Monetizing Burden Hours. OMB seeks comment on the idea of monetizing the ''burden hour'' calculation by converting a collection's burden hours into a dollar measure of burden. If a dollar-equivalent value is calculated for a given collection's ''burden hours,'' a single estimate—in dollar terms—of the collection's overall burden could be provided by combining the monetized ''burden hour'' calculation with the ''cost burden'' calculation. This approach would raise a number of implementation issues. Two issues deserve particular attention. The first involves improving agency burden accounting practices to resolve salient differences and improve the dollar measure of out-of-pocket expenses. The second issue involves revising OMB guidance to agencies to provide consistency in the measurement of time and financial burden.

One potential benefit of developing a unified dollar measure of burden is that it would be available for cost-effectiveness analysis. Analytically, a dollar measure has the potential to better capture opportunity cost (as explained below), as well as the burden of PRA requirements not easily measured in hours (*e.g.,* recordkeeping). We seek comments on whether this and/or any other potential benefits would outweigh possible negative effects of this approach.

Monetizing burden hours would present a daunting methodological challenge and raises issues concerning certainty and ease of administration by agencies. The key issue would be how to estimate the value of the time devoted by the public to complying with the government's information collection requirements. Monetizing time burden presents different issues when considering information collections from firms versus collections from households. When information is collected from firms, it may be relatively easy to estimate the employee cost associated with responding to the collection. Indeed, some agencies already do this, using, for example, data on wage rates provided by the Bureau of Labor Statistics. The challenge in firm-based collections is primarily one of implementation. In order to assure a meaningful basis for comparison of costs across agencies, it will be necessary to obtain appropriate wage rates.

In estimating the appropriate wage rate, it is critical that the wage be properly ''loaded'' to include overhead and fringe benefit costs associated with the employee's time. For example, although a technical employee's wage may be $20 per hour, she may also receive benefits from her firm such as health and life insurance, paid vacation, and contributions to a retirement plan. To support her work activities, her employer must also purchase office supplies and services, including office space, furniture, heat and air conditioning, electricity, a telephone and telephone service, a personal computer, printer and photocopier access, and various office supplies. These costs need to be accounted for when assessing the overall impact of the Federal information collection on the resources of the respondent.

For household-based collections, the issue is inherently more complex. People are generally not paid a wage for non-work activities that they perform at home. Instead, for burden measurement purposes, the value that people place on their time is usually expressed in economic terms as ''opportunity cost,'' or the value of an activity (for example, spending time with family or developing a new professional skill) that a person would expect to engage in were he or she not occupied in complying with a government reporting requirement. Economic theory suggests that the opportunity cost of giving up an hour of leisure will be equal to the wage foregone from the next hour the individual would have worked. In most cases, this will be the same as the respondent's average wage. In other cases—for example, if the respondent is eligible for overtime pay for her forty-first hour of work in a week—it may be more than the average wage.

Alternatively, to measure the value of leisure time, agencies could observe the actual fees paid by individuals and businesses to others (*e.g.,* paid tax preparers, contractors) to prepare and submit information to the government. This measurement approach is sometimes referred to as ''revealed preference.''

Given the methodological and implementation challenges involved with monetizing burden hours, OMB requests responses to a number of specific questions:

- What are the advantages and disadvantages to trying to monetize burden hours?
- Is monetization worth doing at all?
- Should a single valuation of time (as represented, for example, by a respondent's wage rate or the fee paid to a contractor) be used for all collections, or should it be derived separately for different types of collections? A successful methodology may need to be tailored to individual collections and agencies.
- If the latter, should a single valuation be used for all respondents to a particular collection, or should valuations differ according to respondent characteristics. A successful methodology may need different values of time for collections responded to by individuals in different circumstances.
- Should OMB establish a means for reporting annual burden estimates rather than the three-year average burden estimates that are commonly reported today?

Categories of Burden. OMB also seeks comment on the advantages and disadvantages of expanding the categories of burden that agencies report to OMB. Such an approach could involve dividing estimates of Federal paperwork burden into three categories, with a fourth category representing an aggregate measure of burden. The first two categories, burden hours and financial costs, are used under the current approach, but could be improved using new procedures designed to address problems with burden estimation practices. A possible third category could be burden hours converted, or ''monetized,'' into dollars, depending on resolution of the issue discussed above. A possible fourth category might combine financial costs and monetized burden hours to create, for the first time, a dollar measure of total Federal paperwork burden.

Estimating Burden Hours. Whether or not the categories of burden are expanded, OMB plans to provide guidance to agencies intended to help them improve their estimates of time burden, measured in burden hours. OMB seeks comments specifically on ways to improve current agency hour burden estimation methodologies.

