

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99843; File No. SR-DTC-2024-002]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the DTC Corporate Actions Distributions Service Guide and the DTC Settlement Service Guide

March 22, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 20, 2024, The Depository Trust Company (“DTC”) 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 by the clearing agency. DTC filed the proposed rule change pursuant to section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> 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 amendments to the DTC Corporate Actions Distributions Service Guide (“Distributions Guide”)<sup>5</sup> and the DTC Settlement Service Guide (“Settlement Guide”)<sup>6</sup> (collectively, “Guides”)<sup>7</sup> to make technical revisions to the Guides in anticipation of the U.S. market transition to a shortened standard settlement cycle from the current two business days after trade date (“T+2”) to one business day after trade date (“T+1”), as described in greater detail below.<sup>8</sup>

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

<sup>5</sup> Available at [www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf](http://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Service-Guide-Distributions.pdf).

<sup>6</sup> Available at [www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf](http://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf).

<sup>7</sup> The Guides are Procedures of DTC. Pursuant to the Rules, the term “Procedures” means the Procedures, service guides, and regulations of DTC adopted pursuant to Rule 27, as amended from time to time. See Rule 1, Section 1, *infra* note 8. They are binding on DTC and each Participant in the same manner that they are bound by the Rules. See Rule 27, *infra* note 8.

<sup>8</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth the Rules, By-Laws and Organization Certificate of DTC (the “Rules”), available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

#### 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

The proposed rule change would amend the DTC Corporate Actions Distributions Service Guide (“Distributions Guide”)<sup>9</sup> and the DTC Settlement Service Guide (“Settlement Guide”)<sup>10</sup> (collectively, “Guides”)<sup>11</sup> to make technical revisions to the Guides in anticipation of the U.S. market transition to a shortened standard settlement cycle from the current two business days after trade date (“T+2”) to one business day after trade date (“T+1”), as described below. The proposed rule changes to the Guides would become effective on May 28, 2024.<sup>12</sup>

The standard settlement cycle for certain securities was last changed in 2017, when the Commission adopted the current version of Rule 15c6-1(a)<sup>13</sup> under the Act, which (subject to certain exceptions) prohibits any broker-dealer from entering into a contract for the purchase or sale of a security that provides for payment and delivery later than two business days after the trade date, unless otherwise expressly agreed to by the parties at the time of the transaction.<sup>14</sup> The implementation of this change moved the length of the settlement cycle from three business days after trade date (T+3) to T+2.

To further reduce market and counterparty risk, decrease clearing capital requirements, reduce liquidity demands, and strengthen and modernize securities settlement in the

<sup>9</sup> *Supra* note 5.

<sup>10</sup> *Supra* note 6.

<sup>11</sup> *Supra* note 7.

<sup>12</sup> DTC will post a version of the relevant sections of the respective Guides reflecting the changes as they would appear upon the effectiveness of the subsequent proposed rule change mentioned above and will include a note on the cover page of the Guides to advise Participants of these changes.

<sup>13</sup> 17 CFR 240.15c6-1.

<sup>14</sup> See Securities Exchange Act Release No. 80295 (Mar. 22, 2017), 82 FR 15564 (Mar. 29, 2017).

U.S. financial markets, the financial services industry, in coordination with its regulators, has been working on shortening the standard settlement cycle from T+2 to T+1. In connection therewith, the Commission has adopted a rule change to shorten the standard settlement cycle from T+2 to T+1, with a compliance date of May 28, 2024.<sup>15</sup>

##### Effect on DTC

DTC provides depository and book-entry services pursuant to its Rules and Procedures, including, but not limited to, its service guides and Operational Arrangements.<sup>16</sup> DTC services include custody of securities certificates and other instruments, and settlement and asset services for types of eligible securities including, among others, equities, warrants, rights, corporate debt and notes, municipal bonds, government securities, asset-backed securities, depository receipts and money market instruments.

