

1, both registered and exempt exchanges are subject to ongoing informational requirements.

Initial filings on Form 1 by new exchanges are made on a one-time basis. The Commission estimates that it will receive approximately three initial Form 1 filings per year and that each respondent would incur an average burden of 47 hours to file an initial Form 1 at an average cost per response of approximately \$4517. Therefore, the Commission estimates that the annual burden for all respondents to file the initial Form 1 would be 141 hours (one response/respondent  $\times$  three respondents  $\times$  47 hours/response) and \$13,551 (one response/respondent  $\times$  three respondents  $\times$  \$4517/response).

There currently are ten entities registered as national securities exchanges and two exempt exchanges. The Commission estimates that each registered or exempt exchange files one amendment or periodic update to Form 1 per year, incurring an average burden of 25 hours to comply with Rule 6a-2. The Commission estimates that the annual burden for all respondents to file amendments and periodic updates to the Form 1 pursuant to Rule 6a-2 is 300 hours (12 respondents  $\times$  25 hours/response  $\times$  one response/respondent per year) and \$27,960 (12 respondents  $\times$  \$2330/response  $\times$  one response/respondent per year).

Compliance with Rules 6a-1 and 6a-2 and Form 1 is mandatory for entities seeking to register as a national securities exchange or seeking an exemption from registration based on limited trading volume. Information received in response to Rules 6a-1 and 6a-2 and Form 1 shall not be kept confidential; the information collected is public information. As set forth in Rule 17a-1 under the Act,<sup>1</sup> a national securities exchange generally is required to retain records of the collection of information for at least five years.

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.

Comments should be directed to (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, DC 20503 or by sending an e-mail to: [David\\_Rostker@omb.eop.gov](mailto:David_Rostker@omb.eop.gov); and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson,

6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to the Office of Management and Budget within 30 days of this notice.

Dated: June 22, 2007.

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-12662 Filed 6-29-07; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

June 4, 2007.

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

#### *Extension:*

Rule 15a-4, SEC File No. 270-7, OMB Control No. 3235-0010.

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 15a-4 (17 CFR 240.15a-4) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (the "Exchange Act") permits a natural person member of a securities exchange who terminates his or her association with a registered broker-dealer to continue to transact business on the exchange while the Commission reviews his or her application for registration as a broker-dealer if the exchange files a statement indicating that there does not appear to be any ground for disapproving the application. The total annual burden imposed by Rule 15a-4 is approximately 106 hours, based on approximately 25 responses (25 Respondents  $\times$  1 Response/Respondent), each requiring approximately 4.23 hours to complete.

The Commission uses the information disclosed by applicants in Form BD: (1) to determine whether the applicant meets the standards for registration set forth in the provisions of the Exchange Act; (2) to develop a central information resource where members of the public may obtain relevant, up-to-date information about broker-dealers, municipal securities dealers and government securities broker-dealers, and where the Commission, other

regulators and SROs may obtain information for investigatory purposes in connection with securities litigation; and (3) to develop statistical information about broker-dealers, municipal securities dealers and government securities broker-dealers. Without the information disclosed in Form BD, the Commission could not effectively implement policy objectives of the Exchange Act with respect to its investor protection function.

The statement submitted by the exchange assures the Commission that the applicant, in the opinion of the exchange, is qualified to transact business on the exchange during the time that the applications are reviewed.

Completing and filing Form BD is mandatory in order for a natural person member of a securities exchange who terminates his or her association with a registered broker-dealer to obtain the 45-day extension under Rule 15a-4. Compliance with Rule 15a-4 does not involve the collection of confidential information. Please note 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 currently valid control number.

Comments should be directed to (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, DC 20503 or by sending an e-mail to: [David\\_Rostker@omb.eop.gov](mailto:David_Rostker@omb.eop.gov); and (ii) R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted within 30 days of this notice.

Dated: June 22, 2007.

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-12662 Filed 6-29-07; 8:45 am]

**BILLING CODE 8010-01-P**

## 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:*

<sup>1</sup> 17 CFR 240.17a-1.

Rule 17f-4, SEC File No. 270-232, OMB Control No. 3235-0225.

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 collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Section 17(f) (15 U.S.C. 80a-17(f)) under the Investment Company Act of 1940 (the "Act")<sup>1</sup> permits registered management investment companies and their custodians to deposit the securities they own in a system for the central handling of securities ("securities depositories"), subject to rules adopted by the Securities and Exchange Commission ("Commission").

