

quarterly reports of amounts spent under the rule 12b-1 plan; and (iii) the board consider continuation of the rule 12b-1 plan at least annually. Rule 12b-1 also requires funds relying on the rule to preserve for six years, the first two years in an easily accessible place, copies of the rule 12b-1 plan, related agreements and reports, as well as minutes of board meetings that describe the factors considered and the basis for adopting or continuing a rule 12b-1 plan.

The board and shareholder approval requirements of rule 12b-1 are designed to ensure that fund shareholders and directors receive adequate information to evaluate and approve a rule 12b-1 plan. The requirement of quarterly reporting to the board is designed to ensure that the rule 12b-1 plan continues to benefit the fund and its shareholders. The recordkeeping requirements of the rule are necessary to enable Commission staff to oversee compliance with the rule.

Based on information filed with the Commission by funds, Commission staff estimates that there are 6,217 mutual fund portfolios with rule 12b-1 plans. As discussed above, rule 12b-1 requires the board of each fund with a rule 12b-1 plan to (i) review quarterly reports of amounts spent under the plan and (ii) annually consider the plan's continuation (which generally is combined with the fourth quarterly review). This results in a total number of annual responses per fund of four and an estimated total number of industry responses of 24,868 (6,217 fund portfolios  $\times$  4 annual responses per fund = 24,868 responses).

Based on conversations with fund industry representatives, Commission staff estimates that for each of the 6,217 mutual fund portfolios that currently have a rule 12b-1 plan, the average annual burden of complying with the rule is 100 hours to maintain the plan. This estimate takes into account the time needed to prepare quarterly reports to the board of directors, the board's consideration of those reports, and the board's annual consideration of the plan's continuation. Commission staff therefore estimates that the total burden of the rule's paperwork requirements for all funds is 621,700 hours (6,217 fund portfolios  $\times$  100 hours per fund = 621,700 hours). The estimate of burden hours 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 Commission rules.

If a currently operating fund seeks to (i) adopt a new rule 12b-1 plan or (ii) materially increase the amount it spends

for distribution under its rule 12b-1 plan, rule 12b-1 requires that the fund obtain shareholder approval. As a consequence, the fund will incur the cost of a proxy. Commission staff estimates that three funds per year prepare a proxy in connection with the adoption or material amendment of a rule 12b-1 plan. Commission staff further estimates that the cost of each fund's proxy is \$15,000. Thus the total annualized cost burden of rule 12b-1 to the fund industry is \$45,000 (3 funds requiring a proxy  $\times$  \$15,000 per proxy).

The collections of information required by rule 12b-1 are necessary to obtain the benefits of the rule. Notices to the Commission will not be kept confidential. The Commission is seeking OMB approval because 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.

Please direct written comments regarding the information above 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; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 Fifth Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: May 29, 2003.

**Margaret H. McFarland,**

*Deputy Secretary.*

[FR Doc. 03-14293 Filed 6-5-03; 8:45 am]

**BILLING CODE 8010-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Filings and Information Services, 450 Fifth Street, NW., Washington, DC 20549.

#### Extension:

Rule 17f-2 SEC File No. 270-233

OMB Control No. 3235-0223.

Form N-17f-2 SEC File No. 270-317

OMB Control No. 3235-0360.

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") has submitted to the Office of Management and Budget a request for extension of the previously

approved collection of information discussed below.

Rule 17f-2 is entitled: "Custody of Investments by Registered Management Investment Company." Rule 17f-2 establishes safeguards for arrangements in which a registered management investment company ("fund") is deemed to maintain custody of its own assets, such as when the fund maintains its assets in a facility that provides safekeeping but not custodial services. The rule includes several recordkeeping or reporting requirements. The fund's directors must prepare a resolution designating not more than five fund officers or responsible employees who may have access to the fund's assets. The designated access persons (two or more of whom must act jointly when handling fund assets) must prepare a written notation providing certain information about each deposit or withdrawal of fund assets, and must transmit the notation to another officer or director designated by the directors. Independent public accountants must verify the fund's assets at least three times a year, and two of the examinations must be unscheduled.

The requirement that directors designate access persons is intended to ensure that directors evaluate the trustworthiness of insiders who handle fund assets. The requirements that access persons act jointly in handling fund assets, prepare a written notation of each transaction, and transmit the notation to another designated person are intended to reduce the risk of misappropriation of fund assets by access persons, and to ensure that adequate records are prepared, reviewed by a responsible third person, and available for examination by the Commission's examination staff. The requirement that auditors verify fund assets without notice twice each year is intended to provide an additional deterrent to the misappropriation of fund assets and to detect any irregularities.

The Commission staff estimates that approximately 135 funds rely upon rule 17f-2.<sup>1</sup> The Commission staff estimates that each fund offers an average of 3.7 separate series or portfolios subject to rule 17f-2. Each fund makes an average of 97.4 responses each year under the rule, including 1 response (requiring .2 burden hours) per fund to draft director resolutions, 89 responses per fund to prepare notations of transactions<sup>2</sup>

<sup>1</sup> The Commission's records indicate that approximately 135 funds filed Form N-17f-2 with the Commission during calendar year 2002.

<sup>2</sup> This number results from 24 responses per portfolio multiplied by 3.7 portfolios in the average fund (24  $\times$  3.7 = 88.8).

