

request for approval of the collection of information discussed below.

Rule 0–4 (17 CFR 275.0–4) under the Investment Advisers Act of 1940 (“Act” or “Advisers Act”) (15 U.S.C. 80b–1 *et seq.*) entitled “General Requirements of Papers and Applications,” prescribes general instructions for filing an application seeking exemptive relief with the Commission. Rule 0–4 currently requires that every application for an Order for which a form is not specifically prescribed and which is executed by a corporation, partnership or other company and filed with the Commission contain a statement of the applicable provisions of the articles of incorporation, bylaws or similar documents, relating to the right of the person signing and filing such application to take such action on behalf of the applicant, and a statement that all such requirements have been complied with and that the person signing and filing the application is fully authorized to do so. If such authorization is dependent on resolutions of stockholders, directors, or other bodies, such resolutions must be attached as an exhibit to or quoted in the application. Any amendment to the application must contain a similar statement as to the applicability of the original statement of authorization. When any application or amendment is signed by an agent or attorney, rule 0–4 requires that the power of attorney evidencing his authority to sign shall state the basis for the agent’s authority and shall be filed with the Commission. Every application subject to rule 0–4 must be verified by the person executing the application by providing a notarized signature in substantially the form specified in the rule. Each application subject to rule 0–4 must state the reasons why the applicant is deemed to be entitled to the action requested with a reference to the provisions of the Act and rules thereunder, the name and address of each applicant, and the name and address of any person to whom any questions regarding the application should be directed. Rule 0–4 requires that a proposed notice of the proceeding initiated by the filing of the application accompany each application as an exhibit and, if necessary, be modified to reflect any amendment to the application.

The requirements of rule 0–4 are designed to provide Commission staff with the necessary information to assess whether granting the Orders of exemption are necessary and appropriate in the public interest and consistent with the protection of investors and the intended purposes of the Act.

Applicants for Orders under the Advisers Act can include registered investment advisers, affiliated persons of registered investment advisers, and entities seeking to avoid investment adviser status, among others. Commission staff estimates that it receives up to 4 applications per year submitted under rule 0–4 of the Act seeking relief from various provisions of the Advisers Act and, in addition, up to 3 applications per year submitted under Advisers Act rule 206(4)–5, which addresses certain “pay to play” practices and also provides the Commission the authority to grant applications seeking relief from certain of the rule’s restrictions. Although each application typically is submitted on behalf of multiple applicants, the applicants in the vast majority of cases are related entities and are treated as a single respondent for purposes of this analysis. Most of the work of preparing an application is performed by outside counsel and, therefore, imposes no hourly burden on respondents. The cost outside counsel charges applicants depends on the complexity of the issues covered by the application and the time required. Based on conversations with applicants and attorneys, the cost for applications ranges from approximately \$13,600 for preparing a well-precedented, routine (or otherwise less involved) application to approximately \$212,800 to prepare a complex or novel application. We estimate that the Commission receives 1 of the most time-consuming applications annually, 3 applications of medium difficulty, and 3 of the least difficult applications subject to rule 0–4.<sup>1</sup> This distribution gives a total estimated annual cost burden to applicants of filing all applications of \$392,500 [(1 × \$212,800) + (3 × \$46,300) + (3 × \$13,600)]. The estimate of annual cost burden is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even representative survey or study of the costs of Commission rules and forms.

The requirements of this collection of information are required to obtain or retain benefits. Responses will not be kept confidential. 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.

The public may view the background documentation for this information collection at the following website, [www.reginfo.gov](http://www.reginfo.gov). Comments should be

<sup>1</sup> The estimated 3 least difficult applications include the estimated 3 applications per year submitted under Advisers Act rule 206(4)–5.

directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Lindsay.M.Abate@omb.eop.gov](mailto:Lindsay.M.Abate@omb.eop.gov); and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: December 27, 2019.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2019–28319 Filed 12–31–19; 8:45 am]

BILLING CODE 8011–01–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87859; File No. SR–ICC–2019–012]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to ICC’s Treasury Operations Policies and Procedures

December 26, 2019.

