

off if June 19 fell on a Saturday or Sunday. The Exchange further states that the proposed change does not raise any new or novel issues. For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>14</sup>

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or 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-NYSENAT-2021-18 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-NYSENAT-2021-18. 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

<sup>14</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. 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-NYSENAT-2021-18, and should be submitted on or before October 26, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-541, OMB Control No. 3235-0620]

### Submission for OMB Review; Comment Request

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

#### *Extension:*

Rule 22c-2

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 (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-2 (17 CFR 270.22c-2) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act" or "Act") requires the board of directors (including a majority of independent directors) of most registered open-end investment

companies ("funds") to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Rule 22c-2 also requires a fund to enter into written agreements with their financial intermediaries (such as broker-dealers and retirement plan administrators) under which the fund, upon request, can obtain certain shareholder identity and trading information from the intermediaries. The written agreement must also allow the fund to direct the intermediary to prohibit further purchases or exchanges by specific shareholders that the fund has identified as being engaged in transactions that violate the fund's market timing policies. These requirements enable funds to obtain the information that they need to monitor the frequency of short-term trading in omnibus accounts and enforce their market timing policies.

The rule includes three "collections of information" within the meaning of the Paperwork Reduction Act of 1995 ("PRA").<sup>1</sup> First, the rule requires boards to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Second, funds must enter into information sharing agreements with all of their "financial intermediaries"<sup>2</sup> and maintain a copy of the written information sharing agreement with each intermediary in an easily accessible place for six years. Third, pursuant to the information sharing agreements, funds must have systems that enable them to request frequent trading information upon demand from their intermediaries, and to enforce any restrictions on trading required by funds under the rule.

The collections of information created by rule 22c-2 are necessary for funds to effectively assess redemption fees, enforce their policies in frequent trading, and monitor short-term trading,

<sup>1</sup> 44 U.S.C. 3501-3520.

<sup>2</sup> The rule defines a Financial Intermediary as: (i) Any broker, dealer, bank, or other person that holds securities issued by the fund in nominee name; (ii) a unit investment trust or fund that invests in the fund in reliance on section 12(d)(1)(E) of the Act; and (iii) in the case of a participant directed employee benefit plan that owns the securities issued by the fund, a retirement plan's administrator under section 316(A) of the Employee Retirement Security Act of 1974 (29 U.S.C. 1002(16)(A)) or any person that maintains the plans' participant records. Financial Intermediary does not include any person that the fund treats as an individual investor with respect to the fund's policies established for the purpose of eliminating or reducing any dilution of the value of the outstanding securities issued by the fund. Rule 22c-2(c)(1).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

including market timing, in omnibus accounts. These collections of information are mandatory for funds that redeem shares within seven days of purchase. The collections of information also are necessary to allow Commission staff to fulfill its examination and oversight responsibilities.

Rule 22c-2(a)(1) requires the board of directors of all registered open-end management investment companies and series thereof (except for money market funds, ETFs, or funds that affirmatively permit short-term trading of its securities) to approve a redemption fee for the fund, or instead make a determination that a redemption fee is either not necessary or appropriate for the fund. Commission staff understands that the boards of all funds currently in operation have undertaken this process for the funds they currently oversee, and the rule does not require boards to review this determination periodically once it has been made. Accordingly, we expect that only boards of newly registered funds or newly created series thereof would undertake this determination. Commission staff estimates that 36 funds (excluding money market funds and ETFs) are newly formed each year and would need to make this determination.<sup>3</sup>

Based on conversations with fund representatives,<sup>4</sup> Commission staff estimates that it takes 2 hours of the board's time as a whole (at a rate of \$4,465 per hour)<sup>5</sup> to approve a redemption fee or make the required determination on behalf of all series of the fund. In addition, Commission staff estimates that it takes compliance personnel of the fund 8 hours (at a rate of \$72 per hour)<sup>6</sup> to prepare trading, compliance, and other information regarding the fund's operations to enable the board to make its determination, and takes internal compliance counsel of the fund 3 hours (at a rate of \$373 per hour)<sup>7</sup> to review

this information and present its recommendations to the board. Therefore, for each fund board that undertakes this determination process, Commission staff estimates it expends 13 hours<sup>8</sup> at a cost of \$10,625.<sup>9</sup> As a result, Commission staff estimates that the total time spent for all funds on this process is 468 hours at a cost of \$382,500.<sup>10</sup>

