hour.[6] The staff therefore estimates that the aggregate annual burden, in dollars, of the hours needed to comply with the paperwork requirements of the rule is approximately $3,586,200 (($8,600 hours × $253 = $2,175,800) + (17,200 hours × $82 = $1,410,400)). It is estimated that there is no cost burden of rule 19a–1 other than these estimates.

To comply with state law, many investment companies already must distinguish the different sources from which a shareholder distribution is paid and disclose that information to shareholders. Thus, many investment companies would be required to distinguish the sources of shareholder dividends whether or not the Commission required them to do so under rule 19a–1.

These estimates are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collection of information required by rule 19a–1 is mandatory for management companies that make statements to shareholders pursuant to section 19(a) of the Act. 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.* 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 by January 22, 2024 to (i) *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov* and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: *PRA_Mailbox@sec.gov.*

Dated: December 18, 2023.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023–28118 Filed 12–20–23; 8:45 am]

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[6] Hourly rates are derived from SIFMA's Office Salaries in the Securities Industry 2013, modified to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99191; File No. SR–BOX–2023–30]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend IM–7150–1 and Rule 7250 (Quote Mitigation)

December 15, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on December 11, 2023, BOX Exchange LLC (the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend IM–7150–1 and Rule 7250 (Quote Mitigation). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at *https://rules.boxexchange.com/rulefilings.*

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of the proposed rule change is to modernize and improve the operation of the rules. Specifically, the Exchange is proposing to amend: (1) IM–7150–1 to remove certain language to provide better consistency with the surveillance the Financial Industry Regulatory Authority, Inc. (''FINRA'') currently provides for the Exchange; and (2) Rule 7250 (Quote Mitigation) to update and clarify the quote mitigation process used by the Exchange. The Exchange is proposing to make such changes in response to requests from Exchange Regulation Staff in an effort to improve the efficacy of the Exchange's existing regulatory framework.

IM–7150–1

IM–7150–1 (a) currently provides that: ''it shall be considered conduct inconsistent with just and equitable principles of trade for any Initiating Participant to engage in a pattern of conduct where the Initiating Participant submits Primary Improvement Orders into the PIP process for two (2) contracts or less for the purpose of manipulating the PIP process in order to gain a higher allocation percentage than the Initiating Participant would have otherwise received in accordance with the allocation procedures set forth in Rule 7150.'' [3] The Exchange now proposes to remove the language that states, ''2 contracts or less.''

FINRA currently provides surveillance for this requirement for the Exchange and other options exchanges. FINRA's surveillance program monitors for manipulative activity by a market participant and includes surveillance designed to detect activity where an Initiating Participant submits Primary Improvement Orders into the PIP process for four (4) contracts or less for the purpose of manipulating the PIP process in order to gain a higher allocation percentage than the Initiating Participant would have otherwise received. Even though IM–7150–1 as written, notates that a pattern of orders for two (2) contracts may indicate manipulation of the PIP Process, FINRA has identified the potential for manipulation for orders greater than two (2) contracts and expanded such surveillance accordingly. For example, unbundling an order for 50 contracts into four (4) lots may have the same effect as unbundling the order for two (2) contracts.[4] Under the current rule

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

[2] 17 CFR 240.19b–4.

[3] *See* IM–7150–1.

[4] For example, for one instance of 100 contracts, the BOX Firm ID would be entitled to an allocation of at least 40% or 40 contracts. If the customer order is sent as multiple small PIPs for 2 contracts, the BOX Participant would receive at least 50% of each PIP sent (2 * .40 = .8, rounded up to 1 contract). Therefore, the total allocation of the original 100 contract order would be at least 50% or 50 contracts, rather than 40% or 40 contracts, a potential over allocation of at least 10 contracts.

Continued

text, if FINRA were to discover manipulative behavior on three (3) or four (4) contracts it would be more difficult to prosecute and deter this manipulative behavior on BOX. The Exchange believes that the removal of the two (2) contracts or less language would help align the rule text with current FINRA surveillance practices and improve the efficacy of the Rule by allowing FINRA and the Exchange to more readily prosecute and deter manipulative behavior in situations where the Initiating Participant [5] submits Primary Improvement Orders [6] into the PIP [7] process for three (3) or four (4) contracts, as well as one (1) or two (2) contracts, for the purpose of manipulating the PIP process.

