

**OFFICE OF PERSONNEL
MANAGEMENT****Proposed Collection; Comment
Request for Review of a Revised
Information Collection: SF 2817**

AGENCY: Office of Personnel
Management.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104-13, May 22, 1995), this notice announces that the Office of Personnel Management (OPM) intends to submit to the Office of Management and Budget a request for review of a revised information collection. SF 2817, Life Insurance Election, is used by employees to enroll in or change their enrollment in the Federal Employees' Group Life Insurance Program. The Federal Employees Life Insurance Improvement Act (Pub. L. 105-311), enacted on October 30, 1998, necessitated changes to the SF 2817. That Act allowed employees to elect from one to five multiples of Option C—Family life insurance. In the past, employees either had Option C or they did not—there were no multiples to elect.

Approximately 100 forms are completed annually. Each form takes approximately 15 minutes to complete. The annual estimated burden is 25 hours.

Comments are particularly invited on:
—Whether this collection of information is necessary for the proper performance of functions of the Office of Personnel Management, and whether it will have practical utility;
—Whether our estimate of the public burden of this collection is accurate, and based on valid assumptions and methodology; and
—Ways in which we can minimize the burden of the collection of information on those who are to respond, through use of the appropriate technological collection techniques or other forms of information technology.

For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358, or E-mail to mbtoomey@opm.gov.

DATES: Comments on this proposal should be received on or before June 22, 1999.

ADDRESSES: Send or deliver comments to Laura Lawrence, Senior Insurance Benefits Specialist, Insurance Operations Division, Retirement and Insurance Service, U.S. Office of Personnel Management, 1900 E Street, NW, Room 3415, Washington, DC 20415.

**FOR INFORMATION REGARDING
ADMINISTRATIVE COORDINATION—CONTACT:**
Phyllis R. Pinkney, Management
Analyst, Budget & Administrative
Services Division, (202) 606-0623.

Office of Personnel Management.

Janice R. Lachance,
Director.

[FR Doc. 99-10132 Filed 4-22-99; 8:45 am]

BILLING CODE 6325-01-P

**OFFICE OF PERSONNEL
MANAGEMENT****Submission for OMB Review;
Comment Request Review of an
Expired Information Collection SF 15**

AGENCY: Office of Personnel
Management.

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1980 (title 44, U.S. Code, Chapter 35), this notice announces that the Office of Personnel Management has submitted to the Office of Management and Budget a request for extending the information collection form, Standard Form 15, Application for 10-Point Veteran Preference. OPM examining offices and agency appointing officials use the information provided to adjudicate an individual's claim for veterans' preference in accordance with the Veteran Preference Act of 1944.

According to the General Services Administration, 45,000 forms were used last year. Each form requires approximately 10 minutes to complete. The annual burden is 7,500 hours. For copies of this proposal, contact Mary Beth Smith-Toomey on (202) 606-8358 or e-mail to mbtoomey@opm.gov.

DATES: Comments on this proposal should be received on or before May 24, 1999.

ADDRESSES: Send or deliver written comments to—

Mary Lou Lindholm, Associate Director
for Employment, U.S. Office of
Personnel Management, 1900 E Street,
NW, Room 6500, Washington, DC
20415

and
Joseph Lackey, OPM Desk Officer,
Office of Information & Regulatory
Affairs, Office of Management and
Budget, New Executive Office
Building, NW, Room 10235,
Washington, DC 20503.

Office of Personnel Management.

Janice R. Lachance,
Director.

[FR Doc. 99-10131 Filed 4-22-99; 8:45 am]

BILLING CODE 6325-01-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, Washington, DC
20549

Extension:

Rule 31a-2 [17 CFR 270.31a-2], SEC. File
No. 270-174, OMB Control No. 3235-
0179

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) ("Paperwork Reduction Act"), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension and approval of the collections of information discussed below.

Section 31(a) of the Investment Company Act of 1940 [15 U.S.C. 80a] ("Investment Company Act" or "Act") requires registered investment companies ("fund") and certain principal underwriters, broker-dealers, investment advisers and depositors of funds to maintain and preserve records as prescribed by Commission rules.¹ Rule 31a-1 specifies the books and records for each of these entities must be maintained.² Rule 31a-2, which the Commission adopted in 1944, specifies the time periods that entities must retain books and records required to be maintained under rule 31a-1.³

Rule 31a-2 requires the following:

(i) Every fund must preserve permanently, and in an easily accessible place for the first two years, all books and records required under rule 31a-1(b)(1)-(4).⁴

(ii) Every fund must preserve for at least six years, and in an easily accessible place for the first two years: (a) All books and records required under rule 31a-1(b)(5)-(12);⁵ (b) all

¹ 15 U.S.C. 80a-30(a)(1).

