

bylaws,<sup>2</sup> and (iii) the fund maintains and preserves permanently in an easily accessible place a copy of the audit committee charter, and any modifications to the charter.<sup>3</sup>

Each fund that chooses to rely on rule 32a-4 incurs two collection of information burdens. The first, related to the board of directors' adoption of the audit committee charter, occurs once, when the committee is established. The second, related to the fund's maintenance and preservation of a copy of the charter in an easily accessible place, is an ongoing annual burden. The information collection requirement in rule 32a-4 enables the Commission to monitor the duties and responsibilities of an independent audit committee formed by a fund relying on the rule. Commission staff estimates that, on average, the board of directors takes 15 minutes to adopt the audit committee charter. Commission staff has estimated that with an average of 8 directors on the board,<sup>4</sup> total director time to adopt the charter is 2 hours. Combined with an estimated 1 hour of paralegal time to prepare the charter for board review, the staff estimates a total one-time collection of information burden of 3 hours for each fund. Once a board adopts an audit committee charter, the charter is preserved as part of the fund's records. Commission staff estimates that there is no annual hourly burden associated with preserving the charter in accordance with the rule.<sup>5</sup>

Because virtually all existing funds have now adopted audit committee charters, the annual one-time collection of information burden associated with adopting audit committee charters is limited to the burden incurred by newly established funds. Commission staff estimates that fund sponsors establish approximately 139 new funds each year,<sup>6</sup> and that all of these funds will adopt an audit committee charter in order to rely on rule 32a-4. Thus, Commission staff estimates that the annual one-time hour burden associated with adopting an audit committee charter under rule 32a-4 going forward will be approximately 417 hours.<sup>7</sup>

As noted above, all funds that rely on rule 32a-4 are subject to the ongoing collection of information requirement to preserve a copy of the charter in an easily accessible place. This ongoing requirement, which Commission staff estimated has no hourly burden, applies to new funds that adopt an audit committee charter each year and to all of the funds that have previously adopted the charter and continue to maintain it.

Funds incur internal costs associated with the one-time collection of information burden related to adopting an audit committee charter. As noted above, Commission staff estimates that it takes approximately 2 hours of aggregate directors' time at \$4000 per hour, and 1 hour of paralegal time at \$175 per hour,<sup>8</sup> to adopt an audit committee charter. Thus, Commission staff estimates a total internal cost of \$8175 per fund to adopt the charter<sup>9</sup> and a total annual cost of \$1,136,325.<sup>10</sup>

When funds adopt an audit committee charter in order to rely on rule 32a-4, they also may incur one-time costs related to hiring outside counsel to prepare the charter. Commission staff estimates that those costs average approximately \$1500 per fund.<sup>11</sup> Commission staff understands that virtually all funds now rely on rule 32a-4 and have adopted audit committee charters, and thus estimates that the annual cost burden related to hiring outside legal counsel is limited to newly established funds.

As noted above, Commission staff estimates that approximately 139 new funds each year will adopt an audit committee charter in order to rely on rule 32a-4. Thus, Commission staff estimates that the ongoing annual cost burden associated with rule 32a-4 in

the future will be approximately \$208,500.<sup>12</sup>

These estimates of average costs are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules.

The collections of information required by rule 32a-4 are necessary to obtain the benefits of the rule. 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 OMB control number.

Written comments are invited on: (a) Whether the collection of information is 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 estimates 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, Chief Information Officer, Securities and Exchange Commission, C/O Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549; or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: February 25, 2014.

**Kevin M. O'Neill,**  
Deputy Secretary.

[FR Doc. 2014-04558 Filed 2-28-14; 8:45 am]

**BILLING CODE 8011-01-P**

## 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 8c-1. SEC File No. 270-455, OMB Control No. 3235-0514

<sup>12</sup> This estimate is based on the following calculations: (\$1500 cost of adopting charter × 139 newly established funds = \$208,500).

<sup>2</sup> Rule 32a-4(b).

<sup>3</sup> Rule 32a-4(c).

<sup>4</sup> This estimate is based on staff discussions with a representative of an entity that surveys funds and calculates fund board statistics based on responses to its surveys.

<sup>5</sup> No hour burden related to such maintenance of the charter was identified by the funds the Commission staff surveyed.

<sup>6</sup> This estimate is based on the average number of notifications of registration on Form N-8A filed from January 2011 through December 2013.

<sup>7</sup> This estimate is based on the following calculation: (3.0 burden hours for establishing charter × 139 new funds = 417 burden hours).

<sup>8</sup> The \$175/hour figure for a paralegal is from SIFMA's *Management & Professional Earnings in the Securities Industry 2012*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>9</sup> This estimate is based on the following calculations: (\$4000 per hour for directors' time × 2 hours = \$8000); (\$8000 + \$175 = \$8175).

