

Other information collection requirements apply to the fund. The fund's board of directors must approve by resolution the custodian's arrangement with each depository, and material changes in any arrangement. In the unusual case when a fund deals directly with a depository, the fund board must approve the arrangement with the depository, and the fund must establish a system that is reasonably designed to prevent unauthorized officer's instructions.⁵

Rule 17f-4 facilitates the safe use of depositories, which can simplify the clearance and settlement of securities transactions and reduce risks of loss, theft, and destruction of securities. The rule's requirements that the custodian confirm transactions and earmark a portion of its holdings for the fund help to document the fund's transactions, and provide evidence of the fund's interest in "omnibus" depository accounts that may contain the pooled assets of multiple owners. The requirement that the custodian and its agent send the fund reports on internal controls helps the fund and its auditors to evaluate the reliability of the custodian, its agent, and the depository. The requirement that the fund board approve depository arrangements and material changes encourages directors to review periodically the safety of these arrangements. The requirement that the fund have a system to prevent unauthorized officer's instructions helps to protect fund assets from misappropriation.

The Commission staff estimates that 3,400 respondents (including 3,300 funds, 50 bank custodians, and 50 agents of the custodians) make approximately 25,750 responses under the rule each year. The staff estimates that on average, 50 custodians spend 500 hours each year in transmitting daily confirmations to funds and 250 hours in earmarking holdings for funds, and 100 custodians and agents spend 16 hours annually in transmitting reports to funds. The staff estimates that on average, 500 funds spend 6 hours each year in approving new depository arrangements or changes in existing arrangements, and 50 funds spend 10 hours each year in implementing systems to prevent unauthorized officer's instructions. The total annual burden of the rule's requirements for all respondents therefore is estimated to be 42,600 hours ((50 custodians × 750 hours) + (100 custodians and agents ×

16 hours) + (500 funds × 6 hours) + (50 funds × 10 hours)).⁶

The estimated annual burden of 42,600 burden hours represents an increase of 17,344 hours over the prior estimate of 25,256 hours. The increase in annual burden hours is attributable to the staff's recognition that the rule imposes information collection requirements of funds as well as custodians, and to increases in the estimated time spent by custodians and agents in collecting information relating to an increasing number of fund transactions.

The estimate of average 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 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 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, Room 3208, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, Office of Information Technology, Securities and Exchange Commission, 450 5th Street, NW, Washington, DC 20549-0004. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 2, 1999.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-14986 Filed 6-11-99; 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, Washington, DC 20549.

Extension: Rule 236; SEC File No. 270-118; OMB Control No. 3235-0095.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities

⁶The estimated average burden hours do not reflect the costs of operating computer systems used by custodians to provide confirmations and earmark assets, and used by funds to help prevent unauthorized officer's instructions.

and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 236 under the Securities Act of 1933 ("Securities Act") requires issuers wishing to rely upon an exemption from the Securities Act registration for the issuance of fractional shares, script certificates or order forms, in connection with a stock dividend, stock split, reverse stock split, conversion, merger or similar transaction to furnish specified information to the Commission in writing at least ten days prior to the offering. The information is needed to provide notice that an issuer is relying on the exemption. Public companies are the likely respondents. An estimated ten submissions are made pursuant to Rule 236 annually, resulting in an estimated annual total burden of 15 hours.

The information is needed to establish qualification for reliance on the exemption. The information provided by Rule 236 is required to obtain or retain benefits. All information provided to the Commission is available to the public for review upon request.

General comments regarding the above information should be directed 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 3208, New Executive Office Building, Washington, DC 20503; and (ii) Michael E. Bartell, Associate Executive Director, 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: June 4, 1999.

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 99-14987 Filed 6-11-99; 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, Washington, DC 20549

Extension:

Rule 17a-11, SEC File No. 270-94, OMB Control No. 3235-0085

⁵Officer's instructions are directions to the depository by authorized personnel of the fund.