

Section 12(d)(3) of the Act generally prohibits registered investment companies ("funds"), and companies controlled by funds, from purchasing securities issued by a registered investment adviser, broker, dealer, or underwriter ("securities-related businesses"). Rule 12d3-1 ("Exemption of acquisitions of securities issued by persons engaged in securities related businesses" [17 CFR 270.12d3-1]) permits a fund to invest up to five percent of its assets in securities of an issuer deriving more than fifteen percent of its gross revenues from securities-related businesses, but a fund may not rely on rule 12d3-1 to acquire securities of its own investment adviser or any affiliated person of its own investment adviser.

A fund may, however, rely on an exemption in rule 12d3-1 to acquire securities issued by its subadvisers in circumstances in which the subadviser would have little ability to take advantage of the fund, because it is not in a position to direct the fund's securities purchases. The exemption in rule 12d3-1(c)(3) is available if (i) the subadviser is not, and is not an affiliated person of, an investment adviser that provides advice with respect to the portion of the fund that is acquiring the securities, and (ii) the advisory contracts of the subadviser, and any subadviser that is advising the purchasing portion of the fund, prohibit them from consulting with each other concerning securities transactions of the fund, and limit their responsibility in providing advice to providing advice with respect to discrete portions of the fund's portfolio.

The Commission staff estimates that 3,028 portfolios of approximately 2,126 funds use the services of one or more subadvisers. Based on an analysis of investment company filings, the staff estimates that approximately 200 funds are registered annually. Assuming that the number of these funds that will use the services of subadvisers is proportionate to the number of funds that currently use the services of subadvisers, then we estimate that 46 new funds will enter into subadvisory agreements each year.¹ The Commission staff further estimates, based on analysis of investment company filings, that 10 extant funds will employ the services of subadvisers for the first time each year. Thus, the staff estimates that a total of 56 funds, with a total of 78 portfolios

(respondents),² will enter into subadvisory agreements each year. Assuming that each of these funds enters into a subadvisory contract that permits it to rely on the exemptions in rule 12d3-1(c)(3),³ we estimate that the rule's contract modification requirement will result in 117 burden hours annually.⁴

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection 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 R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: March 28, 2005.

Margaret H. McFarland,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 17a-10, SEC File No. 270-507, OMB Control No. 3235-0563.

² Based on existing statistics, we assume that each fund has 1.4 portfolios advised by a subadviser.

³ Rules 12d3-1, 10f-3, 17a-10, and 17e-1 require virtually identical modifications to fund advisory contracts. The Commission staff assumes that funds would rely equally on the exemptions in these rules, and therefore the Commission has apportioned the burden hours associated with the required contract modifications equally among the four rules.

⁴ This estimate is based on the following calculations: (78 portfolios × 6 hours = 468 burden hours for rules 12d3-1, 10f-3, 17a-10, and 17e-1; 468 total burden hours for all of the rules/four rules = 117 annual burden hours per rule.)

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 collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget ("OMB") for extension and approval.

Section 17(a) of the Investment Company Act of 1940 (the "Act"), prohibits affiliated persons of a registered investment company ("fund") from borrowing money or other property from, or selling or buying securities or other property to or from the fund, or any company that the fund controls. Rule 17a-10 permits (i) a subadviser of a fund to enter into transactions with funds the subadviser does not advise but which are affiliated persons of a fund that it does advise (*e.g.*, other funds in the fund complex), and (ii) a subadviser (and its affiliated persons) to enter into transactions and arrangements with funds the subadviser does advise, but only with respect to discrete portions of the subadvised fund for which the subadviser does not provide investment advice.

To qualify for the exemptions in rule 17a-10, the subadvisory relationship must be the sole reason why section 17(a) prohibits the transaction; and the advisory contracts of the subadviser entering into the transaction, and any subadviser that is advising the purchasing portion of the fund, must prohibit the subadvisers from consulting with each other concerning securities transactions of the fund, and limit their responsibility to providing advice with respect to discrete portions of the fund's portfolio.¹

The Commission staff estimates that 3,028 portfolios of approximately 2,126 funds use the services of one or more subadvisers. Based on discussions with industry representatives, the staff estimates that it will require approximately 6 hours to draft and execute revised subadvisory contracts (5 staff attorney hours, 1 supervisory attorney hour), in order for funds and subadvisers to be able to rely on the exemptions in rule 17a-10. The staff assumes that all of these funds amended their advisory contracts following the adoption of rule 17a-10 in 2002 that conditioned certain exemptions upon these contractual alterations.²

¹ See 17 CFR 270.17a-10(a)(2).

² Rules 12d3-1, 10f-3, 17a-10, and 17e-1 require virtually identical modifications to fund advisory contracts. The Commission staff assumes that funds

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¹ The Commission staff estimates that approximately 23 percent of funds are advised by subadvisers.