² 17 CFR 270.31a-1.

³ 17 CFR 270.31a-2.

⁴ 17 CFR 270.31a-1(b)(1)-(4). These include, among other records, journals detailing daily purchases and sales of securities or contracts to purchase and sell securities, general and auxiliary ledgers reflecting all asset, liability, reserve, capital, income and expense accounts, separate ledgers or records reflecting separately for each portfolio security as of the trade date, all "long" and "short" positions carried by the fund for its own account, and corporate charters, certificates of incorporation, and by-laws.

⁵ 17 CFR 270.31a-1(b)(5)-(12). These include, among other records, records of each brokerage order given in connection with purchases and sales of securities by the fund, all other portfolio purchases, records of all puts, calls, spreads, straddles or other options in which the fund has an interest, has granted, or has guaranteed, records of

vouchers, memoranda, correspondence, checkbooks, banks statements, canceled checks, cash reconciliations, canceled stock certificates and all schedules that support each computation of net asset value of fund shares; and (c) any advertisement, pamphlet, circular, form letter or other sales literature addressed or intended for distribution to prospective investors.

(iii) Every underwriter, broker or dealer that is a majority-owned subsidiary of a fund must preserve records required to be preserved by brokers and dealers under rules adopted under section 17 of the Securities Exchange Act ("section 17") for the periods established in those rules.

(iv) Every depositor of any fund, and every principal underwriter of any fund other than a closed-end fund, must preserve for at least six years records required to be preserved by brokers and dealers under rules adopted under section 17 of the Exchange Act to the extent the records are necessary or appropriate to record the entity's transactions with the fund.

(v) Every investment adviser that is a majority-owned subsidiary of a fund must preserve the records required to be maintained by investment advisers under rules adopted under section 204 of the Investment Advisers Act of 1940 ("section 204") for the periods specified in those rules.

(vi) Every investment adviser that is not a majority-owned subsidiary of a fund must preserve for at least six years records required to be maintained by registered investment advisers under rules adopted under section 204 to the extent the records are necessary or appropriate to reflect the adviser's transactions with the fund.

Rule 31a-2 permits the organizations subject to the rule to reproduce and preserve many records on photographic film ("microfilm") or on magnetic tape, disk, or other computer storage medium. If one of these media is used by or on behalf of a fund, the fund must:

(i) Arrange the records and index and file the microfilm or computer storage medium in a way that will permit immediate access and retrieval of any particular record;

(ii) Be prepared to provide promptly a microfilm enlargement or computer printout, or other copy requested by Commission representatives or the fund's directors;

(iii) Store one copy separately from the original of the microfilm or computer record for the time required to store the original;

(iv) Maintain procedures for maintaining, preserving, and providing access to records stored on computer medium in order to reasonably safeguard them from loss or destruction; and

(v) At all times have microfilm available for examination by Commission representatives or fund directors, and have available facilities for immediate, easily readable projection and production of easily readable enlargements of microfilm records.

proof of money balances in all ledger accounts, files of all advisory material received from the investment adviser, and memoranda identifying persons, committees or groups authorizing the purchase or sale of securities for the fund.

The Commission periodically inspects the operations of all funds to ensure their compliance with the provisions of the Act and the rules under the Act. Commission staff spend a significant portion of their time in these inspections reviewing the information contained in the books and records required to be kept by rule 31a-1 and to be preserved by rule 31a-2.

The retention of records, as required by the rule, is necessary to insure that the public has access to material business and financial information about issuers of securities and regulated entities. As noted above, the Commission periodically inspects the operations of funds to ensure they are in compliance with the Act and regulations under the Act. Due to the limits on the Commission's resources, however, each fund may only be inspected at intervals of several years. In addition, under the federal securities laws, there is no time limit on the prosecution of persons engaged in certain types of conduct that violate the securities laws. For these reasons, the Commission often needs information relating to events or transactions that occurred years ago. Without the requirement to preserve books, records and other documents, the Commission would have difficulty determining whether the fund was in compliance with the law in such areas as valuation of its portfolio securities, computation of the prices investors paid and, when purchasing and selling fund shares, types and amounts of expenses the fund incurred, kinds of investments the fund purchased, actions of affiliated persons, or whether the fund had engaged in any illegal or fraudulent activities.

