

recommended rates achieve the Postal Service's test year revenue target. However, the concerns noted above, particularly potential challenges to the vitality of the catalog industry, prompt the Governors to request reconsideration, focused on the appropriateness of rebalancing Standard Mail letter and flat rates. Unlike the other issues on which reconsideration is sought, the Governors do not suggest any specific "rebalancing" relief. *Id.*

In its Initial Statement, the Postal Service explicitly recognizes that, "in order to mitigate rates for flats, it would be necessary to make upward adjustments in other rates, namely, the rates for letters." Initial Statement at 9. Further, because the Governors do not challenge the cost or cost differential estimates on which the Commission's recommended Standard Mail rate design is based, the Service anticipates that, "it would likewise be necessary to depart to some extent from the specific passthrough levels initially chosen by the Commission." *Id.* at 10.

Without suggesting specific adjustments, the Postal Service submits that there are opportunities for providing rate relief to flats mailers while generating approximately the same net revenue by "impos[ing] only a modest additional rate burden on letter mailers." *Id.* In doing so, the Service asks that the Commission's recommendations comply with two rate design criteria: (1) Ensuring that the revised Regular/Nonprofit Regular 5-digit Automation Letters rate remain below the Basic ECR/NECR letters rates to continue efforts to support the letters automation program; and (2) retaining the initially-recommended dropship discounts for Regular and Nonprofit Regular letters and flats rates.

Additionally, because any such flats/letters rate rebalancing would be based essentially on policy grounds, the Service submits that it is especially important to solicit the views of potentially affected Standard Mail users whose rates would be affected. In particular, the Service suggests that mailers may wish to address "their perceptions of the relative trade-offs between possible benefits of further rate adjustments, and the potential costs of further disruptions associated with any additional rate changes (which, at this point, would be of uncertain magnitude and would be implemented at an unknown date)." *Id.* at 11.

In their Decision, the Governors note that reconsideration may enable "individual mailers and their associations to address unique problems created by the Commission's [Standard Mail rate] recommendations." Decision

at 12. Participants commenting in favor of any rebalancing of Standard Mail letter and flat rates should specify with particularity the relief requested. Such comments should include, at a minimum, citations to the record in support of the requested relief and, if possible, specific rates consistent with the proposed relief.<sup>7</sup> Participants advocating retention of the recommended rates are advised to file initial comments to that effect, explaining the basis for their position.

While the procedures adopted herein provide an opportunity for comments, the Commission reminds potential commenters of the need to rely on record evidence.<sup>8</sup> Anecdotal comments unconnected to the record, particularly from persons not parties to the proceeding, are problematic and cannot be relied on by the Commission in resolving issues raised on reconsideration.<sup>9</sup>

#### IV. Ordering Paragraphs

*It is ordered:*

1. Initial comments on matters for which reconsideration has been requested are due no later April 12, 2007.
2. Reply comments are due no later than April 19, 2007.
3. Motions to reopen the record are due no later than April 4, 2007. As required by the Commission's Rules of Practice and Procedure, answers are due no later than April 11, 2007.
4. The Secretary shall arrange for publication of this notice and order in the **Federal Register**.

By the Commission.

**Steven W. Williams,**  
*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 15c2-3; SEC File No. 270-

<sup>7</sup> In addition, such comments should include, if possible, annual volumes of flats and catalogs by rate cell. If these data are not available, commenters should so indicate.

<sup>8</sup> Alternatively, judicial notice may be appropriate in some circumstances. See 39 CFR 3001.31(i).

<sup>9</sup> Comments from persons not parties to the proceeding will be included in the public comments file by the Commission.

539; OMB Control No. 3235-0599.

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

Proposed rule 15c2-3 (17 CFR 240.15c2-3) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) would require brokers, dealers and municipal securities dealers to provide point of sale disclosure to investors prior to effecting transactions in mutual fund shares, UIT interests and college savings plan interests. The disclosure would provide investors with targeted material information about distribution-related costs and remuneration that lead to conflicts of interest for their brokers, dealers or municipal securities dealers. The collection of information under proposed rule 15c2-3 would require some of the disclosure that is also required under rule 15c2-2. However, in contrast to the confirmation disclosure required under proposed rule 15c2-2, which a customer will not receive in writing until after a transaction has been effected, the point of sale disclosure that would be required under rule 15c2-3 would specifically require that investors be provided with information that they can use at the time they determine whether to enter into a transaction to purchase one of the covered securities.

In addition, the Commission, the self-regulatory organizations, and other securities regulatory authorities would be able to use records of point of sale disclosure delivered pursuant to proposed rule 15c2-3 in the course of examinations, and investigations, as well as enforcement proceedings against brokers, dealers and municipal securities dealers. However, no governmental agency would regularly receive any of the information described above.

Proposed rule 15c2-2 potentially would apply to all of the approximately 5,338 brokers, dealers and municipal securities dealers that are registered with the Commission and that are members of NASD. It would also potentially apply to approximately 62 additional municipal securities dealers. It is important to note, however, that the confirmation is a customary document used by the industry.

