged in such municipal fund securities activities, it may fulfill its obligation to have a municipal securities principal by designating a general securities principal or investment company/variable contracts limited principal to act as a municipal fund securities limited principal.<sup>8</sup> During this

<sup>7</sup> Under rule G-3(b)(ii)(D), any such associated person may act as a municipal securities principal for a period of up to 90 days prior to passing the Municipal Securities Principal Qualification Examination.

<sup>8</sup> Dealers that have 11 or more associated persons engaged in municipal fund securities activities may also designate a general securities principal or investment company/variable contracts limited

temporary period, any person designated as a municipal fund securities limited principal will have all of the powers and responsibilities of a municipal securities principal under MSRB rules with respect to transactions in municipal fund securities. If at any time during this temporary period the dealer effects any transactions in municipal securities other than municipal fund securities, the dealer will be required to have a fully qualified municipal securities principal (i.e., a municipal securities principal not qualified solely by reason of being a general securities principal or investment company/variable contracts limited principal). On and after August 1, 2002, dealers effecting transactions in municipal fund securities will be required to comply with the same municipal securities principal requirements applicable to all other dealers effecting transactions in municipal securities.

The MSRB believes that the proposed Rule Change is consistent with Section 15B(b)(2)(C) of the Exchange Act, which requires that the MSRB’s rules:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities, to remove impediments to and perfect the mechanism of a free and open market in municipal securities, and, in general, to protect investors and the public interest.

The MSRB believes that the Proposed Rule Change is consistent with the Exchange Act in that it removes an impediment to smaller dealers seeking to effect transactions in municipal fund securities.

#### *B. Self-Regulatory Organization’s Statement on Burden on Competition*

The MSRB does not believe that the Proposed Rule Change will impose any burden on competition not necessary or appropriate in furtherance of the purpose of the Exchange Act since it

principal to act as a municipal fund securities limited principal. If any such dealer is required to have two municipal securities principals under rule G-3(b)(iii), then the dealer may count one municipal fund securities limited principal toward this numerical requirement but must still have one municipal securities principal qualified other than by reason of being a general securities principal or investment company/variable contracts limited principal. If any dealer having 11 or more associated persons engaged in municipal fund securities activities is permitted to have only one municipal securities principal by virtue of subparagraph (A) of rule G-3(b)(iii), the numerical requirement may *not* be satisfied by designation of a municipal fund securities limited principal.

would relieve small dealers from a regulatory requirement that would inhibit their ability to effect transactions in municipal fund securities.

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were neither solicited nor received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because of the foregoing Proposed Rule Change: (i) Does not significantly affect the protection of investors or the public interest; (ii) does impose any significant burden on competition; and (iii) the MSRB provided the Commission with written notice of its intent to file the proposed rule change and its amendment at least five business days prior to the filing date, the proposed rule change, as amended, is effective pursuant to Section 19(b)(3)(A) of the Exchange Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to the 30 days after the date of filing.<sup>11</sup> However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.<sup>12</sup> The MSRB has requested that the Commission designate such shorter time period and accelerate the operative date of the proposal to August 6, 2001, less than 30 days from the date of filing of the amendment. The Commission, consistent with the protection of investors and the public interest,<sup>13</sup> determined to grant the MSRB's request and make this rule change and its amendment operative on August 6, 2001.

For the reasons set forth above, the Commission finds that it is consistent with the protection of investors and the public interest for the rule proposal and its amendment to become operative on August 6, 2001. At any time within 60 days of the filing of this proposed rule change, the Commission may summarily abrogate this rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors

or otherwise in furtherance of the purposes of the Act. In particular, the MSRB believes the Proposed Rule Change qualifies as a "non-controversial filing" in that the Proposed Rule Change does not significantly affect the protection of investors or the public interest and does not impose any significant burden on competition.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including where the proposed rule is consistent with the Act. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549-0609. Copies of the submissions, all subsequent amendments, all written statements with respect to the Proposed Rule Change that are filed with the Commission, and all written communications relating to the Proposed Rule Change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Room. Copies of the filing will also be available for inspection and copying at the MSRB's principal offices. All submissions should refer to File No. SR-MSRB-2001-05 and should be submitted by August 21, 2001.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.<sup>14</sup>

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

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**DEPARTMENT OF STATE**

**[Public Notice 3733]**

**Systems and Integration Office,  
Applications Programming Division;  
Information Collection Under  
Emergency Review: Electronic  
Telephone Directory (e\*Phone)**

**AGENCY:** Department of State.

**ACTION:** Notice.

**SUMMARY:** The Department of State has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the emergency review procedures of the Paperwork Reduction Act of 1995.

*Type of Request:* Emergency Review.  
*Originating Office:* IRM/SIO/APD/  
CSB.

*Title of Information Collection:*  
Electronic Telephone Directory  
(e\*Phone).

*Frequency:* On occasion.

*Form Number:* Not applicable.

*Respondents:* Department of State  
Contractor Staff.

*Estimated Number of Respondents:*  
8,000.

*Average Hours Per Response:* 1/12 hour  
(5 minutes).

*Total Estimated Burden:* 333 hours  
per year; 4,000 annual responses.

The proposed information collection is published to obtain comments from the public and affected agencies. Emergency review and approval of this collection has been requested from OMB by June 30, 2001. If granted, the emergency approval is only valid for 180 days. Comments should be directed to the State Department Desk Officer, Office of Information and Regulatory Affairs, Office of Management and Budget (OMB), Washington, DC 20530, (202) 395-3897.

During the first 60 days of this same period a regular review of this information collection is also being undertaken. Comments are encouraged and will be accepted until 60 days from the date of publication of this notice in the **Federal Register**. The agency requests written comments and suggestions from the public and affected agencies concerning the proposed collection of information. Your comments are being solicited to permit the agency to:

- Evaluate 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.

- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection, including the validity of the methodology and assumptions used.

- Enhance the quality, utility, and clarity of the information to be collected.

- Minimize the reporting burden on those who are to respond, including through the use of automated collection techniques or other forms of technology.

**FOR FURTHER INFORMATION CONTACT:** Public comments, or requests for additional information, regarding the collection listed in this notice should be directed to Jerry Blasenstein, U.S. Department of State, IRM/SIO/APD/CSB, Room 3202/SA15, 2201 C St., NW., Washington, DC 20520.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>11</sup> See *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> For the purpose only of accelerating the operative date of this proposal, the Commission has considered the proposals's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>14</sup> 17 CFR 200.30-3(a)(12).