There are approximately 3,900 active investment companies registered with the Commission as of December 31, 1998, all of which are required to comply with rule 31a-2. Based on conversations with representatives of the fund industry, Commission staff estimate that each fund spends approximately 27.8 hours per year complying with rule 31a-2, for a total annual burden for the fund industry of approximately 108,420 hours.⁶

⁶ Commission staff surveyed several fund representatives to determine the current burden hour estimate. Although the Commission did not change its collection of information requirements in rule 31a-2, the fund representatives' estimates reflect an annual increase of 12.4 hours per fund over the burden of 15.4 hours estimated in the 1995 PRA submission. The change in annual hours is based upon an increase in the time each fund spends complying with the rule. The burden hours associated with maintaining records under rules adopted under section 204 of the Investment Advisers Act for investment advisers and under section 17 of the Exchange Act for underwriters,

The estimates of burden hours are 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 the costs of Commission rules and forms.

Commission staff estimates the average cost of preserving books and records required by rule 31a-2, to be approximately \$.000018 per \$1.00 of net assets per year.⁷ Within the total net assets of all funds at about \$4.5 trillion,⁸ the staff estimates compliance with rule 31a-2 costs the fund industry approximately \$81 million per year.⁹ Commission staff estimates, based on conversations with representatives of the fund industry, that funds would spend at least half of this amount (\$40.5 million) in any case to preserve the books and records that are necessary to prepare financial statements, meet various state reporting requirements, and prepare their annual federal and state income tax returns.¹⁰

These estimates of average costs are 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 the costs of Commission rules. 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.

Please direct general 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, 10102, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and

brokers, dealers, and depositors are addressed in the PRA submissions relating to the rules adopted under those sections.

⁷ The staff estimated the annual cost of preserving the required books and records by identifying the annual costs by several funds and then relating this total cost to the average net assets of these funds during the year.

⁸ See Investment Company Institute, 1998 Mutual Fund Fact Book, at 1.

⁹ This estimate is based on the annual cost per dollar of net assets of the average fund as applied to the net assets of all funds.

¹⁰ Several of the fund industry representatives surveyed indicated that the records required to be preserved and maintained by rule 31a-2 also are required for accounting, tax return and state reporting requirements. In the experience of two investment companies, the major portion of the cost, approximately 60 percent, is for labor related costs and approximately 40 percent is for storage related costs, however these companies were not able to allocate the percentage of costs specifically attributable to rent or equipment.

Exchange Commission, Mail Stop 0-4, 450 5th Street, NW Washington, DC 20549. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 16, 1999.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-10194 Filed 4-22-99; 8:45 am]

BILLING CODE 8010-01-M

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 5th Street, NW, Washington, DC 20549

Extension:

Rule 10f-3 [17 CFR 270.10f-3], SEC File No. 270-237, OMB Control No. 3235-0226

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 ("OMB") a request for extension and approval of the collections of information discussed below.

Section 10(f) of the Investment Company Act of 1940 [15 U.S.C. 80a-10(f)] (the "Act" or "Investment Company Act") prohibits a registered investment company ("fund") from purchasing any security during an underwriting or selling syndicate if the fund has certain relationships with a principal underwriter¹ for the security ("affiliated underwriter").² Congress enacted this provision in 1940 to protect funds and their investors by preventing underwriters from "dumping" unmarketable securities on affiliated funds.³

¹ Principal underwriter is defined to mean (in relevant part) an underwriter that, in connection with a primary distribution of securities, (A) is in privity of contract with the issuer or an affiliated person of the issuer, (B) acting alone or in concert with one or more other persons, initiates or directs the formation of an underwriting syndicate, or (C) is allowed a rate of gross commission, spread, or other profit greater than the rate allowed another underwriter participating in the distribution. 15 U.S.C. 80a-2(a)(29).

² Section 10(f) prohibits the purchase if a principal underwriter of the security is an officer, director, member of an advisory board, investment adviser, or employee of the fund, or if any officer, director, member of an advisory board, investment adviser, or employee of the fund is affiliated with the principal underwriter. 15 U.S.C. 80a-10(f).