(requiring one hour each), and 7.4 responses<sup>3</sup> per fund for fund personnel to assist the independent public accountants when they perform unscheduled verifications (requiring 10 burden hours each). Thus, the total hour burden per fund is estimated to 163.2 hours<sup>4</sup> Commission staff estimates that each fund therefore spends approximately .2 burden hours of professional time at \$60 per hour annually in drafting resolutions by directors ( $.2 \times \$60 = \$12$ ), 89 hours<sup>5</sup> of professional time at \$60 per hour annually in preparing transaction notations ( $89 \times \$60 = \$5,340$ ), and 74 hours<sup>6</sup> of clerical time at \$16 per hour annually in assisting independent public accounts perform unscheduled verifications of assets ( $74 \times \$16 = \$1,184$ ).<sup>7</sup> The total annual burden of rule 17f-2's paperwork requirements thus is estimated to be approximately 22,032 hours<sup>8</sup> at an annual cost of \$882,360.<sup>9</sup>

Form N-17f-2 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 of the Investment Company Act of 1940 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. 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 SEC file number and the correct name of a fund.

Under rule 17f-2, each fund is required to file Form N-17f-2 at least three times a year with the Commission. Commission staff estimates that it takes approximately 1 hour per response to prepare and file a Form N-17f-2 with the Commission. Thus, the total annual burden of Form N-17f-2's paperwork requirement is estimated to be approximately 405 burden hours.<sup>10</sup> The entire hour burden will be borne by clerical staff at \$16 per hour, for a total cost of approximately \$6,480 ( $405 \text{ burden hours} \times \$16 = \$6,480$ ). The increase in burden hours from 92 to 405 is attributable to updated estimates of the burden hours that reflect additional time spent by professionals and clerical staff in their compliance efforts.

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. Complying with the collection of information requirements of the rule is mandatory for those funds that maintain custody of their own assets. The information provided to the Commission by the fund's independent public accountants about each verification of the fund's assets 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.

Please direct written comments regarding the above information to the following persons: (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; and (ii) Kenneth A. Fogash, Acting Associate Executive Director/CIO, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

<sup>10</sup> The Commission staff estimates that there are 135 funds that file Form N-17f-2 each year. Each fund is required to make three responses per year, and each response requires 1 hour to prepare. The hour burden is calculated as follows:  $135 \text{ (respondents)} \times 3 \text{ (responses per fund per year)} \times 1 \text{ (hours per response)} = 405 \text{ hours}$ .

Dated: May 30, 2003.

**Margaret H. McFarland,**  
*Deputy Secretary.*

[FR Doc. 03-14294 Filed 6-5-03; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:** 68 FR 32781, June 2, 2003.

**STATUS:** Closed Meeting.

**PLACE:** 450 Fifth Street, NW., Washington, DC.

**DATE AND TIME OF PREVIOUSLY ANNOUNCED MEETING:** Tuesday, June 3, 2003 at 2 p.m.

**CHANGE IN THE MEETING:** Time change.

The closed meeting scheduled for Tuesday, June 3, 2003 at 2 p.m. has been changed to Tuesday, June 3, 2003 at 1 p.m.

At times, changes in Commission priorities require alterations in the scheduling of meeting items. For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 942-7070.

Dated: June 3, 2003.

**Jonathan G. Katz,**  
*Secretary.*

[FR Doc. 03-14366 Filed 6-3-03; 4:50 pm]

BILLING CODE 8010-01-P

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-47954; File No. SR-NASD-2003-87]**

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by the National Association of Securities Dealers, Inc. Regarding the Issuance of Market Participant Identifiers

May 30, 2003.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 22, 2003, the National Association of Securities Dealers, Inc. ("NASD"), through its subsidiary, The Nasdaq Stock Market, Inc. ("Nasdaq"), filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by Nasdaq. The

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> This number results from 2 unscheduled verifications per portfolio multiplied by 3.7 portfolios in the average fund ( $2 \times 3.7 = 7.4$  responses per fund).

<sup>4</sup>  $(1 \text{ response} \times .2 \text{ burden hours}) + (89 \text{ responses} \times 1 \text{ burden hour}) + (7.4 \text{ responses} \times 10 \text{ burden hours}) = 163.2 \text{ burden hours}$ .

<sup>5</sup>  $89 \text{ transaction notations per fund} \times 1 \text{ hour} = 89 \text{ hours}$ .

<sup>6</sup>  $7.4 \text{ verifications per fund} \times 10 \text{ hours} = 74 \text{ hours}$ .

<sup>7</sup> Each of these hour burden estimates is based upon conversations with attorneys and accountants familiar with the information collection requirements of the rule. Commission staff relied upon the Securities Industry Association, Report on Management and Professional Earnings in the Securities Industry (2002) to determine the hourly wage rates used in the calculation of this estimate. Professional time is based on the estimated average wage for associate and general counsel in the securities industry.

<sup>8</sup>  $163.2 \text{ hours per fund} \times 135 \text{ funds} = 22,032 \text{ total annual burden}$ .

<sup>9</sup>  $(\$12 \text{ (for drafting resolutions)} + \$5,340 \text{ (for transaction notations)} + \$1,184 \text{ (for unscheduled verifications)}) \times 135 \text{ funds} = \$882,360$ . The annual burden for rule 17f-2 does not include time spent preparing Form N-17f-2. The burden for Form N-17f-2 is included in a separate collection of information.