DTC, through its nominee, Cede & Co., is the registered holder of securities on the books of the issuer or its transfer agent; that is, DTC is the direct holder of legal title to the securities on the books of the issuer. DTC receives distributions, dividends, and corporate actions from the issuer and passes them to its Participants.

DTC processes transactions for settlement, subject to its risk controls, on the same day it receives them. Distributions on securities held at DTC on behalf of its Participants pass through DTC and are credited to the accounts of Participants on the same day that they are paid to DTC. As a result, DTC’s Rules and Procedures are not generally affected by the industry’s move to T+1.

However, certain provisions in the Distributions Guide and Settlement Guide relating to distributions on securities held at DTC and settlement timeframes are based on a presumption that transactions settle on a two-day settlement cycle (*i.e.*, T+2). This would change as the securities industry switches to a standard T+1, as noted above. Therefore, DTC proposes to make the below described changes.

##### Distributions Guide Changes

DTC would modify the Distributions Guide text relating to (i) the DTC interim accounting process and (ii) the impact of the shortened settlement cycle

<sup>15</sup> See Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (S7-05-22) (Shortening the Securities Transaction Settlement Cycle).

<sup>16</sup> Available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

on the timing of the allocation of stock distributions.

#### Interim Accounting Process

Interim accounting is an important part of the entitlement and allocation process relating to distributions. During the interim accounting period, DTC facilitates the entitlements and allocation process systematically for both the buyer and seller of a transaction conducted in the marketplace and submitted to NSCC's Continuous Net Settlement service ("CNS").<sup>17</sup> The interim accounting period is defined as the time period during which a trade settling has income or a due bill attached to it.<sup>18</sup> The interim accounting period (also referred to as the due bill period) is determined in accordance with market rules<sup>19</sup> and currently extends for the time from the record date<sup>20</sup> plus one day up to the ex-date plus one day.<sup>21</sup>

<sup>17</sup> Securities movements for transactions processed through CNS occur free of payment at DTC. See DTC Settlement Service Guide, available at [www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf](http://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf), at 15.

<sup>18</sup> In the absence of DTC's interim accounting process, trades scheduled to settle after the record date "with distribution" (those that entitle the receiver to the distribution) would have a due bill or income payment attached to detail the entitlement and associated obligations between the seller and buyer relating to the distribution. The distribution entitlement would then need to be handled between the seller and the buyer of the security outside of DTC's Distributions Service.

<sup>19</sup> E.g., New York Stock Exchange ("NYSE") Rules 255–259, available at [www.nyse.com/publicdocs/nyse/regulation/nyse/NYSE\\_Rules.pdf](http://www.nyse.com/publicdocs/nyse/regulation/nyse/NYSE_Rules.pdf).

<sup>20</sup> The record date is the date when an investor must be on the issuer's books as a shareholder to receive a distribution.

<sup>21</sup> The ex-date is determined in accordance with the applicable market procedures. E.g., NYSE Listed Company Manual, Section 703.03 (part 2) (Stock Split/Stock Rights/Stock Dividend Listing Process), available at [www.nysemanual.nyse.com/lcm/Help/mapContent.asp?sec=lcm-sections&title=sx-ruling-nyse-policymanual\\_703.02\(part2\)&id=chp\\_1\\_8\\_3\\_4](http://www.nysemanual.nyse.com/lcm/Help/mapContent.asp?sec=lcm-sections&title=sx-ruling-nyse-policymanual_703.02(part2)&id=chp_1_8_3_4).

In order to prepare for the migration to T+1 settlement, DTC would modify the interim accounting process to account for the shortened period. In this regard, DTC would revise the Distributions Guide to state that the interim accounting period would reflect the anticipated due bill period that would be recognized by the industry, in light of the T+1 settlement cycle, such that the interim accounting period would extend from the record date plus one day up to the due bill redemption date (typically ex-date for equities and payable date minus one day for debt). Proposed changes to the text of the Distributions Guide relating to the interim accounting period would be reflected in the text of the subsections of the Interim Accounting section of the Distributions Guide.