OMB will review and consider all comments received in response to this notice. It will then prepare a draft revised guidance to Federal agencies and provide another opportunity for public comment before issuing final guidance to agencies.

Dated: October 4, 1999.

John T. Spotila,

Administrator, Office of Information and Regulatory Affairs.

[FR Doc. 99–26846 Filed 10–13–99; 8:45 am]

BILLING CODE 3110–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. IC–24076; 812–11498]

Stephens Group, Inc. et al.; Notice of Application

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for permanent order under section 9(c) of the Investment Company Act of 1940 (the ''Act'').

SUMMARY: Applicants request a permanent order exempting them from section 9(a) of the Act with respect to a securities-related injunction entered in 1978.

APPLICANTS: Stephens Group, Inc. (''Stephens''), Stephens Inc. (''SI''), and Jackson T. Stephens (''Mr. Stephens'').

FILING DATE: The application was filed on February 5, 1999, and amended on September 7, 1999.

HEARING OR NOTIFICATION OF 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 November 1, 1999 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. An order granting the application will be issued unless the Commission orders a hearing or extends the temporary exemption.

ADDRESSES: Secretary, and Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549–0609; Applicants, 111 Center Street, Little Rock, AR 72201.

FOR FURTHER INFORMATION CONTACT: Janet M. Grossnickle, Attorney-Adviser, at (202) 942–0526, or Mary Kay French, Branch Chief, at (202) 942–0564, Division of Investment Management, Office of Investment Company Regulation.

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application is available for a fee from the Commission's Public Reference Branch, 450 Fifth Street, NW, Washington, DC 20549–0102 (tel. 202–942–8090).

Applicant's Representations

1. Stephens is an Arkansas corporation formed in 1933. Stephens, directly and through its subsidiaries, engages in a broad-based merchant and investment banking business. Stephens Holding Company (''Stephens Holding''), a wholly owned subsidiary of Stephens, owns SI, a broker-dealer registered under the Securities Exchange Act of 1934 (''Exchange Act'') and an investment adviser registered under the Investment Advisers Act of 1940 (''Advisers Act'').

2. Mr. Stephens served as Stephens' chief executive officer and chairman of the board of directors from 1956 until 1986. Mr. Stephens currently serves as chairman of the board of directors of Stephens and Stephens Holding. Mr. Stephens is not an officer or director of SI.[1]

3. SI has served as principal underwriter and administrator for registered investment companies (''funds'') since 1988. SI currently serves in those capacities for three sets of bank proprietary funds: Stagecoach Funds advised by Wells Fargo Bank, Barclays Global Investor Funds advised by Barclays Global Investors, and Nations Funds advised by NationsBank Advisors, Inc., a wholly-owned subsidiary of Bank of America (collectively, ''Bank Funds''). The Bank Funds include 127 individual funds with total assets in excess of $100 billion.

4. It is anticipated that, in connection with a recent merger between Wells Fargo & Company and Norwest Corporation, certain Stagecoach Funds may be merged with certain funds advised by subsidiaries of Norwest Corporation. In addition, in connection with the merger of BankAmerica and NationsBank, certain of the Pacific Horizon Funds, the propriety funds of BankAmerica, have been merged with Nations Funds. The two mergers are collectively referred to in this notice of the ''Bank Funds Merger.'' SI is serving or will serve as a principal underwriter and administrator to the merged funds.

5. In 1997, Stephens Capital Management, a division of SI, also began serving as a subadviser to Stephens Intermediate Bond Fund, a fund advised by Diversified Investment Advisors, Inc. (''Subadvised Fund''). The Subadvised Fund has approximately $25 million in assets.

6. On March 18, 1978, Stephens and Mr. Stephens consented to judgments of permanent injunction issued by the U.S. District Court for the District of Columbia in a matter brought by the Commission (''1978 Injunction'').[2] The Commission alleged that Stephens and Mr. Stephens acted as part of a group of persons, within the meaning of section 13(d) of the Exchange Act, for the purpose of acquiring, holding or disposing of the common stock of Financial General BankShares Inc., a bank holding company, and did not make the filings required by section 13(d) of the Exchange Act. In consenting to the 1978 Injunction, Stephens undertook, among other things, to implement and maintain certain procedures designed to prevent future violations of section 13(d) of the Exchange Act. SI disclosed the 1978 Injunction on both its Form ADV filed under the Advisers Act and Form BD filed under the Exchange Act.[3]

7. Applicants state that they did not seek an order under section 9(c) around the time of the 1978 Injunction because SI did not begin to engage in any fund-related activities until 1988. Applicants also state that they did not become aware of the section 9(a) violation until late November 1998, when the violation was discovered by counsel in preparation for the Bank Funds Merger.