Based on an analysis of investment company filings, the staff estimates that approximately 200 new funds are registered annually. Assuming that the number of these funds that will use the services of subadvisers is proportionate to the number of funds that currently use the services of subadvisers, then approximately 46 new funds will enter into subadvisory agreements each year.³ The Commission staff further estimates, based on an analysis of investment company filings, that 10 extant funds will employ the services of subadvisers for the first time each year. Thus, the staff estimates that a total of 56 funds, with a total of 78 portfolios,⁴ will enter into subadvisory agreements each year. Assuming that each of these funds enters into a contract that permits it to rely on the exemptions in rule 17a-10, we estimate that the rule's contract modification requirement will result in 117 burden hours annually.⁵

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection 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 R. Corey Booth, Director/Chief Information Officer, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW., Washington, DC 20549.

Dated: March 29, 2005.

Margaret H. McFarland,

Deputy Secretary.

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would rely equally on the exemptions in these rules, and therefore the Commission has apportioned the burden hours associated with the required contract modifications equally among the four rules.

³ Based on information in Commission filings, we estimate that 23 percent of funds are advised by subadvisers.

⁴ Based on existing statistics, we assume that each fund has 1.4 portfolios advised by a subadviser.

⁵ This estimate is based on the following calculations: (78 portfolios × 6 hours = 468 burden hours for rules 12d3-1, 10f-3, 17a-10, and 17e-1; 468 total burden hours for all of the rules/four rules = 117 annual burden hours per rule).

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon written request, copies available from: Securities and Exchange Commission, Office of Filings and Information Services, Washington, DC 20549.

Extension:

Rule 27d-1 and Form N-27D-1; SEC File No. 270-499; OMB Control No. 3235-0560; Rule 27d-2; SEC File No. 270-500; OMB Control No. 3235-0566.

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 collections of information under the Investment Company Act of 1940 ("Act") summarized below. The Commission plans to submit these collections of information to the Office of Management and Budget for approval.

Rule 27d-1 [17 CFR 270.27d-1] is entitled "Reserve Requirements for Principal Underwriters and Depositors to Carry Out the Obligations to Refund Charges Required by Section 27(d) and Section 27(f) of the Act." Form N-27D-1 is entitled "Accounting of Segregated Trust Account." Rule 27d-2 [17 CFR 270.27d-2] is entitled "Insurance Company Undertaking in Lieu of Segregated Trust Account." Rule 27d-1 requires the depositor or principal underwriter for an issuer to deposit funds into a segregated trust account to provide assurance of its ability to fulfill its refund obligations under sections 27(d) and 27(f). The rule sets forth minimum reserve amounts and guidelines for the management and disbursement of the assets in the account. A single account may be used for the periodic payment plans of multiple investment companies. Rule 27d-1(j) directs depositors and principal underwriters to make an accounting of their segregated trust accounts on Form N-27D-1, which is intended to facilitate the Commission's oversight of compliance with the reserve requirements set forth in rule 27d-1. The form requires depositors and principal underwriters to report deposits to a segregated trust account, including those made pursuant to paragraphs (c) and (e) of the rule. Withdrawals pursuant to paragraph (f) of the rule also must be reported. In addition, the form solicits information regarding the minimum amount required to be maintained under paragraphs (d) and (e) of rule 27d-1. Depositors and principal underwriters must file the form once a year on or

before January 31 of the year following the year for which information is presented.

Instead of relying on rule 27d-1 and filing Form N-27D-1, depositors or principal underwriters for the issuers of periodic payment plans may rely on the exemption afforded by rule 27d-2. In order to comply with the rule, (i) the depositor or principal underwriter must secure from an insurance company a written guarantee of the refund requirements, (ii) the insurance company must satisfy certain financial criteria, and (iii) the depositor or principal underwriter must file as an exhibit to the issuer's registration statement, a copy of the written undertaking, an annual statement that the insurance company has met the requisite financial criteria on a monthly basis, and an annual audited balance sheet.

Rules 27d-1 and 27d-2, which were explicitly authorized by statute, provide assurance that depositors and principal underwriters of issuers have access to sufficient cash to meet the demands of certificate holders who reconsider their decisions to invest in a periodic payment plan. The information collection requirements in rules 27d-1 and 27d-2 enable the Commission to monitor compliance with reserve rules.

Commission staff estimates that there are four issuers of periodic payment plan certificates. The depositor or principal underwriter of each of these issuers must file Form N-27D-1 annually or comply with the requirements in rule 27d-2. On average, the Commission receives two Form N-27D-1 filings annually. The staff estimates that a staff accountant spends 8 hours and an accounting manager spends 3 hours preparing the form. Therefore, the total annual hour burden associated with rule 27d-1 and Form N-27D-1 is estimated to be 22 hours.¹ The staff estimates that two depositors or principal underwriters rely on rule 27d-2 and that each of these respondents makes three responses annually. We estimate that each depositor or underwriter expends approximately two hours per year obtaining a written guarantee from an insurance company or negotiating changes to coverage with the insurance company and five hours per year filing the two required documents from the insurance company on EDGAR. Thus, we estimate that the

¹ This estimate is based on the following calculation: 2 funds × (8 hours of staff accountant time + 3 hours of accounting manager time) = 22 hours.