Rule 7250

BOX Rule 7250 currently states that: ''in order to control the number of quotations the Exchange disseminates, the Exchange shall utilize a mechanism so that newly-received quotations and other changes to the Exchange's best bid and offer are not disseminated for a period of up to, but not more than one second.'' [8] The rule as it currently reads, provides that the Exchange always utilizes a mechanism to control the number of quotations disseminated by the Exchange. The Exchange is now proposing to amend this language to allow the Exchange to utilize the mechanism when appropriate.

BOX's Quote Mitigation mechanism was originally adopted over fifteen years ago as a response to the implementation of the Penny Pilot Program [9] amid concerns that market quality and system capacity would be overwhelmed by the increase in options market data traffic created by the Penny Pilot Program. The Exchange sought to reduce both peak and overall market data traffic by bundling order updates within a certain timeframe. The rule was amended in 2012 to adopt the existing quote mitigation mechanism that systemically limits the dissemination of quotations and other changes to the BOX best bid and offer according to prescribed time criteria (a ''holdback timer'').[10] For example, if there is a change in the price of a security underlying an option, multiple market participants may adjust the price or size of their quotes. Rather than disseminating each individual change, the holdback timer permits BOX to wait until multiple Participants have adjusted their quotes and then disseminates a new quotation.

Through internal review, the Exchange found that, while this mechanism and functionality still exists on the Exchange, it is not always necessary. The Exchange is proposing to amend the rule to replace the ''shall'' with ''may'' and instead provide that ''the Exchange may utilize a mechanism so that newly-received quotations and other changes to the Exchange's best bid and offer are not disseminated for a period of up to, but not more than one second.'' This proposed amendment will modernize the Rule by still allowing the Exchange to control the number of quotations that the Exchange disseminates using the aforementioned mechanism if the need arises but will enable the Exchange to rely on other methods within the overall BOX quote mitigation strategy. For example, BOX actively monitors the quotation activity of its Market Makers. When the Exchange detects that a Market Maker is disseminating an unusual number of quotes, the Exchange contacts that Market Maker and alerts it to such activity. Such monitoring frequently reveals that the Market Maker may have internal system issues or has incorrectly set system parameters that were not immediately apparent. Alerting a Market Maker to possible excessive quoting usually leads the market maker to take steps to reduce the number of its quotes. BOX also has a policy of withdrawing approval of underlying securities with low trading volume, thereby eliminating the quotation traffic attendant to such listings.

The Exchange believes that the rule, as written, is outdated and while the Exchange still has the ability to utilize the quote mitigation mechanism, it is not always necessary to do so. The Exchange believes this proposed change will better align Rule 7250 with current Exchange practices and provide greater efficacy and flexibility to the current quote mitigation strategies in place at the Exchange.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,[11] in general, and Section 6(b)(5) of the Act,[12] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Specifically, the Exchange believes that the proposed amendment to IM–7150–1 to remove the language that limits the prohibition for any Initiating Participant to engage in a pattern of conduct where the Initiating Participant submits Primary Improvement Orders into the PIP process for the purpose of manipulating the PIP process to only cover Primary Improvement Orders of two (2) contracts or less will help protect investors and the public interest by allowing greater protection against manipulative behaviors. Although the Rule currently covers orders of two (2) contracts or less, FINRA currently surveils and reviews the submission of four (4) contracts or less for the Exchange. Even though IM–7150–1 as written, notates that a pattern of orders for two (2) contracts may indicate manipulation of the PIP Process, FINRA has identified the potential for manipulation for orders greater than two (2) contracts and now the Exchange seeks to expand the rule language accordingly. This proposed amendment to remove the two (2) contracts or less limitation from IM–7150–1 is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest, by aligning the Rule to current surveillance practices and allowing FINRA to prosecute and deter manipulative behavior in violation of this Rule relating to three (3) or four (4) contracts on behalf of the Exchange more effectively. The Exchange believes that the removal of the two (2) contracts or less language would improve the efficacy of FINRA's surveillance by helping FINRA and the Exchange prosecute and deter manipulative behavior in situations where the Initiating Participant submits Primary

Similarly, if the customer order is sent as multiple small PIPs for 4 contracts, the BOX Participant would receive at least 50% of each PIP sent (4 * .40 = 1.6, rounded up to 2 contracts). Therefore, the total allocation of the original 100 contract order would be at least 50% or 50 contracts, rather than 40% or 40 contracts, a potential over allocation of at least 10 contracts.