#### I. Introduction

On November 1, 2019, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> a proposed rule change to revise the ICC Treasury Operations Policies and Procedures (“Treasury Policy”). The proposed rule change was published for comment in the **Federal Register** on November 21, 2019.<sup>3</sup> The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

#### II. Description of the Proposed Rule Change

ICC proposes to revise its Treasury Operations Policies and Procedures to make clarification updates related to its use of a committed repurchase (“repo”)

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to ICC’s Treasury Operations Policies and Procedures; Exchange Act Release No. 34–87549 (Nov. 15, 2019); 84 FR 64379 (Nov. 21, 2019) (“Notice”).

facility, acceptable forms of United States (“US”) Treasury collateral, and its collateral valuation process.<sup>4</sup>

#### A. Committed Repo Facility

ICC proposes amendments to the ‘Funds Management’ section of the Treasury Policy with respect to its use of a committed repo facility. Specifically, ICC proposes to clarify that the committed repo facility can be used to generate temporary liquidity through the sale and agreement to repurchase securities pledged by ICC Clearing Participants to satisfy their Initial Margin (“IM”) and Guaranty Fund (“GF”) requirements. ICC proposes to include that, when applicable, the facility can be used to rehypothecate sovereign debt from overnight repo investments in the event of a counterparty default. ICC also proposes to note that the facility can be used to sell, with the agreement to repurchase, sovereign debt securities that are held by ICC pursuant to direct investments in such securities.

#### B. Acceptable Collateral

ICC proposes to update the ‘Custodial Assets’ section of the Treasury Policy regarding acceptable forms of US Treasury collateral. Specifically, under the Treasury Policy, acceptable forms of non-cash collateral for IM and GF are limited to US Treasury securities. ICC proposes to specify that Floating Rate Notes and STRIPS are not acceptable forms of US Treasury collateral for IM and GF.

#### C. Collateral Valuation

ICC also proposes to add language stating that, with respect to its collateral valuation process, Euros that are used to cover a US Dollar denominated product requirement is first converted to the USD value and that the USD value is haircut at the Euro currency haircut.

### III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.<sup>5</sup> For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of

the Act<sup>6</sup> and Rules 17Ad–22(b)(3)<sup>7</sup> and 17Ad–22(d)(3)<sup>8</sup> thereunder.

#### A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act<sup>9</sup> requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to the extent applicable, derivative agreements, contracts and transactions; to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

As described above, the proposed rule change would clarify the additional ways that ICC can utilize the committed repo facility to generate liquidity when needed such as during a default. The Commission believes that these changes enhance and strengthen ICC’s financial condition by giving it additional ways to generate needed liquidity. This in turn would help ensure that ICC has the money to continue to clear and settle trades even during defaults.

Additionally, the Commission believes that ICC’s proposal to revise its Treasury Policy to state that Floating Rate Notes and STRIPS are not acceptable forms of US Treasury collateral for IM and GF enhances ICC’s documentation as to what securities meet its criteria for acceptable collateral and facilitates its ability to accept only such securities as collateral. The Commission believes that this in turn would enhance ICC’s financial position by ensuring it holds sufficiently liquid collateral to meet its IM and GF needs. This in turn would help ensure that ICC can liquidate collateral as needed in a prompt manner so that it has the funds to continue to clear and settle trades.

Further, the Commission believes that by adding language stating that, with respect to its collateral valuation process, Euros used to cover a US Dollar denominated product requirement will be subject to a haircut, ICC ensures that it is following its process for collateral valuation and discounting for native market and related currency risk. The Commission believes that this too would help strengthen ICC’s financial condition by facilitating the accurate valuation of its financial resources, which in turn would help ensure that ICC can monitor its collateral and know whether it needs to bolster these resources so that they are enough to

meet ICC’s obligations to clear and settle trades.