Rule 17f-4 (17 CFR 270.17f-4) under the Act specifies the conditions for the use of securities depositories by funds<sup>2</sup> and custodians. The Commission staff estimates that 129 respondents (including 40 active funds, 73 custodians, and 16 possible securities depositories)<sup>3</sup> are subject to the requirements in rule 17f-4. The rule is elective, but most, if not all, funds use depository custody arrangements.<sup>4</sup>

Rule 17f-4 contains two general conditions. First, a fund's custodian must be obligated, at a minimum, to exercise due care in accordance with reasonable commercial standards in discharging its duty as a securities intermediary to obtain and thereafter maintain financial assets.<sup>5</sup> This

obligation does not contain a collection of information because it does not impose identical reporting, recordkeeping or disclosure requirements. Funds and custodians may determine the specific measures the custodian will take to comply with this obligation.<sup>6</sup> If the fund deals directly with a depository, the depository's contract or written rules for its participants must provide that the depository will meet similar obligations.<sup>7</sup> All funds that seek to rely on rule 17f-4 should have either modified their contracts with the relevant securities depository, or negotiated a modification in the securities depository's written rules when the rule was amended. Therefore, this was a one-time event and does not contain a collection of information.<sup>8</sup>

Second, the custodian must provide, promptly upon request by the fund, such reports as are available about the internal accounting controls and financial strength of the custodian.<sup>9</sup> If a fund deals directly with a depository, the depository's contract with or written rules for its participants must provide that the depository will provide similar financial reports.<sup>10</sup> Custodians and depositories usually transmit financial reports to funds twice a year.<sup>11</sup> The Commission staff estimates that 73 custodians spend 920 hours (by support staff) annually in transmitting such reports to funds.<sup>12</sup> In addition, approximately 40 funds (*i.e.*, one percent of all funds) deal directly with a securities depository and may request periodic reports from their depository. Commission staff estimates that, for

each of the 40 funds, depositories spend 9 hours (by support staff) annually transmitting reports to the funds.<sup>13</sup> The total annual burden estimate for compliance with rule 17f-4's reporting requirement is therefore 929 hours.<sup>14</sup>

If a fund deals directly with a securities depository, rule 17f-4 requires that the fund implement internal control systems reasonably designed to prevent an unauthorized officer's instructions (by providing at least for the form, content, and means of giving, recording, and reviewing all officers' instructions).<sup>15</sup> All funds that seek to rely on rule 17f-4 should have already implemented these internal control systems when the rule was amended. Therefore, this is a one-time event and does not contain an ongoing collection of information requirement.<sup>16</sup>

Based on the foregoing, the Commission staff estimates that the total annual hour burden of the rule's collection of information requirement is 929 hours.

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

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 will have practical utility; (b) the accuracy of the Commission's estimate of the burden 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 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, Securities and

<sup>1</sup> 15 U.S.C. 80a.

<sup>2</sup> As amended in 2003, rule 17f-4 permits any registered investment company, including a unit investment trust or a face-amount certificate company, to use a security depository. See Custody of Investment Company Assets With a Securities Depository, Investment Company Act Release No. 25934 (Feb. 13, 2003) (68 FR 8438 (Feb. 20, 2003)). The term "fund" is used in this Notice to mean a registered investment company.

<sup>3</sup> The Commission staff estimates that, as permitted by the rule, 1% of all active funds deal directly with a securities depository instead of using an intermediary. The number of custodians is from Lipper Inc.'s Lana Database. Securities depositories include the 12 Federal Reserve Banks and 4 registered depositories.

<sup>4</sup> Based on responses to Item 18 of Form N-SAR (17 CFR 274.101), approximately 99 percent of all funds now use depository custody arrangements. As of March 30, 2007, approximately 3990 funds out of the 4030 active funds relied on rule 17f-4.

<sup>5</sup> Rule 17f-4(a)(1). This provision incorporates into the rule the standard of care provided by section 504(c) of Article 8 of the Uniform Commercial Code when the parties have not agreed to a standard. Rule 17f-4 does not impose any substantive obligations beyond those contained in Article 8. Uniform Commercial Code, Revised Article 8—Investment Securities (1994 Official Text with Comments) ("Revised Article 8").

<sup>6</sup> Moreover, the rule does not impose any requirement regarding evidence of the obligation.

<sup>7</sup> Rule 17f-4(b)(1)(i).

<sup>8</sup> The Commission staff assumes that new funds relying on 17f-4 would choose to use a custodian instead of directly dealing with a securities depository because of the high costs associated with maintaining an account with a securities depository. Thus new funds would not be subject to this condition.

<sup>9</sup> Rule 17f-4(a)(2).

<sup>10</sup> Rule 17f-4(b)(1)(ii).

<sup>11</sup> The 73 custodians would handle requests for reports from 3950 fund clients (approximately 54 fund clients per custodian) and the depositories from the remaining 40 funds that choose to deal directly with a depository. It is our understanding based on staff conversations with representatives of custodians that custodians and depositories transmit these reports to clients as a good business practice regardless of whether they are requested. Therefore, for purposes of this paperwork reduction act calculation, the Commission staff assumes that custodians transmit the reports to all fund clients.

<sup>12</sup> (73 custodians × 2 reports) = 146 reports × 54 fund clients per custodian = 7,884 transmissions. The staff estimates that each transmission would take approximately 7 minutes for a total of 920 hours (7 minutes × 7,884 transmissions). The estimate of time to transmit reports is based on staff conversations with representatives of custodians.

<sup>13</sup> (16 depositories × 2 reports) = 32 reports × 2.5 fund clients per depository = 80 transmissions. The staff estimates that each transmission would take approximately 7 minutes for a total of 9 hours (7 minutes × 80 transmissions).