[5] *See* BOX Rule 7150(f).

[6] *Id.*

[7] *See* BOX Rule 7150.

[8] *See* BOX Rule 7250.

[9] *See* Securities Exchange Act Release Nos. 55073 (January 19, 2007) 72 FR 2047 (January 17, 2007) (SR–BSE–2006–48) (Order Approving BSE Quote Mitigation Plan) *and* 55155 (January 23, 2007) 72 FR 4714 (February 1, 2007) (SR–BSE–2006–49) (Order Approving Penny Pilot Program on BSE).

[10] *See* Securities Exchange Act Release No. 68141 (November 2, 2012) 77 FR 67040 (November 8, 2012) (Notice of Filing and Immediate Effectiveness of a Proposal Regarding Quote Mitigation).

[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(5).

Improvement Orders into the PIP process for three (3) or four (4) contracts, as well as one (1) or two (2) contracts, for the purpose of manipulating the PIP process. As such, the Exchange believes the proposed rule change is in the public interest, and therefore, consistent with the Act.

The Exchange believes that amending BOX Rule 7250 to provide that the Exchange may utilize a mechanism so that newly-received quotations and other changes to the Exchange's best bid and offer are not disseminated for a period of up to, but not more than one second, will allow the Exchange to control the number of quotations that the Exchange disseminates through the use of the aforementioned mechanism but will enable the Exchange to rely on other methods within the overall BOX quote mitigation strategy, such as monitoring and delisting. The Exchange believes that the current rule, as written, is outdated and while the Exchange still has the ability to utilize the quote mitigation mechanism, it is not always necessary to do so. The Exchange believes this proposed change will better align the Rule with current Exchange practices, provide greater efficacy and flexibility to the current quote mitigation strategies in place at the Exchange, and make the Rule clearer for Participants. As such, the Exchange believes the proposed rule change is in the public interest, and therefore, consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed change will not impose a burden on intermarket or intramarket competition. While the Exchange does not believe that the proposed non-controversial change is a burden on competition, or is competitive in nature, the Exchange believes that proposed updates seek to modernize and improve the operation of the rules.

The proposed amendment to IM–7150–1 is designed to help the Exchange and FINRA more effectively prosecute and deter manipulative behavior in violation of this Rule relating to three (3) or four (4) contracts. This rule change is being proposed to help deter manipulative behaviors on the Exchange and is not intended to address competitive issues. The proposed change to Rule 7250 is intended to modernize and help optimize the quotation mitigation practices on the Exchange and is not intended to address competitive issues. The proposed changes to IM–7150–1 and Rule 7250 will apply equally to all market participants.

For the foregoing reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Pursuant to Section 19(b)(3)(A) of the Act [13] and Rule 19b–4(f)(6) [14] thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.[15]

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) [16] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The proposed change raises no novel legal or regulatory issues. Therefore, 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 30-day operative delay and designates the proposed rule change operative upon filing.[17]

At any time within 60 days of the filing of the 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 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 (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov*. Please include file number SR–BOX–2023–30 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–BOX–2023–30. 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 (*https://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

[13] 15 U.S.C. 78s(b)(3)(A).

[14] 17 CFR 240.19b–4(f)(6).

[15] In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[16] 17 CFR 240.19b–4(f)(6)(iii).