Rule 22c-2(a)(2) also requires a fund to enter into information-sharing agreements with each of its financial intermediaries. Commission staff understands that all currently registered funds have already entered into such agreements with their intermediaries. Funds enter into new relationships with intermediaries from time to time, however, which requires them to enter into new information sharing agreements. Commission staff understands that, in general, funds enter into information-sharing agreement when they initially establish a relationship with an intermediary, which is typically executed as an addendum to the distribution agreement. The Commission staff understands that most shareholder information agreements are entered into by the fund group (a group of funds with a common investment adviser), and estimates that there are currently 840 currently active fund groups.<sup>11</sup> Commission staff estimates that, on average, each active fund group enters into relationships with 3 new intermediaries each year. Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and modifies that agreement according to the requirements of each intermediary. Commission staff estimates that negotiating the terms and entering into an information sharing agreement takes a total of 4 hours of attorney time (at a rate of \$425 per hour)<sup>12</sup> per

intermediary (representing 2.5 hours of fund attorney time and 1.5 hours of intermediary attorney time).

Accordingly, Commission staff estimates that it takes 12 hours at a cost of \$5,100 each year<sup>13</sup> to enter into new information sharing agreements, and all existing market participants incur a total of 10,080 hours at a cost of \$4,284,000.<sup>14</sup>

In addition, newly created funds advised by new entrants (effectively new fund groups) must enter into information sharing agreements with all of their financial intermediaries. Commission staff estimates that there are 41 new fund groups that form each year that will have to enter into information sharing agreements with each of their intermediaries.<sup>15</sup> Commission staff estimates that fund groups formed by new advisers typically have relationships with significantly fewer intermediaries than existing fund groups, and estimates that new fund groups will typically enter into 100 information sharing agreements with their intermediaries when they begin operations.<sup>16</sup> As discussed previously, Commission staff estimates that it takes 4 hours of attorney time (at a rate of \$425 per hour)<sup>17</sup> per intermediary to enter into information sharing agreements. Therefore, Commission staff estimates that each newly formed fund group will incur 400 hours of attorney time at a cost of \$170,000<sup>18</sup> and that all newly formed fund groups will incur a total of 16,400 hours at a cost of \$6,970,000 to enter into information sharing agreements with their intermediaries.<sup>19</sup>

*the Securities Industry 2013*, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>13</sup> This estimate is based on the following calculations: (4 hours × 3 new intermediaries = 12 hours); (12 hours × \$425 = \$5,100).

<sup>14</sup> This estimate is based on the following calculations: (12 hours × 840 fund groups = 10,080 hours); (10,080 hours × \$425 = \$4,284,000).

<sup>15</sup> ICI, 2020 Investment Company Fact Book at Fig 2.12 (2020) (<https://www.ici.org/research/stats/factbook>).

<sup>16</sup> Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and then modifies that agreement according to the requirements of each intermediary.

<sup>17</sup> The \$425 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 an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>18</sup> This estimate is based on the following calculations: (4 hours × 100 intermediaries = 400 hours); (400 hours × \$425 = \$170,000).

<sup>19</sup> This estimate is based on the following calculations: (41 fund groups × 400 hours = 16,400 hours); (\$425 × 16,400 = \$6,970,000).

<sup>3</sup> This estimate is based on the number of registrants filing initial Form N-1A or N-3 from 2017 to 2019. This estimate does not carve out money market funds, ETFs, or funds that affirmatively permit short-term trading of their securities, so this estimate corresponds to the outer limit of the number of registrants that would have to make this determination.

<sup>4</sup> Unless otherwise stated, estimates throughout this analysis are derived from a survey of funds and conversations with fund representatives.

<sup>5</sup> The estimate of \$4,465 per hour for the board's time as a whole is based on conversations with representatives of funds and their legal counsel.

<sup>6</sup> The \$72 per hour figure for a compliance clerk is from SIFMA's *Office Salaries in the Securities Industry 2013*, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

<sup>7</sup> The \$373 per hour figure for internal compliance counsel is from SIFMA's *Management*

*& Professional Earnings in the Securities Industry 2013*, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>8</sup> This calculation is based on the following estimates: (2 hours of board time + 3 hours of internal compliance counsel time + 8 hours of compliance clerk time = 13 hours).

<sup>9</sup> This calculation is based on the following estimates: (\$8,930 (\$4,465 board time × 2 hours = \$8,930) + \$576 (\$72 compliance time × 8 hours = \$576) + \$1,119 (\$373 attorney time × 3 hours = \$1,119) = \$10,625).

<sup>10</sup> This calculation is based on the following estimates: (13 hours × 36 funds = 468 hours); (\$10,625 × 36 funds = \$382,500).

<sup>11</sup> ICI, 2020 Investment Company Fact Book at Fig 2.12 (2020) (<https://www.ici.org/research/stats/factbook>).

