

registered representative is notified by the executor that he is to receive a bequest of \$5,000 from the customer's estate. Because the bequest would be received after the proposed rule change is effective, the registered representative would be required to provide written notice to the member firm and the member firm would be required to perform a reasonable assessment and determination of whether to approve or disapprove the registered representative receiving the bequest.

If a registered person was named as a beneficiary or to a position of trust prior to the registered person's association with the member firm, proposed Supplementary Material .04 would require the registered person, within 30 calendar days of becoming so associated, to provide notice to and receive approval from the member consistent with the rule to maintain the beneficiary status or position of trust. If a registered person was named to a position of trust prior to the proposed rule change becoming effective, proposed Supplementary Material .04 would apply if the registered person moved to a new member firm after the proposed rule change became effective.

For example, a registered representative was named a trustee by a customer who is not an immediate family member in 2018, consistent with Member Firm A's procedures. Notice to and approval by Member Firm A is not required in order for the registered representative to continue serving as the customer's trustee after the proposed rule change becomes effective. However, if the registered representative left Member Firm A to become associated with Member Firm B after the proposed rule change became effective, proposed Supplementary Material .04 would apply and the registered representative would need to provide notice to and receive approval from Member Firm B in order to continue serving in the position.

#### Application Beyond Broker-Dealers

Singer stated that "FINRA's best intentions can only be extended so far" and that state and federal laws may need to be revised to address the consequences of financial professionals taking advantage of elderly or vulnerable customers. FINRA welcomes the opportunity to work with other regulators to address misconduct in this area.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal**

**Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-020 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2020-020. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal

identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-FINRA-2020-020 and should be submitted on or before July 30, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-495, OMB Control No. 3235-0553]

### Proposed Collection; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F St. NE, Washington, DC 20549-2736.

#### Extension:

Rule 19b-7 and Form 19b-7

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("SEC" or "Commission") is soliciting comments on the existing collection of information provided for in Rule 19b-7 (17 CFR 240.19b-7) and Form 19b-7—Filings with respect to proposed rule changes submitted pursuant to Section 19b(7) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) ("Exchange Act"). The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

The Exchange Act provides a framework for self-regulation under which various entities involved in the securities business, including national securities exchanges and national securities associations (collectively, self-regulatory organizations or "SROs"), have primary responsibility for regulating their members or participants. The role of the Commission in this framework is primarily one of oversight; the Exchange Act charges the Commission with supervising the SROs and assuring that each complies with and advances the policies of the Exchange Act.

The Exchange Act was amended by the Commodity Futures Modernization

<sup>29</sup> 17 CFR 200.30-3(a)(12).

Act of 2000 (“CFMA”). Prior to the CFMA, federal law did not allow the trading of futures on individual stocks or on narrow-based stock indexes (collectively, “security futures products”). The CFMA removed this restriction and provided that trading in security futures products would be regulated jointly by the Commission and the Commodity Futures Trading Commission (“CFTC”).

The Exchange Act requires all SROs to submit to the SEC any proposals to amend, add, or delete any of their rules. Certain entities (Security Futures Product Exchanges) would be notice registered national securities exchanges only because they trade security futures products. Similarly, certain entities (Limited Purpose National Securities Associations) would be limited purpose national securities associations only because their members trade security futures products. The Exchange Act, as amended by the CFMA, established a procedure for Security Futures Product Exchanges and Limited Purpose National Securities Associations to provide notice of proposed rule changes relating to certain matters.<sup>1</sup> Rule 19b-7 and Form 19b-7 implemented this procedure. Effective April 28, 2008, the SEC amended Rule 19b-7 and Form 19b-7 to require that Form 19b-7 be submitted electronically.<sup>2</sup>

The collection of information is designed to provide the Commission with the information necessary to determine, as required by the Exchange Act, whether the proposed rule change is consistent with the Exchange Act and the rules thereunder. The information is used to determine if the proposed rule change should remain in effect or abrogated.