8. Since the 1978 Injunction, Stephens has been involved in a number of securities related administrative proceedings with the Commission, state securities regulators and self-regulatory organizations. Three of these proceedings involved SI's investment advisory and fund-related activities. In 1997, SI consented to the imposition of a cease-and-desist order by the Commission that found, among other things, that SI violated the Advisers Act by failing to provide its clients with adequate disclosure concerning principal transactions in securities.[4] In 1996, SI entered into a consent order with the National Association of Securities Dealers, Inc. (''NASD'') accepting, among other things, a finding by the NASD that SI failed to exercise reasonable supervision over its representatives in connection with wholesale marketing of two closed-end funds.[5] In 1995, entered into an administrative settlement order with the Securities Division of the Massachusetts Secretary of State in connection with SI's failure not to sell shares of an open-end fund to 23 purchasers in Massachusetts prior to registration in Massachusetts.[6] Applicants state that none of the other administrative proceedings, all of which are listed in an exhibit to the application, involved

[1] Mr. Stephens is a registered representative with SI and would be considered an employee and associated person of SI.

[2] *SEC.* v. BCCI, et al. (U.S.D.Ct., D.C. Mar. 18, 1978) (Final Judgment of Permanent Injunction and Other Equitable Relief).

[3] In 1980, Stephens and Mr. Stephens also sought and received relief from the Commission removing a bar arising from the 1978 Injunction on their ability to rely on Regulation A under the Securities Act of 1933. Letter from George A. Fitzsimmons, Secretary. SEC to Larry W. Burks (Nov. 17, 1980).

[4] Advisers Act Release No. 1666 (Sept. 16, 1997).

[5] Letter of Acceptance, Waiver and Consent No. C059600 (Oct. 14, 1996).

[6] In the Matter of Stephens, Inc., No. E–94–108 (Feb. 16, 1995) (settlement order).

Stephens' investment advisory or fund-related activities.

Applicants' Legal Analysis

1. Section 9(a) of the Act, in relevant part, prohibits a person who has been enjoined from engaging in or continuing any conduct or practice in connection with the purchase or sale of a security from acting, among other things, as a principal underwriter or investment adviser for a registered investment company. Applicants state that, as result of the 1978 Injunction, Stephens and Mr. Stephens may be prohibited by section 9(a) from serving underwriter or investment adviser to funds.

2. Section 9(c) of the Act provides the Commission shall grant an application for an exemption from the disqualification provisions of section 9(a) if it is established that these provisions, as applied to the applicant, are unduly or disproportionately severe or that the conduct of applicant has been such as not to make it against the public interest or the protection of investors to grant the application.

3. Applicants seek a permanent order under section 9(c) with respect to the 1978 Injunction to permit SI to continue to serve as principal underwriter and investment adviser to funds, including the Bank Funds and the Subadvised Fund.[7] As noted above, applicants state that they did not seek an order under section 9(c) around the time of 1978 Injunction because SI did not begin to engage in any fund-related activities until 1988. Applicants also state that they did not become aware of the section 9(a) violation until late November 1998, when the violation was discovered by counsel in preparation from the Bank Funds Merger.

4. SI has undertaken to develop procedures designed to prevent violations of section 9(a) by SI and its affiliated persons. Further, SI's general counsel has attested that he has reviewed SI's compliance policies and procedures relating to compliance with section 9(a); that he reasonably believes that the policies and procedures have been fully implemented; and that the policies and procedures are designed reasonably to prevent violations of section 9(a) by SI and its affiliated persons.

5. Applicants state that the prohibitions of section 9(a) as applied to them would be unduly and is proportionately severe. Applicants assert that SI's ability to act as a principal underwriter to the Bank Funds and as a subadviser to the Subadvised Fund would result in the Funds and their shareholders facing potentially severe hardships. Applicants state that the Bank Funds would incur significant time, effort and expense to replicate the extensive selling network established by SI, and the disruption may have a significant effect on the management and expense ratios of the Bank Funds. Applicants also state that the Subadvised Fund would face similar consequences if required to change the subadviser. Applicants assert that representatives of the Band Funds and the Subadvised Funds have expressed satisfaction with the services provided by SI and a desire that SI continue to provide the services.

