

intermediaries have either developed information systems themselves or purchased them from third parties. However, these funds and intermediaries also incur certain ongoing costs related to these systems' maintenance and operation. The Commission staff understands that various organizations have developed enhancements to their systems that allow funds and intermediaries to share the information required by the rule without developing or maintaining systems of their own. Other organizations have developed "22c-2 solution" systems that funds may lease. The Commission staff understands that most funds and intermediaries use these outside systems. In general, the staff estimates that the typical charges involved in operating and maintaining information sharing systems average 25 cents for every 100 account transactions requested. These systems generally also provide analytics, spreadsheets, and other tools designed to enable funds to analyze the data presented, as well as communication tools to process fund instructions regarding the restrictions and prohibitions they may request. Commission staff estimates that the costs of developing, maintaining and operating information systems for funds and intermediaries that do not use outside provider's systems is comparable to the costs charged by outside providers.<sup>17</sup>

The Commission staff estimates that, on average, each fund group requests information for 100,000 transactions each week, incurring costs of \$250 weekly, or \$13,000 a year.<sup>18</sup> In addition, the Commission staff estimates that funds pay access fees to use these information sharing systems (or comparable internal costs) of approximately \$30,000 each year. The Commission staff therefore estimates that a fund group would typically incur approximately \$43,000 in costs each year related to the operation and maintenance of information sharing systems required by rule 22c-2. The Commission staff has previously estimated that there are approximately 669 fund groups currently active, and therefore estimates that all fund groups incur a total of \$28,767,000 in ongoing

<sup>17</sup> We include the burden for funds that develop and operate these information sharing systems internally rather than purchasing them from third parties as a cost rather than as an hourly burden because Commission staff understands that, even when developing these systems themselves, funds generally either use independent contractors or hire new personnel, and thereby incur this burden as a cost, not an hourly expenditure.

<sup>18</sup> This estimate is based on the following calculations: (100,000 transaction requests × \$0.0025 = \$250); (\$250 × 52 weeks = \$13,000).

costs each year related to maintaining and operating information sharing systems.<sup>19</sup>

In addition, newly formed funds and fund groups advised by advisers who are new entrants would also need to incur certain additional costs related to the initial development or purchase of these information-sharing systems. Commission staff estimates that it requires approximately \$100,000 to purchase or develop and implement such an information sharing system for the first time. Commission staff has previously estimated that approximately 40 funds or fund groups are formed each year managed by new advisers, and therefore estimates that all these funds would incur total costs of approximately \$4,000,000.<sup>20</sup> Therefore the staff estimates that the total costs related to rule 22c-2 would be approximately \$32,767,000 (\$28,767,000 + \$4,000,000 = \$32,767,000).

Responses provided to the Commission will be accorded the same level of confidentiality accorded to other responses provided to the Commission in the context of its examination and oversight program. Responses provided in the context of the Commission's examination and oversight program are generally kept confidential. Complying with the information collections of rule 22c-2 is mandatory for funds that redeem their shares within 7 days of purchase. 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, [www.reginfo.gov](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](mailto: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](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

<sup>19</sup> This estimate is based on the following calculation: (669 fund groups × \$43,000 = \$28,767,000).

<sup>20</sup> This estimate is based on the following estimate: (\$100,000 × 40 new fund groups = \$4,000,000).

Dated: January 11, 2012.

**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 Education and Advocacy, Washington, DC 20549-0213.

#### Extension:

Rule 17Ad-6 and 17Ad-7; SEC File No. 270-151; OMB Control No. 3235-0291.

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 ("OMB") a request for approval of extension of the existing collection of information provided for in the following rules: Rule 17Ad-6 (17 CFR 240.17Ad-6) and Rule 17Ad-7 (17 CFR 240.17Ad-7) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) ("Exchange Act").

Rule 17Ad-6 under the Exchange Act requires every registered transfer agent to make and keep current records about a variety of information, such as: (1) Specific operational data regarding the time taken to perform transfer agent activities (to ensure compliance with the minimum performance standards in Rule 17Ad-2 (17 CFR 240.17Ad-2)); (2) written inquiries and requests by shareholders and broker-dealers and response time thereto; (3) resolutions, contracts or other supporting documents concerning the appointment or termination of the transfer agent; (4) stop orders or notices of adverse claims to the securities; and (5) all canceled registered securities certificates.

Rule 17Ad-7 under the Exchange Act requires each registered transfer agent to retain the records specified in Rule 17Ad-6 in an easily accessible place for a period of six months to six years, depending on the type of record or document. Rule 17Ad-7 also specifies the manner in which records may be maintained using electronic, microfilm, and microfiche storage methods.

These recordkeeping requirements are designed to ensure that all registered transfer agents are maintaining the records necessary for transfer agents to monitor and keep control over their own performance and for the Commission to

adequately examine registered transfer agents on an historical basis for compliance with applicable rules.