Therefore, for the reasons stated above, the Commission finds that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds in ICC’s custody and control, and, in general, protect investors and the public interest, consistent with the Section 17A(b)(3)(F) of the Act.<sup>10</sup>

#### B. Consistency With Rule 17Ad–22(b)(3)

Rule 17Ad–22(b)(3)<sup>11</sup> requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient financial resources to withstand, at a minimum, a default by the two Clearing Participant (“CP”) families to which it has the largest exposures in extreme but plausible market conditions. Because the committed repo facility can be used to support its clearance and settlement obligations by offering ways to generate cash when a default makes the sale of securities on a timely basis or same-day basis difficult, the Commission believes that the revisions to the Treasury Policy, which clarify various additional ways that that the committed repo facility can be used to generate temporary liquidity in the event of a default, enhances ICC’s ability to maintain sufficient financial resources to withstand, at a minimum, a default by the two CP families to which it has the largest exposures. Additionally, the Commission believes that the revisions to what is considered acceptable collateral will strengthen ICC’s financial resources by ensuring that it only holds sufficiently liquid securities that it can sell to meet its financial obligations and exclude those securities that are not as easily liquidated.

Therefore, for the reasons stated above, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(b)(3).<sup>12</sup>

#### C. Consistency With Rule 17Ad–22(d)(3)

Rule 17Ad–22(d)(3)<sup>13</sup> requires ICC to establish, implement, maintain and enforce written policies and procedures reasonably designed, as applicable, to hold assets in a manner that minimizes risk of loss or of delay in its access to them and to invest assets in instruments with minimal credit, market, and liquidity risks.

<sup>4</sup> The description herein is substantially excerpted from the Notice, 84 FR 64379.

<sup>5</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>6</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>7</sup> 17 CFR 240.17Ad–22(b)(3).

<sup>8</sup> 17 CFR 240.17Ad–22(d)(3).

<sup>9</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>11</sup> 17 CFR 240.17Ad–22(b)(3).

<sup>12</sup> *Id.*

<sup>13</sup> 17 CFR 240.17Ad–22(d)(3).

The Commission believes that in clarifying that the committed repo facility can be used to generate temporary liquidity through sale and agreement to repurchase pledged securities, to rehypothecate sovereign debt from overnight repos, and to sell, with the agreement to repurchase, sovereign debt held by ICC pursuant to direct investments in such securities, ICC is strengthening its ability to hold assets in a manner that minimizes delay in access to them by describing ways to utilize securities to quickly generate cash when the sale of those securities cannot otherwise be accomplished in a timely manner due to a clearing participant default. Further, the Commission believes that because ICC can use the facility to sell, with the agreement to repurchase, sovereign debt held by ICC pursuant to direct investments in such securities, it is lowering the liquidity risk of this particular sovereign debt.

Therefore, for the reasons stated above, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(d)(3).<sup>14</sup>

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act<sup>15</sup> and Rules 17Ad-22(b)(3) and (d)(3) thereunder.<sup>16</sup>

It is therefore ordered pursuant to Section 19(b)(2) of the Act<sup>17</sup> that the proposed rule change (SR-ICC-2019-012), be, and hereby is, approved.<sup>18</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2019-28277 Filed 12-31-19; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From: Securities and Exchange*

<sup>14</sup> 17Ad-22(d)(3).

<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>16</sup> 17 CFR 240.17Ad-22(b)(3) and 17 CFR 240.17Ad-22(d)(3).

<sup>17</sup> 15 U.S.C. 78s(b)(2).

<sup>18</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>19</sup> 17 CFR 200.30-3(a)(12).

Commission, Office of FOIA Services,  
100 F Street NE, Washington, DC  
20549-2736

#### Extension:

Rule 22c-1; SEC File No. 270-793, OMB Control No. 3235-0734

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

Rule 22c-1 (17 CFR 270.22c-1) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act" or "Act") enables a fund to choose to use "swing pricing" as a tool to mitigate shareholder dilution. Rule 22c-1 is intended to promote investor protection by providing funds with an additional tool to mitigate the potentially dilutive effects of shareholder purchase or redemption activity and a set of operational standards that allow funds to gain comfort using swing pricing as a means of mitigating potential dilution.

