shareholders following the discovery of the inaccuracy.

The purpose of rule 19a–1 is to afford fund shareholders adequate disclosure of the sources from which distribution payments are made. The rule is intended to prevent shareholders from confusing income dividends with distributions made from capital sources. Absent rule 19a–1, shareholders might receive a false impression of fund gains. Based on a review of filings made with the Commission, the staff estimates that approximately 9200 series of registered investment companies that are management companies may be subject to rule 19a-1 each year, and that each portfolio on average mails two statements per year to meet the requirements of the rule. The staff further estimates that the time needed to make the determinations required by the rule and to prepare the statement required under the rule is approximately 1 hour per statement. The total annual burden for all portfolios is estimated to be approximately 18,400 burden hours.

The staff estimates that approximately one-third of the total annual burden (6,133 hours) would be incurred by a paralegal with an average hourly wage rate of $168 per hour, and approximately two-thirds of the annual burden (12,267 hours) would be incurred by a compliance clerk with an average hourly wage rate of $67 per hour. The staff therefore estimates that the aggregate annual cost of complying with the paperwork requirements of the rule is approximately $1,852,233 (6,133 hours × $168) + (12,267 hours × $67). To comply with state law, many investment companies already must distinguish the different sources from which a shareholder distribution is paid and disclose that information to shareholders. Thus, many investment companies would be required to distinguish the sources of shareholder dividends whether or not the Commission required them to do so under rule 19a–1.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collection of information required by rule 19a-1 is mandatory for management companies that make statements to shareholders pursuant to section 19(a) of the Act. 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.

Written comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission’s estimate of the burdens 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 collections 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 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.

Dated: September 29, 2011.

Elizabeth M. Murphy,
Secretary.

[FR Doc. 2011–25676 Filed 10–4–11; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–317; OMB Control No. 3235–0360]

Extension: Form N–17f–2; Proposed Collection; Comment Request


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 (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 for extension and approval.

Form N–17f–2 (17 CFR 274.220) under the Investment Company Act is entitled “Certificate of Accounting of Securities and Similar Investments in the Custody of Management Investment Companies.” Form N–17f–2 is the cover sheet for the accountant examination certificates filed under rule 17f–2 (17 CFR 270.17f–2) by registered management investment companies (funds”) maintaining custody of securities or other investments. Form N–17f–2 facilitates the filing of the accountant’s examination certificates prepared under rule 17f–2. The use of the form allows the certificates to be filed electronically, and increases the accessibility of the examination certificates to both the Commission’s examination staff and interested investors by ensuring that the certificates are filed under the proper Commission file number and the correct name of a fund.

Commission staff estimates that on an annual basis it takes: (i) on average 1.25 hours of fund accounting personnel at a total cost of $206.25 to prepare each Form N–17f–2; and (ii) .75 hours of clerical time at a total cost of $49.50 to file the Form N–17f–2 with the Commission. Approximately 243 funds currently file Form N–17f–2 with the Commission. Commission staff estimates that on average each fund files Form N–17f–2 four times annually for a total annual hourly burden per fund of approximately 8 hours at a total cost of $1,023.00. The total annual hour burden for Form N–17f–2 is therefore estimated to be approximately 1944 hours. Based on the total annual costs per fund listed above, the total cost of Form N–17f–2’s collection of information requirements is estimated to be approximately $248,589.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not

1 This estimate is based on the following calculation: 1.25 × $165 (fund senior accountant’s hourly rate) = $206.25.
2 This estimate is based on the following calculation: .75 × $66 (secretary hourly rate) = $49.75.
3 This estimate is based on the following calculation: 243 funds × $1,023.00 (total annual cost per fund) = $248,589.
SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 29824; File No. 812–13869]

Principal Funds, Inc., et al.; Notice of Application

September 29, 2011.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of an application for an order pursuant to (a) section 6(c) of the Investment Company Act of 1940 (“Act”) granting an exemption from sections 18(f) and 21(b) of the Act; (b) section 12(d)(1)(J) of the Act granting an exemption from section 12(d)(1) of the Act; (c) sections 6(c) and 17(b) of the Act granting an exemption from sections 17(a)(1), 17(a)(2) and 17(a)(3) of the Act; and (d) section 17(d) of the Act and rule 17d–1 under the Act to permit certain joint arrangements.

SUMMARY OF THE APPLICATION: Applicants request an order that would permit certain registered open-end management investment companies to participate in a joint lending and borrowing facility.

APPLICANTS: Principal Funds, Inc. (“PFI”), Principal Variable Contracts Funds, Inc. (“PVC,” each of PFI and PVC a “Company” and collectively the “Companies”), and Principal Management Corporation (“PMC”).

FILING DATES: The application was filed on February 16, 2011, and amended on August 12, 2011. 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 October 24, 2011, 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, U.S. Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549–1090; Applicants: c/o Principal Financial Group, Inc., 608 8th Street, Des Moines, Iowa 50392.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 551–6817 or Daniele Marchesani, Bruce R. MacNeil, Senior Counsel, at (202) 551–6817 or Daniele Marchesani, Branch Chief, at (202) 551–6821 (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 via the Commission’s website by searching for the file number, or an applicant using the Company name box, at http://www.sec.gov/search/search.htm or by calling (202) 551–8090.

Applicants’ Representations

1. Each Company is organized as a Maryland corporation and is registered under the Act as an open-end management investment company. Each Company consists of multiple series (“Funds”). The Funds are offered directly to the public as well as to certain separate accounts of Principal Life Insurance Company (“Principal Life”). PMC, an Iowa corporation, is an indirect wholly-owned subsidiary of Principal Financial Group, Inc., the ultimate parent entity of Principal Life. PMC is registered as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and serves as the investment manager to the Funds. As investment manager, PMC provides investment advisory and certain corporate administrative services to the Funds. 1

2. At any particular time, while some Funds are making short-term loans to banks or other entities by entering into repurchase agreements, or purchasing other short-term instruments, either directly or through the Joint Account (as defined below), other Funds may need to borrow money from the same or similar banks for temporary purposes to satisfy redemption requests, to cover unanticipated cash shortfalls such as a trade “fail” in which cash payment for a security sold by a Fund has been delayed, or for other temporary purposes. 2

3. When a Fund borrows money from a bank or under the Credit Agreement, it pays interest on the loan at a rate that is higher than the rate that is earned by other (non-borrowing) Funds on investments in repurchase agreements or other short-term instruments of the same maturity as the bank loan or loan under the Credit Agreement. Applicants assert that this differential represents

1 Applicants request that the relief apply to: (a) Any Funds; (b) any other registered open-end investment company or series thereof (included in the term “Funds”) for which PMC or a person controlling, controlled by, or under common control (within the meaning of section 2(a)(9) of the Act) with PMC serves as investment adviser; and (c) any successor entity to PMC. The term “successor” is limited to entities that result from a reorganization into another jurisdiction or a change in the type of business organization. All entities that currently intend to rely on the requested relief are named as applicants. Any other entity that relies on the order in the future will comply with the terms and conditions set forth in the application.

2 Each Fund may deposit uninvested cash balances in a joint trading account administered by PMC (the “Joint Account”) for purposes of investing those balances in short-term instruments to the extent consistent with each participating Fund’s investment objectives, policies and restrictions. In addition, under a “Cash Management Program,” PMC may invest a Fund’s available cash and cash flows from investments in the Fund in stock index futures contracts or in the Joint Account. Finally, the Companies, on behalf of certain Funds, have entered into a credit agreement with certain lenders where such Funds have access to a joint line of credit (the “Credit Agreement”).