

with respect to the proposal are completed.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-FICC-2024-801 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-FICC-2024-801. 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 (www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the Advance Notice that are filed with the Commission, and all written communications relating to the Advance Notice 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 the filing also will be available for inspection and copying at the principal office of FICC and on DTCC's website (www.dtcc.com/legal/sec-rule-filings). 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-FICC-2024-801 and should be submitted on or before April 5, 2024.

V. Date and Timing for Commission Action

Section 806(e)(1)(G) of the Clearing Supervision Act provides that FICC may implement the changes if it has not received an objection to the proposed changes within 60 days of the later of (i) the date that the Commission receives an advance notice or (ii) the date that any additional information requested by the Commission is received,⁵⁴ unless extended as described below.

Pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, the Commission may extend the review period of an advance notice for an additional 60 days, if the changes proposed in the advance notice raise novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension.⁵⁵

Here, as the Commission has not requested any additional information, the date that is 60 days after OCC filed the advance notice with the Commission is April 27, 2024. However, the Commission is extending the review period of the Advance Notice for an additional 60 days under Section 806(e)(1)(H) of the Clearing Supervision Act⁵⁶ because the Commission finds the Advance Notice is both novel and complex, as discussed below.

The Commission believes that the changes proposed in the Advance Notice raise novel and complex issues. Specifically, FICC developed this proposal in response to extreme market volatility experienced during the two arguably most stressed market periods, *i.e.*, the pandemic-related volatility in March 2020 and the successive interest rate hikes that began in March 2022. As noted above, these extreme market volatility events led to market price changes that exceeded the VaR model's projections, resulting in insufficient VaR Charges and poor backtesting metrics. Therefore, FICC has developed the proposal described in the Advance Notice to better manage its risk exposures during extreme market volatility events. Determining the appropriate method to address this particular set of circumstances in the context of FICC's margin model presents novel and complex issues.

Accordingly, the Commission, pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act,⁵⁷ extends the review period for an additional 60 days so that the Commission shall have until June 26, 2024 to issue an objection or

non-objection to advance notice SR-FICC-2024-801.

All submissions should refer to File Number SR-FICC-2024-801 and should be submitted on or before April 5, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁸

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-399, OMB Control No. 3235-0456]

Submission for OMB Review; Comment Request; Extension: Form 24F-2

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 (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 24f-2 (17 CFR 270.24f-2) under the Investment Company Act of 1940 (15 U.S.C. 80a) requires any open-end management companies ("mutual funds"), unit investment trusts ("UITs"), registered closed-end investment companies that make periodic repurchase offers under rule 23c-3 under the Investment Company Act [17 CFR 270.23c-3] ("interval funds"), or face-amount certificate companies (collectively, "funds") deemed to have registered an indefinite amount of securities to file, not later than 90 days after the end of any fiscal year in which it has publicly offered such securities, Form 24F-2 (17 CFR 274.24) with the Commission. Form 24F-2 is the annual notice of securities sold by funds that accompanies the payment of registration fees with respect to the securities sold during the fiscal year.

The Commission estimates that 2,074 funds file Form 24F-2 on the required annual basis. The average annual burden per respondent for Form 24F-2 is estimated to be four hours. The total annual burden for all respondents to

⁵⁴ 12 U.S.C. 5465(e)(1)(G).

⁵⁵ 12 U.S.C. 5465(e)(1)(H).

⁵⁶ *Id.*

⁵⁷ *Id.*

⁵⁸ 17 CFR 200.30-3(a)(91) and 17 CFR 200.30-3(a)(94).

Form 24F-2 is estimated to be 8,296 hours. The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is 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 Form 24F-2 is mandatory. The Form 24F-2 filing that must be made to the Commission is available to the public. 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 April 15, 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: March 11, 2024.

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99710; File No. SR-FICC-2024-003]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Proposed Rule Change To Adopt a Minimum Margin Amount at GSD

March 11, 2024.

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 February 27, 2024, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared

primarily by the clearing agency.³ 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 proposed rule change consists of modifications to FICC’s Government Securities Division (“GSD”) Rulebook (“GSD Rules”)⁴ to (1) enhance the VaR Floor by incorporating a “Minimum Margin Amount” and (2) expand the application of the enhanced VaR Floor to include Margin Proxy, as described in greater detail below.

