

required to perform each task, wage rates for each person). One fund group which opposed the requirement to disclose its proxy voting record prepared a sample disclosure in the format prescribed by the proposed amendment to Form N-CSR for one of its funds which cast proxy votes on 1,607 agenda items at 500 shareholder meetings during a six-month period.⁵⁶ The fund group estimated that the collection of votes from its information systems would take four hours, reformatting the data to the format of Form N-CSR would take eight hours, and reconfirming that each vote was cast in accordance with the fund's proxy voting policies would take at least another two hours. Another fund group which recently began to post its proxy voting guidelines and proxy voting records for two of its funds on its Web site estimated that this task took approximately two days.⁵⁷ These estimates are generally consistent with the estimate in the Proposing Release that the disclosure on Form N-CSR of a fund's proxy voting record would take 10 hours per semi-annual filing on Form N-CSR, at an annual cost of \$1,379 per fund. By contrast, a fund industry trade group estimated, based on a survey of fund complexes conducted on its behalf by a third-party, that proxy voting record disclosure would cost approximately \$3,380 per fund in start-up costs, and \$5,530 per year in ongoing costs.⁵⁸

We note that we have modified our proposal in two significant ways, in part in response to concerns expressed about costs by commenters. First, the amendments will require disclosure of proxy votes cast in annual reports on new Form N-PX, rather than semi-annually on Form N-CSR. Second, we are not adopting the proposed requirement that funds disclose in their annual and semi-annual reports to shareholders votes that were inconsistent with their proxy voting policies and procedures. Because of these modifications, we have revised our burden estimates for Form N-CSR and rule 30e-1. The burden estimate for disclosure of a fund's proxy voting record will be the burden estimated for new Form N-PX. These revisions to the burden estimates are described below.

Form N-1A

Form N-1A, including the amendments, contains collection of

information requirements. The likely respondents to this information collection are open-end funds registering with the Commission on Form N-1A. Compliance with the disclosure requirements of Form N-1A is mandatory. Responses to the disclosure requirements are not confidential.

Prior to the proposed amendments, the estimated hour burden for preparing an initial registration statement on Form N-1A was 801 hours per portfolio, and the estimated hour burden for preparing post-effective amendments on Form N-1A was 99 hours per portfolio. The Commission estimates that, on an annual basis, 193 portfolios file initial registration statements on Form N-1A and 7,525 portfolios file post-effective amendments on Form N-1A. Thus, the total hour burden for the preparation and filing of Form N-1A, prior to the proposed amendments, was 899,568 hours.

We estimated in the Proposing Release that the amendments would increase the hour burden per portfolio per filing of an initial registration statement by 8 hours, to 809 hours per portfolio, and would increase the hour burden per portfolio per filing of a post-effective amendment to a registration statement by 2 hours, to 101 hours per portfolio. Thus, the current total annual hour burden for all funds for preparation and filing of initial registration statements and post-effective amendments to Form N-1A is 916,162 hours.

Form N-2

Form N-2, including the amendments, contains collection of information requirements. The likely respondents to this information collection are closed-end funds registering with the Commission on Form N-2. Compliance with the disclosure requirements of Form N-2 is mandatory. Responses to the disclosure requirements are not confidential.

Prior to the proposed amendments, the estimated hour burden for preparing an initial registration statement on Form N-2 was 536.7 burden hours per filing, and the estimated annual hour burden for preparing post-effective amendments on Form N-2 was 101.7 hours per filing. The Commission estimates that, on an annual basis, 140 respondents file an initial registration statement on Form N-2 and 38 respondents file post-effective amendments on Form N-2. Thus, the total annual hour burden for the preparation and filing of Form N-2, prior to the proposed amendments, was 79,003 hours.

We estimated in the Proposing Release that the amendments would increase the hour burden per filing of an initial registration statement on Form N-2 by 8 hours, to 544.7 hours per filing, and would increase the hour burden per filing of a post-effective amendment to a registration statement on Form N-2 by 2 hours, to 103.7 hours per filing. Thus, the current total annual hour burden for all funds for preparation and filing of initial registration statements and post-effective amendments on Form N-2 is 80,198 hours.

Form N-3

Form N-3, including the amendments, contains collection of information requirements. The likely respondents to this information collection are separate accounts, organized as management investment companies and offering variable annuities, registering with the Commission on Form N-3. Compliance with the disclosure requirements of Form N-3 is mandatory. Responses to the disclosure requirements are not confidential.

Prior to the proposed amendments, the estimated hour burden for preparing an initial registration statement on Form N-3 was 907.2 hours per portfolio, and the estimated hour burden for preparing post-effective amendments on Form N-1A was 148.4 hours per portfolio. The Commission estimates that, on an annual basis, no initial registration statements will be filed on Form N-3 and 60 post-effective amendments will be filed on Form N-3. The estimated average number of portfolios per filing is 4, bringing the estimated total number of portfolios in post-effective amendments to filings on Form N-3 annually to 240. Thus, the total hour burden for the preparation and filing of Form N-3, prior to the proposed amendments, was 35,616 hours.

We estimated in the Proposing Release that the amendments to Form N-3 would increase the hour burden per portfolio of an initial registration statement by 8 hours, to 915.2 hours per portfolio, and would increase the hour burden per portfolio of a post-effective amendment to a registration statement by 2 hours, to 150.4 hours per portfolio. Thus, the current total annual hour burden for all funds for preparation and filing of initial registration statements and post-effective amendments on Form N-3 will be 36,096 hours.

Form N-CSR

Form N-CSR, including the amendments, contains collection of information requirements. The

⁵⁶ Letter of Eric D. Roiter, Senior Vice President and General Counsel, Fidelity Management & Research Co. (Dec. 6, 2002).

⁵⁷ Letter of Timothy Smith, Senior Vice-President, Walden Asset Management (Nov. 20, 2002).

⁵⁸ ICI Letter, *supra* note 55, at 14-15.