6. Applicants state that the boards of directors, including the disinterested directors, of the Bank Funds and the Subadvised Funds (''Boards'') have been apprised of Stephens's section 9(a) violation. Applicants represent that the Boards have determined that retaining SI as a principal underwriter (in the case of Bank Funds) or as a subadviser (in the case of the Subadvised Fund) is in the best interests of the Funds and their shareholders. Applicants further represent that the boards of directors of the funds with which certain of the Bank Funds are expected to merge considered the 1978 Injunction in determining whether to approve the proposed mergers.

7. Applicants assert that if SI were prohibited from providing services to the Bank Funds and the Subadvised Fund, the effect on SI's business and employees would be severe. Applicants state that SI has committed substantial resources over the past 10 years to establishing expertise in servicing funds, has developed extensive selling networks, and has over 80 employees dedicated to providing fund distribution and subadvisory services.

8. Applicants state that Mr. Stephens has at no time in the past been involved in SI's fund-related activities and will not be involved in that business in the future. Applicants also note that one of the conditions to the requested relief provides that Mr. Stephens will not be involved in SI's business of providing services to funds, and requires applicants to develop appropriate procedures.

9. Applicants also assert that their conduct has been such as not to make it against the public interest or the protection of investors to grant the exemption from section 9(a). Applicants note that over 20 years have passed since the 1978 Injunctions. Applicants also note that the 1978 Injunction did not in any way involve fund-related activities. Applicants further state that since the 1978 Injunction, neither SI nor any affiliated persons of SI has engaged in conduct that would result in disqualification under section 9(a) of the Act.

10. Applicants assert that SI has implemented policies and procedures designed to improve its securities law compliance. In addition, SI represents that it is taking, or has taken, the following specific actions. To the extent certain of these actions have not been completed yet, SI represents that they will be completed as soon as practicable.

a. Review and Modification of Compliance Policies and Procedures. The Legal and Compliance Departments are in the process of reviewing and updating SI's existing compliance policies and procedures, including policing and procedures related to its mutual fund distribution, administration and advisory operations. As part of this review, as appropriate, new policies and procedures are being designed and implemented; unneeded policies and procedures are being eliminated; and any inconsistencies among existing policies and procedures are being eliminated. The compliance policies and procedures are being consolidated into ''user-friendly'' manuals or LAN based systems (''Compliance Manuals''). Checklists, guidelines, worksheets, closing certificates and similar documents are being prepared to guide operating and compliance personnel in following compliance policies and procedures and in documenting compliance. SI is in the process of filling a newly-created compliance position, that will involve overseeing particular policies and procedures and ensuring that they are implemented and followed.

b. Reporting and Periodic Review. SI has adopted procedures that require its Legal and Compliance Departments to report to senior management of SI and its board of directors at regular intervals on the compliance program. These policies require the Legal and Compliance Departments, with the assistance of outside counsel and

[7] On February 5, 1999, the Commission simultaneously issued a notice of the filing of the application and a temporary conditional order exempting applicants from section 9(a) of the Act until April 5 1999. *Stephens Groups, Inc., et al.*, Investment Company Act Release No. 23682 (Feb. 5, 1999). On April 2, 1999, the Commission issued an order extending the temporary exemption until August 5, 1999. *In the Matter of Stephens Group Inc., et al.*, Investment Company Act Release No. 23769 (Apr. 2, 1999). On August 5, 1999, the Commission issued an order extending the temporary exemption until the date on which the Commission takes final action on the application for a permanent order exempting applicants from section 9(a) of the Act or, if earlier, November 5, 1999. *In the Matter of Stephens Group Inc., et al.*, Investment Company Act Release No. 23935 (Aug. 5, 1999).

compliance consultants, as appropriate, to conduct periodic reviews and evaluations of the compliance policies and procedures, as well as the operation of the compliance program as a whole. The Compliance Manuals will be promptly updated to reflect any necessary changes resulting from these reviews.

c. Compliance Documentation. SI is in the process of adopting procedures to document, on an ongoing basis, the procedures to be followed by Compliance Department personnel in performing particular functions; the actions to be taken by Compliance Department personnel as a result of following the procedures; and the actions to be taken by Legal and Compliance Department personnel and management to enforce the compliance policies and procedures. These policies will require compliance documentation to be prepared in a manner to facilities regulatory review of the factual background of the transactions or matters at issue, as well as the actions taken by SI's personnel.

d. Compliance Training. SI has commenced, and will continue to conduct, training on a firm-wide and departmental basis to ensure that its employees understand the purposes and functions of the compliance policies and procedures.

e. Professional Conduct Program. SI has developed, and is in the process of adopting, a professional conduct code and supporting infrastructure, including the assignment of senior management and Legal Department personnel to design, implement and oversee SI's professional conduct program (''Professional Conduct Program''). Under the Professional Conduct Program, SI will conduct comprehensive yearly professional conduct training. SI is in the process of implementing employee assistance procedures, that will be administered by third-party vendors and senior Legal Department personnel, to answer employee questions and address grievances. Once the Professional Conduct Program is adopted, SI will conduct periodic review and evaluation of the program with a view to enhancing and strengthening it.