<sup>12</sup> The \$425 per hour figure for attorneys is from SIFMA's *Management & Professional Earnings in*

Rule 22c-2(a)(3) requires funds to maintain records of all information-sharing agreements for 6 years *in an easily accessible place*. Commission staff understands that most shareholder information agreements are stored at the fund group level and estimates that there are currently approximately 840 fund groups.<sup>20</sup> Commission staff understands that information-sharing agreements are generally included as addendums to distribution agreements between funds and their intermediaries, and that these agreements would be stored as required by the rule as a matter of ordinary business practice. Therefore, Commission staff estimates that maintaining records of information-sharing agreements requires 10 minutes of time spent by a general clerk (at a rate of \$64 per hour)<sup>21</sup> per fund, each year. Accordingly, Commission staff estimates that all funds will incur 140 hours at a cost of \$8,960<sup>22</sup> in complying with the recordkeeping requirement of rule 22c-2(a)(3).

Therefore, Commission staff estimates that to comply with the information sharing agreement requirements of rule 22c-2(a)(2) and (3), it requires a total of 26,620 hours at a cost of \$11,262,960.<sup>23</sup>

The Commission staff estimates that on average, each fund group requests shareholder information once a week, and gives instructions regarding the restriction of shareholder trades every day, for a total of 417 responses related to information sharing systems per fund group each year, and a total 350,280 responses for all fund groups annually.<sup>24</sup> In addition, as described above, the staff estimates that funds make 36 responses related to board determinations, 2,520 responses related to new intermediaries of existing fund groups, 4,100 responses related to new fund group information sharing agreements, and 840 responses related to recordkeeping, for a total of 7,496 responses related to the other requirements of rule 22c-2. Therefore,

the Commission staff estimates that the total number of responses is 357,776 (350,280 + 7,496 = 357,776).

The Commission staff estimates that the total hour burden for rule 22c-2 is 27,088 hours at a cost of \$11,645,460.<sup>25</sup> Responses provided to the Commission will be accorded the same level of confidentiality accorded to other responses provided to the Commission in the context of its examination and oversight program. Responses provided in the context of the Commission's examination and oversight program are generally kept confidential. Complying with the information collections of rule 22c-2 is mandatory for funds that redeem their shares within 7 days of purchase. 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 background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: September 29, 2021.

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-93177; File No. SR-ICC-2021-019]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC CDS Instrument On-Boarding Policies and Procedures

September 29, 2021.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> and

<sup>25</sup> This estimate is based on the following calculations: (468 hours (board determination) + 26,620 hours (information sharing agreements) = 27,088 total hours); (\$382,500 (board determination) + \$11,262,960 (information sharing agreements) = \$11,645,460).

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

Rule 19b-4,<sup>2</sup> notice is hereby given that on September 22, 2021, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the CDS Instrument On-boarding Policies and Procedures ("Instrument On-boarding Policy"). These revisions do not require any changes to the ICC Clearing Rules ("Rules").

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change, security-based swap submission, or advance notice and discussed any comments it received on the proposed rule change, security-based swap submission, or advance notice. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) *Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

(a) Purpose

ICC proposes to amend the Instrument On-boarding Policy. This document provides an overview of ICC's on-boarding process for new instruments, which includes selecting new instruments for clearing, configuring internal systems, notifying and receiving feedback from stakeholders, and ensuring operational readiness by ICC and its Clearing Participants ("CPs"). The proposed changes amend the guiding principles that ICC maintains for instrument selection. ICC believes that such changes will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. ICC proposes to make such changes effective following Commission approval of the proposed rule change. The proposed rule change is described in detail as follows.

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

<sup>20</sup> ICI, 2020 Investment Company Fact Book at Fig 2.12 (2020) (<https://www.ici.org/research/stats/factbook>).

<sup>21</sup> The \$64 per hour figure for a general clerk is derived from SIFMA's Office Salaries in the Securities Industry 2013 modified to account for an 1800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits, and overhead.

<sup>22</sup> This estimate is based on the following calculations: (10 minutes × 840 fund groups = 8,400 minutes); (8,400 minutes/60 = 140 hours); (140 hours × \$64 = \$8,960).

<sup>23</sup> This estimate is based on the following calculations: (10,080 hours + 16,400 hours + 140 minutes) = 26,620 hours); (\$4,284,000 + \$6,970,000 + \$8,960 = \$11,262,960).

<sup>24</sup> This estimate is based on the following calculations: (52 + 365 = 417); (417 × 840 fund groups = 350,280).