³ See Investment Trusts and Investment Companies: Hearings on S. 3580 Before a Subcomm. of the Senate Comm. on Banking and Currency,

Under rulemaking authority under section 10(f), the Commission adopted rule 10f-3 in 1958 and last amended the rule in 1997. Rule 10f-3 currently permits a fund to purchase securities in a transaction that otherwise would violate section 10(f) if, among other things:

(1) The securities either are registered under the Securities Act of 1933, are municipal securities with certain credit ratings, or are offered in certain private or foreign offerings;

(2) The offering involves a "firm commitment" underwriting;

(3) The fund (together with other funds advised by the same investment adviser) purchases no more than 25 percent of the offering;

(4) The fund purchases the securities from a member of the syndicate other than the affiliated underwriter;

(5) If the securities are municipal securities, the purchase is not a group sale; and

(6) The fund's directors have approved procedures for purchases made in reliance on the rule and regularly review fund purchases to determine whether they comply with these procedures.

These limitations are designed to ensure that the purchases are not likely to raise the concerns that section 10(f) was enacted to address and are consistent with the protection of investors.⁴

Among other conditions to the exemption, rule 10f-3 requires a fund's board of directors to approve procedures that would ensure compliance with the conditions of the rule and to approve changes to these procedures as necessary. The board also must review rule 10f-3 transactions on a quarterly basis. The rule requires funds to report, on Form N-SAR, any transactions effected under the rule and to attach to the report a written record of each transaction. The written record must state (i) from whom the securities were acquired, (ii) the identity of the underwriting syndicate's members, (iii) the terms of the transactions, and (iv) the information or materials on which the fund's board of directors has determined that the purchases were made in compliance with procedures established by the board. In addition, a fund must retain written records of the rule 10f-3 transactions and of the quarterly transactional information reviewed by the board for six years. These requirements are important not only because they provide a built-in

76th Cong., 3d Sess. 35 (1940) (statement of Commissioner Healy).

⁴ See Exemption for the Acquisition of Securities During the Existence of An Underwriting or Selling Syndicate, Investment Company Act Release No. 22775 (July 31, 1997) [62 FR 42401 (Aug. 7, 1997)] ("1997 Adopting Release").

mechanism for fund boards to monitor compliance with the rule, but also because they permit the Commission to review these materials during fund inspections, monitor developments under the rule, and consider whether to take enforcement action in appropriate cases.

These estimates of average costs are 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 the costs of Commission rules.

The collection of information requirements (as well as other requirements) of rule 10f-3 are designed to assure that appropriate arrangements are in place to confirm the enforceability of the Act against the fund. The records required to be maintained are reviewed by the Commission in the course of its compliance and examination program, and are used by fund directors to evaluate procedures and transactions executed pursuant to the rule. The rule does not impose any separate recordkeeping costs on funds because the records required to be maintained already are required by section 31(a) of the Act and rules 31a-1 and 31a-2.

From our review of Form N-SAR filings, we estimate that 300 funds rely on rule 10f-3 annually. We estimate that the board of directors of each of those funds makes, on average, 1 response each year when it approves procedures required by the rule. We estimate further that the approval of such procedures would take on average, 1 hour of director time (at \$500 per hour) and 0.5 hours of professional time (at \$150 per hour) for 70 funds that do not purchase foreign or municipal securities, and 1.5 hours of director time and 0.5 hours of professional time for 230 funds that invest in these securities. Thus, Commission staff estimates that the total annual reporting burden of the rule's paperwork requirement is 565 hours, at a total annual cost of \$230,000.⁵

The estimated burden hours are a decrease from the current allocation of 670 hours. The decrease of 105 hours reflects a decrease in the number of funds that have reported the purchase of securities in reliance on rule 10f-3. The 1996 proposal to eliminate the

⁵ This estimate is equal to the number of funds that do not purchase foreign or municipal securities (70) multiplied by the estimated annual cost of adopting or reviewing procedures for each fund ((1×\$500 + (0.5×\$150) = \$575) plus the number of funds that invest in foreign or municipal securities (230) multiplied by the estimated annual cost of adopting or reviewing procedures for each fund ((1.5×\$500 + (0.5×\$150) = \$825), for a total of \$230,000 ((70×\$575) + (230×\$825) = \$230,000).