

PROCEDURAL SCHEDULE—Continued

February 13, 2012	Expiration of the Commission's 120-day decisional schedule (see 39 U.S.C. 404(d)(5)).
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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 Investor Education and Advocacy, Washington, DC 20549-0213.

Extension:

Rule 11a-3; SEC File No. 270-321; OMB Control No. 3235-0358.

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") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Section 11(a) of the Investment Company Act of 1940 ("Act") (15 U.S.C. 80a-11(a)) provides that it is unlawful for a registered open-end investment company ("fund") or its underwriter to make an offer to the fund's shareholders or the shareholders of any other fund to exchange the fund's securities for securities of the same or another fund on any basis other than the relative net asset values ("NAVs") of the respective securities to be exchanged, "unless the terms of the offer have first been submitted to and approved by the Commission or are in accordance with such rules and regulations as the Commission may have prescribed in respect of such offers." Section 11(a) was designed to prevent "switching," the practice of inducing shareholders of one fund to exchange their shares for the shares of another fund for the purpose of exacting additional sales charges.

Rule 11a-3 (17 CFR 270.11a-3) under the Act of 1940 is an exemptive rule that permits open-end investment companies ("funds"), other than insurance company separate accounts, and funds' principal underwriters, to make certain exchange offers to fund shareholders and shareholders of other funds in the same group of investment companies. The rule requires a fund, among other things, (i) To disclose in its prospectus and advertising literature the

amount of any administrative or redemption fee imposed on an exchange transaction, (ii) if the fund imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years, and (iii) give the fund's shareholders a sixty day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer (unless the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load or redemption fee payable at the time of an exchange).

The rule's requirements are designed to protect investors against abuses associated with exchange offers, provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers, and enable the Commission staff to monitor funds' use of administrative fees charged in connection with exchange transactions.

The staff estimates that there are approximately 1,790 active open-end investment companies registered with the Commission as of June 2011. The staff estimates that 25 percent (or 448) of these funds impose a non-nominal administrative fee on exchange transactions. The staff estimates that the recordkeeping requirement of the rule requires approximately 1 hour annually of clerical time per fund, for a total of 448 hours for all funds.¹

The staff estimates that 5 percent of these 1,790 funds (or 90) terminate an exchange offer or make a material change to the terms of their exchange offer each year, requiring the fund to comply with the notice requirement of the rule. The staff estimates that complying with the notice requirement of the rule requires approximately 1 hour of attorney time and 2 hours of clerical time per fund, for a total of approximately 270 hours for all funds to comply with the notice requirement.² The recordkeeping and notice requirements together therefore impose

¹ This estimate is based on the following calculations: (1,790 funds × 0.25% = 448 funds); (448 × 1 (clerical hour) = 448 clerical hours).

² This estimate is based on the following calculations: (1790 (funds) × 0.05% = 90 funds); (90 × 1 (attorney hour) = 90 total attorney hours); (90 (funds) × 2 (clerical hours) = 180 total clerical hours); (90 (attorney hours) + 180 (clerical hours) = 270 total hours).

a total burden of 718 hours on all funds.³ The total number of respondents is 538, each responding once a year.⁴ The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the Form N-1A registration statement for funds.

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 and forms. 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 email 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 email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: November 3, 2011.

Kevin M. O'Neill,
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 Investor

³ This estimate is based on the following calculations: (270 (notice hours) + 448 (recordkeeping hours) = 718 total hours).

⁴ This estimate is based on the following calculation: (448 funds responding to recordkeeping requirement + 90 funds responding to notice requirement = 538 total respondents).

Education and Advocacy,
Washington, DC 20549-0213.

Extension:

Rule 17a-7; SEC File No. 270-238; OMB
Control No. 3235-0214.

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 a request for extension of the previously approved collection of information described below.

