

is opened is designed to ensure that the investment adviser has sufficient information regarding the client's unique needs and goals to enable the portfolio manager to provide individualized investment advice. The sponsor is required to contact clients annually and provide them with quarterly notices to ensure that the sponsor has current information about the client's financial status, investment objectives, and restrictions on management of the account.

Maintaining current information enables the portfolio manager to evaluate the client's portfolio in light of the client's changing needs and circumstances. The requirement that clients be provided with quarterly statements of account activity is designed to ensure the client receives an individualized report, which the Commission believes is a key element of individualized advisory services.

The Commission staff estimates that approximately 70 wrap fee and mutual fund wrap programs administered by 56 program sponsors use the procedures under rule 3a-4.⁵ Although it is impossible to determine the exact number of clients that participate in investment advisory programs, as estimate can be made by dividing total assets by the minimum account requirement (\$395.1 billion⁶ divided by \$42,500),⁷ for a total of 9,296,471 clients. Additionally, an average number of new accounts opened each year can be estimated by dividing the average annual increase in account assets in 1996 through 2000, by the minimum account requirement (\$17.4 billion divided by \$42,500), for an average annual number of new accounts of 409,412.⁸

The Commission staff estimates that each program sponsor spends approximately one hour annually in preparing, conducting an/or reviewing annual interviews for each continuing client; and one hour preparing and mailing quarterly account activity statements, including the notice to update information to each client. Based on the foregoing, the Commission staff therefore estimates the total annual burden of the rule's paperwork

requirements for all program sponsors to be 14,149,412.5 hours. This represents an increase of 12,020,746 hours from the prior estimate of 2,128,666.5 hours. The increase results from an increase in the amount of assets managed under investment advisory programs, a reduction in the average minimum account requirement from \$100,000 to \$42,500 and the resulting increase in the estimated number of clients in those programs.

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 and forms.

Compliance with the collection of information requirements of the rule is necessary to obtain the relying on the rule's safe harbor. Nevertheless, rule 3a-4 is a nonexclusive safe harbor, and a program that does not comply with the rule's collection of information requirements does not necessarily meet the Investment Company Act's definition of investment company. 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.

Please direct general comments regarding the above information to the following persons: (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 E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: July 31, 2001.

Margaret H. McFarland,

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 Filings and Information Services, Washington, DC 20549.
Extension:

Rule 8c-1, SEC File No. 270-455, OMB Control No. 3235-0514

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 8c-1 generally prohibits a broker-dealer from using its customers' securities as collateral to finance its own trading, speculating, or underwriting transactions. More specifically, the rule states three main principles: first, that a broker-dealer is prohibited from commingling the securities of different customers as collateral for a loan without the consent of each customer; second, that a broker-dealer cannot commingle customers' securities with its own securities under the same pledge; and third, that a broker-dealer can only pledge its customers' securities to the extent that customers are in debt to the broker-dealer. *See* Securities Exchange Act Release No. 2690 (November 15, 1940); Securities Exchange Act Release No. 9428 (December 29, 1971). Pursuant to rule 8c-1, respondents must collect information necessary to prevent the hypothecation of customer accounts in contravention of the rule, issue and retain copies of notices to the pledgee of hypothecation of customer accounts in accordance with the rule, and collect written consents from customers in accordance with the rule. The information is necessary to ensure compliance with the rule, and to advise customers of the rule's protections.

There are approximately 231 respondents per year (*i.e.*, broker-dealers that conducted business with the public, filed Part II of the FOCUS Report, did not claim an exemption from the Reserve Formula computation, and reported that they had a bank loan during at least one quarter of the current year) that require an aggregate total of 5,198 hours to comply with the rule. Each of these approximately 231 registered broker-dealers makes an estimated 45 annual responses, for an aggregate total of 10,395 responses per year. Each response takes approximately 0.5 hours to complete. Thus, the total compliance burden per year is 5,198 burden hours. The approximate cost per hour is \$20, resulting in a total cost of compliance for the respondents of \$103,960 (5,198 hour @ \$20 per hour).

The retention period for the recordkeeping requirement under Rule 8c-1 is three years. The recordkeeping requirement under this Rule is

⁵ See the Cerulli Report, The Market Update: The Managed Accounts and Wrap Industry 60 (2000) (statistical information on wrap fee and mutual fund wrap programs).

⁶ See *id.* at 56 (estimating amount of assets in wrap fee and mutual fund wrap programs).

⁷ See *id.* (estimating the average minimum account requirements).

⁸ The requirement for initial client contact and evaluation is not a recurring obligation, but only occurs when the account is opened. The estimated annual hourly burden is based on the average number of new accounts opened each year.

mandatory to ensure that broker-dealers do not commingle their securities or use them to finance the broker-dealers' proprietary business. This rule does not involve the collection of confidential information. Persons should be aware that an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a current valid control number.