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

a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–BOX–2023–30 and should be submitted on or before January 11, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[18]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023–28042 Filed 12–20–23; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–xxx, OMB Control No. 3235–0779]

Submission for OMB Review; Comment Request; Extension: Rule 2a–5

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

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

Section 2(a)(41) of the Investment Company Act of 1940 (''Investment Company Act'')[1] requires funds to value their portfolio investments using the market value of their portfolio securities when market quotations for those securities are ''readily available,'' and, when a market quotation for a portfolio security is not readily available, by using the fair value of that security, as determined in good faith by the fund's board.[2] The aggregate value of a fund's investments is the primary determinant of the fund's net asset value (''NAV''), which for many funds determines the price at which their shares are offered and redeemed (or repurchased).[3]

Rule 2a–5 provides requirements for determining in good faith the fair value of the investments of a registered investment company or companies that have elected to be treated as business development companies under the Investment Company Act (''BDCs'' and, collectively, ''funds'') for purposes of section 2(a)(41) of the Investment Company Act and rule 2a–4 thereunder.[4] Under the rule, fair value as determined in good faith requires assessing and managing material risks associated with fair value determinations; selecting, applying, and testing fair value methodologies; and overseeing and evaluating any pricing services used. The rule also permits a fund's board to designate a ''valuation designee'' to perform fair value determinations. The valuation designee can be the adviser of the fund or an officer of an internally managed fund.[5] When a board designates the performance of determinations of fair value to a valuation designee for some or all of the fund's investments under the rule, the rule requires the board to oversee the valuation designee's performance of fair value determinations.

To facilitate the board's oversight, the rule also includes certain reporting and other requirements in the case of designation to a valuation designee.[6] As relevant here, the rule requires, if the board designates performance of fair value determinations to a valuation designee, that the valuation designee report to the board in both periodic and as needed reports on a per-fund basis.

Specifically, on a periodic basis, the valuation designee must provide to the board:

- Quarterly Reports.

At least quarterly, in writing, (1) any reports or materials requested by the board related to the fair value of designated investments or the valuation designee's process for fair valuing fund investments and (2) a summary or description of material fair value matters that occurred in the prior quarter. This summary or description must include (1) any material changes in the assessment and management of valuation risks, including any material changes in conflicts of interest of the valuation designee (and any other service provider), (2) any material changes to, or material deviations from, the fair value methodologies, and (3) any material changes to the valuation designee's process for selecting and overseeing pricing services, as well as any material events related to the valuation designee's oversight of pricing services.

- Annual Reports.

At least annually, in writing, an assessment of the adequacy and effectiveness of the valuation designee's process for determining the fair value of the designated portfolio of investments. At a minimum, this annual report must include a summary of the results of the testing of fair value methodologies required under the rule and an assessment of the adequacy of resources allocated to the process for determining the fair value of designated investments, including any material changes to the roles or functions of the persons responsible for determining fair value.

Further, the rule requires the valuation designee to provide a written notification to the board of the occurrence of matters that materially affect the fair value of the designated portfolio of investments (defined as ''material matters'') within a time period determined by the board, but in no event later than five business days after the valuation designee becomes aware of the material matter. Material matters in this instance include, as examples, a significant deficiency or material weakness in the design or effectiveness of the valuation designee's fair value determination process or of material errors in the calculation of net asset value. The valuation designee must also provide such timely follow-on reports as the board may reasonably determine are appropriate.[7]

The Commission staff estimates that 9,800 funds are subject to rule 2a–5. The internal annual burden estimate is 34 hours for a fund. Based on these estimates, the total annual burden hours associated with the rule is estimated to be 333,200 hours. The estimated burden hours associated with rule 2a–5 have increased by 15,810 hours from the current allocation of 317,390 hours. The external cost associated with this collection of information is approximately $3,674 per fund, and the total annual external cost burden is $36,005,200. The estimated external cost has increased by $6,319,900 from the current estimate of $29,685,300. These increases are due to an increase in the estimated number of affected entities, as well as in the estimated hourly burden and the external cost

[18] 17 CFR 200.30–3(a)(12), (59).

[1] 15 U.S.C. 80a–1 *et seq.*

[2] 15 U.S.C. 80a–2(a)(41). *See also* 17 CFR 270.2a–4.

[3] *See* 15 U.S.C. 80a–22(c) and 23(c). *See also* 17 CFR 270.22c–1(a).

[4] *See* Good Faith Determinations of Fair Value, Investment Company Act Release No. 34128 (Dec. 7, 2020) (''Adopting Release'').

[5] Rule 2a–5(e)(4).

[6] Rule 2a–5(b).

[7] Rule 2a–5(b).