The respondents to amended rule 22c-1 are open-end management investment companies (other than money market funds or exchange-traded funds) that engage in swing pricing. Compliance with rule 22c-1(a)(3) is mandatory for any fund that chooses to use swing pricing to adjust its NAV in reliance on the rule.

While we are not aware of any funds that have engaged in swing pricing,<sup>1</sup> we are estimating for the purpose of this analysis that 5 fund complexes have funds that may adopt swing pricing policies and procedures in the future pursuant to the rule. We estimate that the total burden associated with the preparation and approval of swing pricing policies and procedures by those fund complexes that would use swing pricing will be 280 hours.<sup>2</sup> We also estimate that it will cost a fund complex \$43,406 to document, review and initially approve these policies and procedures, for a total cost of \$217,030.<sup>3</sup>

<sup>1</sup> No funds have engaged in swing pricing as reported on Form N-CEN as of August 14, 2019.

<sup>2</sup> This estimate is based on the following calculation: (48 + 2 + 6) hours × 5 fund complexes = 280 hours.

<sup>3</sup> These estimates are based on the following calculations: 24 hours × \$201 (hourly rate for a senior accountant) = \$4,824; 24 hours × \$463 (blended hourly rate for assistant general counsel (\$433) and chief compliance officer (\$493)) = \$11,112; 2 hours (for a fund attorney's time to prepare materials for the board's determinations) × \$340 (hourly rate for a compliance attorney) = \$680; 6 hours × \$4,465 (hourly rate for a board of 8 directors) = \$26,790; (\$4,824 + \$11,112 + \$680 +

Rule 22c-1 requires a fund that uses swing pricing to maintain the fund's swing policies and procedures that are in effect, or at any time within the past six years were in effect, in an easily accessible place.<sup>4</sup> The rule also requires a fund to retain a written copy of the periodic report provided to the board prepared by the swing pricing administrator that describes, among other things, the swing pricing administrator's review of the adequacy of the fund's swing pricing policies and procedures and the effectiveness of their implementation, including the impact on mitigating dilution and any back-testing performed.<sup>5</sup> The retention of these records is necessary to allow the staff during examinations of funds to determine whether a fund is in compliance with its swing pricing policies and procedures and with rule 22c-1. We estimate a time cost per fund complex of \$292.<sup>6</sup> We estimate that the total for recordkeeping related to swing pricing will be 20 hours, at an aggregate cost of \$1,460, for all fund complexes that we believe include funds that have adopted swing pricing policies and procedures.<sup>7</sup>

Amortized over a three-year period, we believe that the hour burdens and time costs associated with rule 22c-1, including the burden associated with the requirements that funds adopt policies and procedures, obtain board approval, and periodic review of an annual written report from the swing pricing administrator, and retain certain records and written reports related to swing pricing, will result in an average aggregate annual burden of 113.3 hours, and average aggregate time costs of \$73,803.<sup>8</sup>

These estimates of average costs are made solely for the purposes of the

\$26,790) = \$43,406; \$43,406 × 5 fund complexes = \$217,030. The hourly wages used are from SIFMA's Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead. The staff previously estimated in 2009 that the average cost of board of director time was \$4,000 per hour for the board as a whole, based on information received from funds and their counsel. Adjusting for inflation, the staff estimates that the current average cost of board of director time is approximately \$4,465.

<sup>4</sup> See rule 22c-1(a)(3)(iii).

<sup>5</sup> See *id.*

<sup>6</sup> This estimate is based on the following calculations: 2 hours × \$58 (hourly rate for a general clerk) = \$116; 2 hours × \$88 (hourly rate for a senior computer operator) = \$176. \$116 + \$176 = \$292.

<sup>7</sup> These estimates are based on the following calculations: 4 hours × 5 fund complexes = 20 hours. 5 fund complexes × \$292 = \$1,460.

<sup>8</sup> These estimates are based on the following calculations: (280 hours (year 1) + (3 × 20 hours) (years 1, 2 and 3)) + 3 = 113.3 hours; (\$217,030 (year 1) + (3 × \$1,460) (years 1, 2 and 3)) + 3 = \$73,803.