Rule 17a-7 (17 CFR 270.17a-7) (the "rule") under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (the "Act") is entitled "Exemption of certain purchase or sale transactions between an investment company and certain affiliated persons thereof." It provides an exemption from section 17(a) of the Act for purchases and sales of securities between registered investment companies ("funds"), that are affiliated persons ("first-tier affiliates") or affiliated persons of affiliated persons ("second-tier affiliates"), or between a fund and a first- or second-tier affiliate other than another fund, when the affiliation arises solely because of a common investment adviser, director, or officer. Rule 17a-7 requires funds to keep various records in connection with purchase or sale transactions effected in reliance on the rule. The rule requires the fund's board of directors to establish procedures reasonably designed to ensure that the rule's conditions have been satisfied. The board is also required to determine, at least on a quarterly basis, that all affiliated transactions effected during the preceding quarter in reliance on the rule were made in compliance with these established procedures. If a fund enters into a purchase or sale transaction with an affiliated person, the rule requires the fund to compile and maintain written records of the transaction.¹ The Commission's examination staff uses these records to evaluate for compliance with the rule.

While most funds do not commonly engage in transactions covered by rule 17a-7, the Commission staff estimates that nearly all funds have adopted procedures for complying with the rule.² Of the approximately 3,318

¹ The written records are required to set forth a description of the security purchased or sold, the identity of the person on the other side of the transaction, and the information or materials upon which the board of directors' determination that the transaction was in compliance with the procedures was made.

² Unless stated otherwise, these estimates are based on conversations with the examination and

currently active funds, the staff estimates that virtually all have already adopted procedures for compliance with rule 17a-7. This is a one-time burden, and the staff therefore does not estimate an ongoing burden related to the policies and procedures requirement of the rule for funds.³ The staff estimates that there are approximately 150 new funds that register each year, and that each of these funds adopts the relevant policies and procedures. The staff estimates that it takes approximately 4 hours to develop and adopt these policies and procedures. Therefore, the total annual burden related to developing and adopting these policies and procedures would be approximately 600 hours.⁴

Of the 3,318 existing funds, the staff assumes that approximately 25%, (or 830) enter into transactions affected by rule 17a-7 each year (either by the fund directly or through one of the fund's series), and that the same percentage (25%, or 38 funds) of the estimated 150 funds that newly register each year will also enter into these transactions, for a total of 868⁵ companies that are affected by the recordkeeping requirements of rule 17a-7. These funds must keep records of each of these transactions, and the board of directors must quarterly determine that all relevant transactions were made in compliance with the company's policies and procedures. The rule generally imposes a minimal burden of collecting and storing records already generated for other purposes.⁶ The staff estimates that the burden related to making these records and for the board to review all transactions would be 3 hours annually for each respondent, (2 hours spent by compliance attorneys and 1 hour spent

inspections staff of the Commission and fund representatives.

³ Based on our reviews and conversations with fund representatives, we understand that funds rarely, if ever, need to make changes to these policies and procedures once adopted, and therefore we do not estimate a paperwork burden for such updates.

⁴ This estimate is based on the following calculations: (4 hours × 150 new funds = 600 hours).

⁵ This estimate is based on the following calculation: (830 + 38 = 868).

⁶ Commission staff believes that rule 17a-7 does not impose any costs associated with record preservation in addition to the costs that funds already incur to comply with the record preservation requirements of rule 31a-2 under the Act. Rule 31a-2 requires companies to preserve certain records for specified periods of time.

by the board of directors)⁷ or 2,604 total hours each year.⁸

Based on these estimates, the staff estimates the combined total annual burden hours associated with rule 17a-7 is 3,204 hours.⁹ The staff also estimates that there are approximately 1,018 respondents and 7,094 total responses.¹⁰

The estimates of burden hours are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. The collection of information required by rule 17a-7 is necessary to obtain the benefits of the rule. Responses 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 email 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 email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: November 3, 2011.

Kevin M. O'Neill,
Deputy Secretary.

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⁷ The staff estimates that funds that rely on rule 17a-7 annually enter into an average of 8 rule 17a-7 transactions each year. The staff estimates that the compliance attorneys of the companies spend approximately 15 minutes per transaction on this recordkeeping, and the board of directors spends a total of 1 hour annually in determining that all transactions made that year were done in compliance with the company's policies and procedures.

⁸ This estimate is based on the following calculation: (3 hours × 868 companies = 2,604 hours).

⁹ This estimate is based on the following calculation: (600 hours + 2,604 hours = 3,204 total hours).

¹⁰ This estimate is based on the following calculations: (150 newly registered funds + 868 funds that engage in rule 17a-7 transactions = 1,018); (868 funds that engage in rule 17a-7 transactions × 8 times per year = 6,944); (6944 + 150 = 7,094 responses).