The Commission estimates that approximately 473 registered transfer agents will spend a total of 236,500 hours per year complying with Rules 17Ad-6 and 17Ad-7 (500 hours per year per transfer agent).

The retention period for the recordkeeping requirements under Rule 17Ad-6 is six months to one year. In addition, such records must be retained for a total of two to six years or for one year after termination of the transfer agency, depending on the particular record or document. The recordkeeping requirements under Rules 17Ad-6 and 17Ad-7 are mandatory to assist the Commission and other regulatory agencies with monitoring transfer agents and ensuring compliance with the rule. This rule does not involve the collection of confidential information.

The Commission may not conduct or sponsor a collection of information unless it displays a currently valid control number. No person shall be subject to any penalty for failing to comply with a collection of information subject to the Paperwork Reduction Act that does not display a valid OMB control number.

The public may view the background documentation for this information collection at the following Web site, [www.reginfo.gov](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](mailto: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](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: January 11, 2011.

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Securities Act of 1933 Release No. 33-9294/January 11, 2012 Securities Exchange Act of 1934 Release No. 34-66141/January 11, 2012]

### Order Approving Public Company Accounting Oversight Board Budget and Annual Accounting Support Fee for Calendar Year 2012

The Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"),<sup>1</sup> established the Public Company Accounting Oversight Board ("PCAOB") to oversee the audits of companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB is to accomplish these goals through registration of public accounting firms and standard setting, inspection, and disciplinary programs. The PCAOB is subject to the comprehensive oversight of the Securities and Exchange Commission (the "Commission").

Section 109 of the Sarbanes-Oxley Act provides that the PCAOB shall establish a reasonable annual accounting support fee, as may be necessary or appropriate to establish and maintain the PCAOB. Under Section 109(f) of the Sarbanes-Oxley Act, the aggregate annual accounting support fee shall not exceed the PCAOB's aggregate "recoverable budget expenses," which may include operating, capital and accrued items. The PCAOB's annual budget and accounting support fee is subject to approval by the Commission.

Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act")<sup>2</sup> amended the Sarbanes-Oxley Act to provide the PCAOB with explicit authority to oversee auditors of broker-dealers registered with the Commission. In addition, the PCAOB must allocate the annual accounting support fee among issuers and among brokers and dealers.

Section 109(b) of the Sarbanes-Oxley Act directs the PCAOB to establish a budget for each fiscal year in accordance with the PCAOB's internal procedures, subject to approval by the Commission. Rule 190 of Regulation P facilitates the Commission's review and approval of PCAOB budgets and annual accounting support fees.<sup>3</sup> This budget rule provides, among other things, a timetable for the preparation and

submission of the PCAOB budget and for Commission actions related to each budget, a description of the information that should be included in each budget submission, limits on the PCAOB's ability to incur expenses and obligations except as provided in the approved budget, procedures relating to supplemental budget requests, requirements for the PCAOB to furnish on a quarterly basis certain budget-related information, and a list of definitions that apply to the rule and to general discussions of PCAOB budget matters.

In accordance with the budget rule, in March 2011 the PCAOB provided the Commission with a narrative description of its program issues and outlook for the 2012 budget year. In response, the Commission provided the PCAOB with economic assumptions and budgetary guidance for the 2012 budget year. The PCAOB subsequently delivered a preliminary budget and budget justification to the Commission. Staff from the Commission's Offices of the Chief Accountant and Financial Management dedicated a substantial amount of time to the review and analysis of the PCAOB's programs, projects and budget estimates; reviewed the PCAOB's estimates of 2011 actual spending; and attended several meetings with management and staff of the PCAOB to further develop an understanding of the PCAOB's budget and operations. During the course of this review, Commission staff relied upon representations and supporting documentation from the PCAOB. Based on this review, the Commission issued a "pass back" letter to the PCAOB.

On November 30, 2011, the PCAOB approved its 2012 budget during an open meeting and submitted that budget to the Commission for approval. Upon review of the submitted budget and budget justification, Commission staff raised questions regarding the calculation and presentation of the accounting support fee in the budget justification. On December 23, 2011, the PCAOB supplemented the original budget justification with additional materials, including a revised calculation and presentation of the accounting support fee. Due to the time needed to resolve this matter, consideration of the budget and accounting support fee was delayed beyond the normal expected date of December 23rd.<sup>4</sup>

<sup>4</sup> See 17 CFR 202.190(c). The budget rule also provides that in the event the Commission has not approved a budget prior to the beginning of the fiscal year, the PCAOB may spend funds from its reserve and continue to incur obligations as if the

<sup>1</sup> 15 U.S.C. 7201 *et seq.*

<sup>2</sup> Public Law 111-203, 124 Stat. 1376 (2010).

<sup>3</sup> 17 CFR 202.190.