The respondents to the collection of information are SROs. Three respondents file an average total of approximately 2 responses per year.<sup>3</sup> Each response takes approximately 12.5 hours to complete and each amendment

takes approximately 3 hours to complete, which correspond to an estimated annual response burden of 25 hours ((2 rule change proposals × 12.5 hours) + (0 amendments<sup>4</sup> × 3 hours)). The average internal cost of compliance per response is \$5,050 (11.5 legal hours multiplied by an average hourly rate of \$420<sup>5</sup> plus 1 hour of paralegal work multiplied by an average hourly rate of \$220<sup>6</sup>). The total resulting internal cost of compliance for a respondent is \$10,100 per year (2 responses × \$5,050 per response).

In addition to filing its proposed rule changes and any amendments thereto with the Commission, a respondent is also required to post each of its proposals and any amendments thereto, on its website. This process takes approximately 0.5 hours to complete per proposal and 0.5 hours per amendment. Thus, for approximately 2 responses and 0 amendments,<sup>7</sup> the total annual reporting burden on a respondent to post these on its website is 1 hour ((2 proposals per year × 0.5 hours per filing) + (0 amendments × 0.5 hours)). Further, a respondent is required to update its rulebook, which it maintains on its website, to reflect the changes that it makes in each proposal and any amendment thereto. Thus, for all filings that were not withdrawn by a respondent (0 withdrawn filings in calendar years 2017–2019) or disapproved by the Commission (0 disapproved filings in calendar years 2017–2019), a respondent was required to update its online rulebook to reflect the effectiveness of 2 filings on average, each of which takes approximately 4 hours to complete per proposal. Thus, the total annual reporting burden for updating an online rulebook is 8 hours ((2 filings per year – 0 withdrawn

filings – 0 disapproved filings) × 4 hours).

Compliance with Rule 19b-7 is mandatory. Information received in response to Rule 19b-7 is not kept confidential; the information collected is public information.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: July 2, 2020.

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89216; File No. SR-LTSE-2020-10]

### Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Designation of Members for Mandatory Disaster Recovery Testing Pursuant to Regulation SCI for Calendar Year 2020

July 2, 2020.

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> notice is hereby given that on June 22, 2020, Long-Term Stock Exchange, Inc.

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>1</sup> These matters are higher margin levels, fraud or manipulation, recordkeeping, reporting, listing standards, or decimal pricing for security futures products; sales practices for security futures products for persons who effect transactions in security futures products; or rules effectuating the obligation of Security Futures Product Exchanges and Limited Purpose National Securities Associations to enforce the securities laws. See 15 U.S.C. 78s(b)(7)(A).

<sup>2</sup> See Securities Exchange Act Release No. 57526 (March 19, 2008), 73 FR 16179 (March 27, 2008).

<sup>3</sup> There are currently four Security Futures Product Exchanges and one Limited Purpose National Securities Association, the National Futures Authority. However, two Security Futures Product Exchanges currently do not trade security futures products and, as a result, have not been filing proposed rule changes. Therefore, there are currently three respondents to Form 19b-7.

<sup>4</sup> SEC staff notes that even though no amendments were received in the previous three years and that staff does not anticipate the receipt of any amendments, calculation of amendments is a separate step in the calculation of the PRA burden and it is possible that amendments are filed in the future. Therefore, instead of removing the calculation altogether, staff has shown the calculation as anticipating zero amendments.

<sup>5</sup> The \$420 per hour figure for an Attorney is from SIFMA’s *Management & Professional Earnings in the Securities Industry 2013*, modified by Commission staff to account for inflation and an 1800-hour work-year and then multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

<sup>6</sup> The \$220 per hour figure for a Paralegal is from SIFMA’s *Management & Professional Earnings in the Securities Industry 2013*, modified by Commission staff to account for inflation and an 1800-hour work-year and then multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

<sup>7</sup> See *supra* note 4.