<sup>10</sup> This estimate is based on the following calculations: (\$8175 cost of hour burden per fund × 139 new funds = \$1,136,325).

<sup>11</sup> Costs may vary based on the individual needs of each fund. However, based on the staff's conversations with outside counsel that prepare these charters, legal fees related to the preparation and adoption of an audit committee charter usually average \$1500 or less. The Commission also understands that the ICI has prepared a model audit committee charter, which most legal professionals use when establishing audit committees, thereby reducing the costs associated with drafting a charter.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (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 previously approved collection of information provided for in Rule 8c-1 (17 CFR 240.8c-1), under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a *et seq.*).

Rule 8c-1 generally prohibits a broker-dealer from using its customers' securities as collateral to finance its own trading, speculating, or underwriting transactions. More specifically, Rule 8c-1 states three main principles: (1) a broker-dealer is prohibited from commingling the securities of different customers as collateral for a loan without the consent of each customer; (2) a broker-dealer cannot commingle customers' securities with its own securities under the same pledge; and (3) a broker-dealer can only pledge its customers' securities to the extent that customers are in debt to the broker-dealer.<sup>1</sup>

The information required by Rule 8c-1 is necessary for the execution of the Commission's mandate under the Exchange Act to prevent broker-dealers from hypothecating or arranging for the hypothecation of any securities carried for the account of any customer under certain circumstances. In addition, the information required by Rule 8c-1 provides important investor protections.

There are approximately 82 respondents as of year-end 2012 (*i.e.*, broker-dealers that conducted business with the public, filed Part II of the FOCUS Report, did not claim an exemption from the Reserve Formula computation, and reported that they had a bank loan during at least one quarter of the current year). Each respondent makes an estimated 45 annual responses, for an aggregate total of 3,690 responses per year.<sup>2</sup> Each response takes approximately 0.5 hours to complete. Therefore, the total third-party reporting burden per year is 1,845 burden hours.<sup>3</sup>

The retention period for the recordkeeping requirement under Rule 8c-1 is three years. The recordkeeping requirement under Rule 8c-1 is mandatory to ensure that broker-dealers do not commingle their securities or use them to finance the broker-dealers' proprietary business. This rule does not

involve the collection of confidential or personal identifiable information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view 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, 100 F Street, NE Washington, DC 20549, or by sending 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: February 25, 2014.

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 30923; File No. 812-14127]

### Legg Mason Partners Equity Trust, et al.; Notice of Application

February 24, 2014.

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice of an application under section 6(c) of the Investment Company Act of 1940 ("Act") for an exemption from section 15(a) of the Act and rule 18f-2 under the Act, as well as from certain disclosure requirements.

**SUMMARY:** *Summary of Application:* Applicants request an order that would permit them to enter into, and amend, subadvisory agreements with Wholly-Owned Sub-Advisors (as defined below) and Non-Affiliated Sub-Advisors (as defined below) without shareholder approval. The order would also grant relief from certain disclosure requirements.

*Applicants:* Legg Mason Partners Equity Trust ("Equity Trust"), Legg Mason Partners Variable Equity Trust ("Variable Equity Trust," and, together with Equity Trust, the "Trusts"), and Permal Asset Management LLC ("Permal").

**DATES: Filing Dates:** The application was filed on March 1, 2013, and amended on September 24, 2013, and February 6, 2014.

**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 March 21, 2014, 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: Trusts, 620 Eighth Avenue, New York, NY 10018; Permal, 900 3rd Avenue, New York, NY 10022.

**FOR FURTHER INFORMATION CONTACT:** Courtney S. Thornton, Senior Counsel, at (202) 551-6812, or David P. Bartels, Branch Chief, at (202) 551-6821 (Division of Investment Management, Chief Counsel's Office).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained via the Commission's Web site by searching for the file number, or for 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 Trust is organized as a Maryland statutory trust and is registered with the Commission as an open-end management investment company under the Act. The Equity Trust currently consists of 39 series of shares (each a "Series" and collectively, "Series"), each with its own distinct investment objectives, policies and restrictions. The Variable Equity Trust consists of 14 Series, each with its own distinct investment objectives, policies and restrictions. The Trusts may offer additional Series that in the future may operate under the multi-manager structure described in the application and comply with the terms and conditions set forth therein.

2. Permal is a limited liability company organized under the laws of the State of Delaware and is registered

<sup>1</sup> See Exchange Act Release No. 2690 (November 15, 1940); Exchange Act Release No. 9428 (December 29, 1971).

<sup>2</sup> 82 respondents x 45 annual responses = 3,690 aggregate total of annual responses.

<sup>3</sup> 3,690 responses x 0.5 hours = 1,845 hours.