The proposed rule change would necessitate changes to the Methodology Document—GSD Initial Market Risk Margin Model (the “QRM Methodology”), which is filed as Exhibit 5b.⁵ FICC is requesting confidential treatment of the QRM Methodology and has filed it separately with the Commission.⁶

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

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

FICC is proposing to enhance the VaR Floor by incorporating a Minimum Margin Amount in order to supplement the VaR model and improve its responsiveness and resilience to extreme market volatility. Specifically, FICC is proposing to modify the VaR Floor and the corresponding description in the GSD Rules to incorporate a Minimum Margin Amount. In addition, FICC is proposing to expand the application of the enhanced VaR Floor to include Margin Proxy. The proposed change would necessitate changes to the QRM Methodology.

FICC has observed extreme market volatility in the fixed income market due to monetary policy changes, inflation, and recession fears. The extreme market volatility has led to greater risk exposures for FICC. Specifically, the extreme market volatilities during the two arguably most stressful market periods, *i.e.*, the COVID period during March of 2020 and the successive interest rate hikes that began in March 2022, have led to market price changes that exceeded the VaR model’s projections, which yielded insufficient VaR Charges. As a result, FICC’s VaR backtesting metrics fell below the performance target due to unprecedented levels of extreme market volatility. This highlighted the need for FICC to enhance its VaR model so that it can better respond to extreme market volatility.

In order to better manage its risk exposures during extreme market volatility events, FICC is proposing to adopt a Minimum Margin Amount that would be applied as a minimum volatility calculation to ensure that FICC calculates sufficient margin to cover its risk exposures, particularly during extreme market volatility. The proposed Minimum Margin Amount would be incorporated into the VaR Floor to supplement the VaR model and enhance its responsiveness to extreme market volatility. As proposed, the Minimum Margin Amount is designed to improve the margin backtesting performance during periods of heightened market volatility by maintaining a VaR Charge that is appropriately calibrated to reflect

³ On February 27, 2024, FICC filed this proposed rule change as an advance notice (SR-FICC-2024-801) with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010, 12 U.S.C. 5465(e)(1), and Rule 19b-4(n)(1)(i) under the Act, 17 CFR 240.19b-4(n)(1)(i). A copy of the advance notice is available at www.dtcc.com/legal/sec-rule-filings.

⁴ Terms not defined herein are defined in the GSD Rules, available at www.dtcc.com/legal/rules-and-procedures.

⁵ The QRM Methodology was filed as a confidential exhibit as part of proposed rule change SR-FICC-2018-001 (the “VaR Filing”). See Securities Exchange Act Release No. 83362 (June 1, 2018), 83 FR 26514 (June 7, 2018) (SR-FICC-2018-001) (“VaR Filing Approval Order”). FICC also filed the VaR Filing proposal as an advance notice pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 (12 U.S.C. 5465(e)(1) and Rule 19b-4(n)(1)(i) under the Act (17 CFR 240.19b-4(n)(1)(i)), with respect to which the Commission issued a Notice of No Objection. See Securities Exchange Act Release No. 83223 (May 11, 2018), 83 FR 23020 (May 17, 2018) (SR-FICC-2018-801). The QRM Methodology has been subsequently amended following the VaR Filing Approval Order. See Securities Exchange Act Release Nos. 85944 (May 24, 2019), 84 FR 25315 (May 31, 2019) (SR-FICC-2019-001), 90182 (Oct. 14, 2020), 85 FR 66630 (Oct. 20, 2020) (SR-FICC-2020-009), 93234 (Oct. 1, 2021), 86 FR 55891 (Oct. 7, 2021) (SR-FICC-2021-007), 95605 (Aug. 25, 2022), 87 FR 53522 (Aug. 31, 2022) (SR-FICC-2022-005), 97342 (Apr. 21, 2023), 88 FR 25721 (Apr. 27, 2023) (SR-FICC-2023-003), and 99447 (Jan. 30, 2024), 89 FR 8260 (Feb. 6, 2024) (SR-FICC-2024-001).

⁶ 17 CFR 240.24b-2.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.