Applicant's Conditions

Applicants agree that the following conditions may be imposed in any order granting the requested relief:

1. Mr. Stephens will not be involved in SI's business of providing services to register investment companies. Applicants will develop procedures designed reasonably to assure compliance with this condition.

2. For each to the three fiscal years beginning with the fiscal year ending December 31, 1999, SI's general counsel will certify annually that, after reasonable inquiry, he believes that SI has complied with its compliance procedures and policies in all material respects (and that any known material deviations from these policies and procedures, and any series of like deviations that in the aggregate are material, have been documented in SI's records), and that the procedures and policies continue to be reasonably designed to ensure SI's compliance with the federal securities laws. The certification will be delivered to the Commission to be attention of the Assistant Director, Office of Investment Company Regulation, Division of Investment Management, within 60 days of the end of SI's fiscal year. A copy of the certification will be maintained as part of the permanent records of SI and a copy of each certification will be delivered to the board of directors of each fund for which SI serves as distributor, underwriter, administrator or investment adviser.

By the Commission.

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. 99–26792 Filed 10–13–99; 8:45 am]

BILLING CODE 8010–01–M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–41971; File No. SR–NASD–99–21]

Self-Regulatory Organizations; Order Approving a Proposed Rule Change by the National Association of Securities Dealers, Inc. To Create a Dispute Resolution Subsidiary

September 30, 1999.

On April 26, 1999, the National Association of Securities Dealers, Inc. (''NASD'' or ''Association''), through its wholly owned regulatory subsidiary, NASD Regulation, Inc. (''NASD Regulation''), submitted to the Securities and Exchange Commission (''Commission''), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to create a dispute resolution subsidiary. The proposed rule change was published for comment in the **Federal Register** on June 17, 1999.[3] The Commission received one comment letter on the proposal from the Securities Industry Association (''SIA'').[4] This order approves the proposal.

I. Description of the Proposal

The Association is proposing (i) to create a dispute resolution subsidiary, NASD Dispute Resolution, Inc. (''NASD Dispute Resolution''), to handle dispute resolution programs; (ii) to adopt by-laws for the subsidiary; and (iii) to make conforming amendments to the Plan of Allocation and Delegation of Functions by NASD to Subsidiaries (''Delegation Plan''), the NASD Regulation By-Laws, and the Rules of the Association.

A. Background

The Association's arbitration and mediation programs were operated by the NASD Arbitration Department until 1996, when those functions were moved to NASD Regulation following a corporate reorganization. This reorganization in part grew out of recommendations of a Select Committee formed by the NASD and made up of individuals with significant experience in the securities industry and NASD governance (''the Rudman Committee'').[5] The Rudman Committee reviewed the Association's arbitration and mediation programs from December 1994 through August 1995. The Rudman Report was issued in September 1995.

In September 1994, the NASD established the Arbitration Policy Task Force, headed by David S. Ruder, former Chairman of the SEC (''the Ruder Task Force''), to study NAD arbitration and recommend improvements. The Ruder Task Force, composed of eight persons with various backgrounds in the area of securities arbitration, met from the Fall of 1994 to January 1996, when its Report was issued.[6]

Both the Rudman Committee and the Ruder Task Force made recommendations that affected the arbitration program. The Rudman Committee recommended that the NASD reorganize as a parent corporation with two relatively autonomous and strong operating subsidiaries, independent of one another. The resulting enterprise would consist of NASD, Inc., as parent, The Nasdaq Stock Market, Inc. (''Nasdaq'') as

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 41510 (June 10, 1999), 64 FR 32575.

[4] Letter from Stephen G. Sneeringer, Chairman of the Arbitration Committee, SIA, to Jonathan G. Katz, Secretary, Commission, dated July 8, 1999 (''SIA Letter'').

[5] *Report of the NASD Select Committee on Structure and Governance to the NASD Board of Governors* (September 1995) (''Rudman Report'').

[6] *Report of the Arbitration Policy Task force to the Board of Governors National Association of Securities Dealers, Inc.* (January 1996) (''Ruder Report'').