Written comments regarding the above information should be directed to the following persons: (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, D.C. 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, D.C. 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: August 1, 2001.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 01-19932 Filed 8-8-01; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. IC-25099; 812-12084]

The Dreyfus Fund Incorporated, et al.; Notice of Application

August 2, 2001.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice of application for an order under section 12(d)(1)(J) of the Investment Company Act of 1940 ("act") for an exemption from sections 12(d)(1)(A) and (B) of the Act, under sections 6(c) and 17(b) of the act for an exemption from section 17(a) of the Act, and under section 17(d) of the act and rule 17d-1 under the act to permit certain joint transactions.

SUMMARY: Applicants request an order to permit certain registered investment companies (a) to use cash collateral received in connection with a securities lending program and uninvested cash to purchase shares of certain affiliated money market funds and (b) to pay an affiliated lending agent fees based on a share of the revenue generated from securities lending transactions.

APPLICANTS: The Dreyfus Fund Incorporated, Dreyfus Growth and Value Funds, Inc., Dreyfus Life and Annuity

Index Fund, Inc. (d/b/a Dreyfus Stock Index Fund), Dreyfus Index Funds, Inc., Peoples S&P MidCap Index Fund, Inc. (d/b/a Dreyfus MidCap Index Fund), Dreyfus Life Time Portfolios, Inc., Dreyfus Liquid Assets, Inc., Dreyfus Worldwide Dollar Money Market Fund, Inc., Dreyfus Institutional Short Term Treasury Fund, Dreyfus Investment Grade Bond Funds, Inc., Dreyfus Short-Intermediate Municipal Bond Fund, Dreyfus Short-Intermediate Government Fund, Dreyfus Municipal Income, Inc., Dreyfus California Municipal Income, Inc., Dreyfus New York Municipal Income, Inc., Dreyfus California Tax Exempt Money Market Fund, Dreyfus Insured Municipal Bond Fund, Inc., Dreyfus Municipal Money Market Fund, Inc., Dreyfus New Leaders Fund, Inc., Dreyfus Strategic Municipals Inc., Dreyfus Strategic Municipal Bond Fund, Inc., The Dreyfus/Laurel Funds, Inc., The Dreyfus/Laurel Funds Trust, The Dreyfus/Laurel Tax-Free Municipal Funds, Dreyfus High Yield Strategies Fund, Dreyfus BASIC U.S. Government Money Market Fund, Inc., Dreyfus BASIC Money Market Fund, Inc., Dreyfus California Intermediate Municipal Bond Fund, Dreyfus Connecticut Intermediate Municipal Bond Fund, Dreyfus Debt and Equity Funds, Dreyfus Massachusetts Intermediate Municipal Bond Fund, Dreyfus New Jersey Intermediate Municipal Bond Fund, Dreyfus Pennsylvania Intermediate Municipal Bond Fund, Dreyfus Premier Value Equity Funds (collectively, the "Funds"); The Dreyfus Corporation ("Dreyfus"); and Mellon Bank, N.A. ("Mellon").

FILING DATE: The application was filed on April 28, 2000 and amended on May 22, 2001. Applicants have agreed to file an amendment during the notice period, the substance of which is reflected in this notice.

HEARING OR NOTIFICATION OF HEARING: An order granting the application will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on August 27, 2001, and should be accompanied by proof of service on applicants, in the form of an affidavit, or for lawyers, a certificate of service. Hearing requests should state the nature of the writer's interest, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request

notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, Commission, 450 Fifth Street, N.W., Washington, D.C. 20549-0609. Applicants: Funds and Dreyfus, 200 Park Avenue, New York, New York 10166; Mellon, One Mellon Bank Center, Pittsburgh, Pennsylvania 15258.

FOR FURTHER INFORMATION CONTACT:

Stacy L. Fuller, Staff Attorney, at (202) 942-0553, or Michael W. Mundt, Branch Chief, at (202) 942-0564 (Division of Investment Management, Office of Investment Company Regulation).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained for a fee at the Commission's Public Reference Branch, 450 Fifth Street, NW., Washington, DC 20549-0101, (202) 942-8090.

Applicant's Representations

1. Each of the Funds is an open-end or closed-end management investment company registered under the Act. Dreyfus is registered as an investment adviser under the Investment Advisers Act of 1940 and serves as the investment adviser to the Funds. Dreyfus is a wholly owned subsidiary of Mellon, a national banking association. Applicants request that the relief apply to any existing or future registered management investment company or series of such registered management investment company for which Dreyfus, or any person controlling by or under common control with Dreyfus (The "Adviser") serves as investment adviser.¹

2. The Funds propose to participate in a securities lending program (the "Lending Program") in which Mellon or any person controlling, controlled by or under common control with Mellon will act as lending agent (the "Lending Agent") and administer the Lending Program pursuant to a securities lending agreement (a "Lending Agreement").² Each of the Funds participating in the Lending Program (the "Lending Funds") will be permitted by its operating policies to lend its portfolio securities,

¹ All existing entities currently intending to rely on the requested order have been named as applicants. Any existing or future entity will rely on such order only in compliance with the representations and conditions contained in the application.

² Personnel of the Lending Agent that provide day-to-day lending agency services to the Lending Funds do not and will not provide investment advisory services to the Lending Funds, or participate in any way in the selection of portfolio securities or other aspects of the management of the Lending Funds.