Proposed rule 15c2-3(d) would require brokers, dealers and municipal securities dealers to make records of their disclosure sufficient to

demonstrate compliance with the delivery requirements of paragraphs (a) and (b) of proposed rule 15c2-3. The brokers, dealers or municipal securities dealers would have to preserve those records for the period specified in Exchange Act rule 17a-4(b) (17 CFR 240.17a-4(b)), or, in the case of records of oral communications or the disclosures, for the period specified in Exchange Act rule 17a-4(b) with regard to similar written communications and records. While this requirement often can be satisfied by maintaining a copy of the disclosure document that was provided to the customer, in the case of disclosure solely by means of oral communications, this provision would require the broker, dealer or municipal securities dealer to have compliance procedures in place that are adequate to demonstrate that it provided the required disclosure. Based on discussions with industry participants, the Commission staff estimates that the annual burden to brokers, dealers and municipal securities dealers to develop and implement such compliance procedures would be approximately 2 million hours.<sup>1</sup>

Based on discussions with industry representatives, the Commission staff estimates that there are 1 billion confirmations delivered annually to customers in connection with securities transactions involving mutual fund shares, UIT interests and college savings plan interests. Proposed rule 15c2-3 would require brokers, dealers and municipal securities dealers to provide disclosure to customers about costs and conflicts at the point of sale for each of these transactions. The information that would be required to be delivered pursuant to proposed rule 15c2-3 would be derived from information that brokers, dealers and municipal securities dealers would otherwise prepare in order to fulfill their confirmation disclosure requirements under proposed rule 15c2-2.

The Commission staff further estimates from information provided by industry participants that it will take, on average, about one minute to deliver to

customers the point of sale disclosure required under proposed rule 15c2-3. The Commission staff also estimates from information provided by industry participants that the annual burden to brokers, dealers and municipal securities dealers to deliver at the point of sale the disclosure that would be required under proposed rule 15c2-3, and to maintaining systems that would permit such disclosure, would be 16.7 million hours.<sup>2</sup> As a result, the Commission staff estimates that the total annual burden to brokers, dealers and municipal securities dealers to comply with the requirements of proposed rule 15c2-3, would be 18.7 million hours.<sup>3</sup>

Based on discussions with industry participants, the Commission staff estimates that the annual cost to brokers, dealers and municipal securities dealers for call center services and other service providers which would assist with development and implementation of procedures sufficient to demonstrate compliance with the delivery requirements of paragraphs (a) and (b) of proposed rule 15c2-3 would be approximately \$40 million.<sup>4</sup>

In summary, the Commission staff estimates that the annual burden for complying with the requirements of proposed rule 15c2-3 would be 18.7 million hours and that the annual costs of complying with the requirements of proposed rule 15c2-3, including call center services, and recordkeeping and compliance costs, would be \$40 million.

Direct your written comments to R. Corey Booth, Director/Chief Information Officer, Securities and Exchange Commission, C/O Shirley Martinson, 6432 General Green Way, Alexandria, VA 22312 or send an e-mail to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 60 days of this notice.

Dated: March 21, 2007.

**Florence E. Harmon,**

*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 15c2-2; SEC File No. 270-538; OMB Control No. 3235-0598.

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 ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Proposed rule 15c2-2 (17 CFR 240.15c2-2) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) would provide investors in mutual fund shares, UIT interests and college savings plan interests with information in transaction confirmations, including information about certain distribution-related costs and certain distribution arrangements that create conflicts of interest for brokers, dealers, municipal securities dealers, and their associated persons. Proposed rule 15c2-2 specifically would require confirmation disclosure of information about loads and other distribution-related costs that directly impact the returns earned by investors in those securities. It also would require brokers, dealers and municipal securities dealers to disclose their compensation for selling those securities, and to disclose information about revenue sharing arrangements and portfolio brokerage arrangements that create conflicts of interest for them. Moreover, the proposed rule would require brokers, dealers and municipal securities dealers to inform customers about whether their salespersons or other associated persons receive extra compensation for selling certain covered securities.

In addition, the Commission, the self-regulatory organizations, and other securities regulatory authorities would be able to use records of confirmations delivered pursuant to proposed rule 15c2-2 in the course of examinations, and investigations, as well as enforcement proceedings against brokers, dealers and municipal securities dealers. However, no governmental agency would regularly receive any of the information described above.

<sup>1</sup> The staff estimates that the burden to the 10 vendors to maintain their systems would be 500,000 hours annually, or 50,000 hours per vendor. The staff estimates that the burden allocated to each client on a pro rata basis would be 100 hours annually per broker, dealer or municipal security dealer that uses vendors' services (500,000 hours/5,000 = 100 hours). The staff estimates, based on discussions with industry representatives, that the 400 brokers, dealers and municipal securities dealers that use proprietary confirmation delivery systems, on average, would have a burden of 3,750 hours annually for maintaining systems. Thus, the annual burden for maintaining systems is estimated to be 2 million hours ((5,000 × 100) + (400 × 3,750) = 2,000,000).

<sup>2</sup> (1 billion transactions at one minute per point of sale disclosure = 1 billion minutes; 1 billion minutes/60 minutes per hour = 16.7 million hours.)

<sup>3</sup> (16.7 million hours per point of sale disclosure + 2 million hours to develop and implement compliance procedures = 18.7 million hours.)

<sup>4</sup> Based on discussions with industry representatives, the staff estimates that the annual cost would be \$7,400 per broker, dealer or municipal securities dealer. (5,400 brokers, dealers and municipal securities dealers × \$7,400 = \$39,996,000.)