<sup>14</sup> 920 hours for custodians and 9 hours for securities depositories.

<sup>15</sup> Rule 17f-4(b)(2).

<sup>16</sup> The Commission staff assumes that new funds relying on 17f-4 would choose to use a custodian instead of directly dealing with a securities depository because of the high costs associated with maintaining an account with a securities depository. Thus new funds would not be subject to this condition.

Exchange Commission, c/o Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312; or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 22, 2007.

**Florence E. Harmon,**

*Deputy Secretary.*

[FR Doc. E7-12664 Filed 6-29-07; 8:45 am]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-8817; 34-55969; File No. 265-24]

### Advisory Committee on Improvements to Financial Reporting

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of Federal Advisory Committee Establishment and Notice of Meeting.

**SUMMARY:** The Chairman of the Securities and Exchange Commission ("Commission") intends to establish the Securities and Exchange Commission Advisory Committee on Improvements to Financial Reporting ("Committee").

The first meeting of the Committee will be held on August 2, 2007 in the Auditorium, Room L-002, at the Commission's main offices, 100 F Street, NE., Washington, DC beginning at 10 a.m. The meeting will be open to the public. The public is invited to submit written statements with the Committee.

**ADDRESSES:** Comments may be submitted by any of the following methods:

#### Electronic Statements

- Use the Commission's Internet submission form (<http://www.sec.gov/rules/other.shtml>); or
- Send an e-mail message to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number 265-24 on the subject line; or

#### Paper Comments

- Send paper comments in triplicate to Nancy M. Morris, Federal Advisory Committee Management Officer, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-1090.

All submissions should refer to File No. 265-24. This file number should be included on the subject line if e-mail is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on its Web site (<http://www.sec.gov/rules/other.shtml>). Comments also will be available for public inspection and copying in the

Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

#### FOR FURTHER INFORMATION CONTACT:

James L. Kroeker at (202) 551-5360 Deputy Chief Accountant, Office of the Chief Accountant, Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-6561.

**SUPPLEMENTARY INFORMATION:** In accordance with the requirements of the Federal Advisory Committee Act, 5 U.S.C. App. 2 §§ 1-16, as amended, the Securities and Exchange Commission ("Commission") is publishing this notice that the Chairman of the Commission intends to establish the Securities and Exchange Commission Advisory Committee on Improvements to Financial Reporting (the "Committee"). The Committee's objective is to examine the U.S. financial reporting system, with a view to providing specific recommendations as to how unnecessary complexity in that system could be reduced and how that system could be made more useful to investors.

To achieve the Committee's goals, between 14 and 18 members will be appointed who can effectively represent the varied interests affected by the range of issues to be considered. The Committee's membership may include officers of public companies; board and audit committee members of public companies; accountants and securities lawyers who provide professional services to public companies; and investors, among others. The Committee's membership will be fairly balanced in terms of the points of view represented and the functions to be performed.

The Committee may be established 15 days after the publication of this notice by filing a charter for the Committee complying with the Federal Advisory Committee Act, with the Committee on Banking, Housing, and Urban Affairs of the United States Senate and with the Committee on Financial Services of the United States House of Representatives. A copy of the charter will be filed with the Chairman of the Commission, furnished to the Library of Congress, placed in the Public Reference Room at the Commission's headquarters, and posted on the Commission's Web site at <http://www.sec.gov>. The Committee's

charter would direct it to consider the following areas:

- The current approach to setting financial accounting and reporting standards, including (a) principles-based vs. rules-based standards, (b) the inclusion within standards of exceptions, bright lines, and safe harbors, and (c) the processes for providing timely guidance on implementation issues and emerging issues;
- The current process of regulating compliance by registrants and financial professionals with accounting and reporting standards;
- The current systems for delivering financial information to investors and accessing that information;
- Other environmental factors that may drive unnecessary complexity, including the possibility of being second-guessed, the structuring of transactions to achieve an accounting result, and whether there is a hesitance of professionals to exercise judgment in the absence of detailed rules;
- Whether there are current accounting and reporting standards that do not result in useful information to investors, or impose costs that outweigh the resulting benefits (the Committee could use one or two existing accounting standards as a "test case," both to assist in formulating recommendations and to test the application of proposed recommendations by commenting on the manner in which such standards could be improved); and
- Whether the growing use of international accounting standards has an impact on the relevant issues relating to the complexity of U.S. accounting standards and the usefulness of the U.S. financial reporting system.

The Committee would be directed to conduct its work with a view to enhancing financial reporting for the benefit of investors, with an understanding that unnecessary complexity in financial reporting can be harmful to investors by reducing transparency and increasing the cost of preparing and analyzing financial reports. Our expectation is that the advisory committee would provide specific recommendations and action steps that can be implemented both in the near term and the long term.

The Committee will operate for approximately 12 months from the date it is established, unless, before the expiration of that time period, its charter is extended or renewed in accordance with the Federal Advisory Committee Act or unless the Commission determines that the