SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available

Extension:
Rule 17f–7; SEC File No. 270–470; OMB Control No. 3235–0529.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) requests for extension of the previously approved collections of information discussed below: Rule 17f–7 (17 CFR 270.17f–7) permits funds to maintain their assets in foreign securities depositories based on conditions that reflect the operations and role of these depositories.1 Rule 17f–7 contains some “collection of information” requirements. An eligible securities depository has to meet minimum standards for a depository. The fund or its investment adviser generally determines whether the depository complies with those requirements based on information provided by the fund’s primary custodian (a bank that acts as global custodian). The depository custody arrangement has to meet certain risk limiting requirements. The fund can obtain indemnification or insurance arrangements that adequately protect the fund against custody risks. The fund or its investment adviser generally determines whether indemnification or insurance provisions are adequate. If the fund does not rely on indemnification or insurance, the fund’s contract with its primary custodian is required to state that the custodian will provide to the fund or its investment adviser a custody risk analysis of each depository, monitor risks on a continuous basis, and promptly notify the fund or its adviser of material changes in risks. The primary custodian and other custodians also are required to agree to exercise reasonable care.

The collection of information requirements in rule 17f–7 are intended to provide workable standards that protect funds from the risks of using securities depositories while assigning appropriate responsibilities to the fund’s primary custodian and investment adviser based on their capabilities. The requirement that the depository meet specified minimum standards is intended to ensure that the depository is subject to basic safeguards deemed appropriate for all depositories. The requirement that the custody contract state that the fund’s primary custodian will provide an analysis of the custody risks of depository arrangements, monitor the risks, and report on material changes is intended to provide essential information about custody risks to the fund’s investment adviser as necessary for it to approve the continued use of the depository. The requirement that the primary custodian agree to exercise reasonable care is intended to provide assurances that its services and the information it provides will meet an appropriate standard of care. The alternative requirement that the funds obtain adequate indemnification or insurance against the custody risks of depository arrangements is intended to provide another, potentially less burdensome means to protect assets held in depository arrangements.

The staff estimates that each of approximately 836 investment advisers2 will make an average of 8 responses annually under the rule to address depository compliance with minimum requirements, any indemnification or insurance arrangements, and reviews of risk analyses or notifications. The staff estimates each response will take 6 hours, requiring a total of approximately 48 hours for each adviser. The total annual burden associated with these requirements is approximately 40,128 hours (836 advisers × 48 hours per adviser). The staff further estimates that during each year, each of approximately 15 global custodians will make an average of 4 responses to analyze custody risks and provide notice of any material changes to custody risk under the rule. The staff estimates that each response will take 260 hours, requiring approximately 1040 hours annually per custodian.3 The total annual burden associated with these requirements is approximately 15,600 hours (15 custodians × 1040 hours). Therefore, the staff estimates that the total annual time burden associated with all collection of information requirements of the rule is 55,728 hours (40,128 + 15,600). The total annual cost of the burden is estimated to be $14,948,736 (40,128 × $287 for a portfolio manager, plus 15,600 hours × $220/hour for a trust administrator’s time).4 The estimate of average time burden 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 benefit of relying on the rule’s permission for funds to maintain their assets in foreign custodians.

The public may view the background documentation for this information collection at the following Web site, http://www.reginfo.gov. 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: Shagufta_Ahmed@omb.eop.gov; and (ii) Thomas Bayer, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: May 13, 2011.

Cathy H. Ahn,
Deputy Secretary.


2 At the start of 2011, 836 investment advisers managed or sponsored open-end (including ETFs) portfolios and closed-end registered funds.

3 These estimates are based on conversations with representatives of the fund industry.

4 The salaries for a portfolio manager and a trust administrator are from SIFMA’s Management & Education and Advocacy, Washington, DC 20549–0213.
Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) ("PRA"), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") requests for extension of the previously approved collection of information discussed below.

Form N–8B–4 (17 CFR 274.14) is the form used by face-amount certificate companies to comply with the filing and disclosure requirements imposed by Section 8(b) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(b)). Form N–8B–4 requires disclosure about the face-amount certificate company’s organization, controlling persons, business, policies, securities, investment adviser, depositary, management personnel, compensation, and financial statements. The Commission uses the information provided in the collection of information to determine effective compliance with Section 8(b) of the Investment Company Act of 1940.

Based on the Commission’s industry statistics, the Commission estimates that there would be approximately one annual filing on Form N–8B–4. The Commission estimates that each registrant filing a Form N–8B–4 would spend 171 hours in preparing and filing the form and that the total annual time burden for all Form N–8B–4 filings would be 171 hours. Estimates of the burden hours are made solely for the purposes of the PRA, and are not derived from a comprehensive or even a representative survey or study of the costs of SEC rules and forms.

The information provided on Form N–8B–4 is mandatory. The information provided on Form N–8B–4 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.

The public may view the background documentation for this information collection at the following Web site, http://www.reginfo.gov. 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: Shagufta_Ahmed@omb.eop.gov; and (ii) Thomas Bayer, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: May 13, 2011.

Cathy H. Ahn,
Deputy Secretary.

[FR Doc. 2011–12204 Filed 5–17–11; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request


Extension: Rule 17f–5; SEC File No. 270–259; OMB Control No. 3235–0269.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") requests for extension of the previously approved collections of information discussed below.

Rule 17f–5 under the Investment Company Act of 1940 (15 U.S.C. 80a) ("Investment Company Act" or "Act") governs the custody of the assets of registered management investment companies ("funds") with custodians outside the United States. Under rule 17f–5, the fund’s board of directors must find that it is reasonable to rely on each delegate is intended to provide assurances to the fund that the delegate will properly perform its duties.

The requirements that the foreign custody manager determine that fund assets will be subject to reasonable care with the eligible foreign custodian and under the custody contract, and that each contract contain specified provisions or equivalent provisions, are intended to ensure that the delegate has evaluated the level of care provided by the custodian, that it weighs the adequacy of contractual provisions, and that fund assets are protected by minimal contractual safeguards. The requirement that the foreign custody manager establish a monitoring system is intended to ensure that the manager periodically reviews each custody arrangement and takes appropriate action if developing custody risks may threaten fund assets.

Commission staff estimates that each year, approximately 135 registrants could be required to make an average of one response per registrant under rule 17f–5, requiring approximately 2.5 hours of board of director time per response, to make the necessary findings concerning foreign custody managers. The total annual burden

1 17 CFR 270.17f–5. All references to rules 17f–5, 17f–7, 17f–17, or 19h–1 in this notice are to 17 CFR 270.17f–5, 17 CFR 270.17f–7, 17 CFR 270.17f–17, and 17 CFR 270.19h–1, respectively.

2 See section 17(f) of the Investment Company Act (15 U.S.C. 80a–17(f)).

3 This figure is an estimate of the number of new funds each year, based on data reported by funds in 2010 on Form N–1A and Form N–2. In practice, not all funds will use foreign custody managers, and the actual figure may be smaller.