#### "Overview" Subsection

The subsection titled "Overview" provides a general description of the Interim Accounting process. The proposed rule change would make a technical change to remove a typo from a sentence that provides a general description for when the interim accounting process relating to a distribution begins and ends. The same sentence would also be revised to reflect a timing change to the interim account period necessitated by the shortening of the settlement cycle.

#### "Reasons for Interim Accounting" Subsection

The subsection titled "Reasons for Interim Accounting" describes that normally, the registered holder of a security on the close of business on the record date is entitled to the distribution. The subsection provides examples of common reasons when this does not occur. One of these is where an exchange declares a late or irregular

ex-date for an equity issue. The Distributions Guide describes that for equity issues, there are times when the listed exchange would declare an ex-date that is not one business day prior to the record date (e.g., an ex-date that equals payable date plus one day). The Distributions Guide also states that at such times, a buyer is entitled to the distribution when the registered holder of an equity issue sells the security prior to the ex-date.

The proposed rule change would amend text in the "Reasons for Interim Accounting" section to revise the description of the timing relating to an exchange's declaration of a late or irregular ex-date for an equity issue. In this regard, the text would be revised to describe that there are times for equity issues when the listed exchange would declare an ex-date that is not "equal to" the record date, rather than declaring an ex-date that is "one business day prior to" the record date, as described above.

#### "Without DTC's Interim Accounting" Subsection

The subsection titled "Without DTC's Interim Accounting" would be revised to correct a typographical error by removing an errant comma.

#### "Interim Accounting Usage" Subsection

Activation of DTC's Interim Accounting process depends on the type of distribution. The "Interim Accounting Usage" subsection within the Distributions Guide provides a table that describes the conditions under which interim accounting occurs for types of distributions. The proposed rule change would revise this table to adjust timeframes relating to activation of Interim Accounting for certain types of distributions to account for the shortening of the settlement cycle:

**BILLING CODE 8011-01-P**

<b>For</b>	<b>Interim accounting is used<sup>a</sup></b>
Cash dividends	<p>When the ex-date is not equal to record date <del>-1 business days</del>, and DTC is aware of the ex-date prior to the payable date.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date<del>+1</del>.</p>
Stock distributions	<p>A stock distribution with an ex-date that is not equal to record date<del>=1</del>.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date <del>+1</del>.</p> <p>Note: Stock splits are allocated to your general free and pledged accounts on the business day following the close of the due bill period. Shares allocated to the pledged account automatically become additional collateral for the loan.</p>

For	Interim accounting is used <sup>a</sup>
Rights	<p>When the ex-date is not equal to record date<del>-1</del>, and there is adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date.</p> <p>In this case, the interim period runs from record date +1 through close of business on ex-date <del>+1</del>.</p> <p>Note: If there is not adequate time for you to submit your rights instructions to DTC for presentation to the paying agent prior to the expiration date, DTC will credit your account based on your record date position. You must settle due bills outside DTC's Distribution event processing service.</p>
***	
Supplemental due bills	<p>For special large cash dividends, when the ex-date is the day after the announced payable date. In this case:</p> <p>The interim period runs from record date +1 through payable date -1</p> <p>Allocation is made on payable date, and</p> <p>Interim accounting starts again on the payable date and continues on a daily basis through ex-date <del>+1</del>. Allocation is made on the business day following the day of delivery by crediting the money settlement account of the receiver and debiting the money settlement account of the deliverer.</p>

<sup>a</sup> Bold, strike-through text indicates a deletion.

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## “Interim Accounting for an Ex-Date Change Due to Unscheduled Closing of a Stock Exchange” Subsection

Occasionally, there is an unscheduled closing of one or more stock exchanges (e.g., a National Day of Mourning, an event causing significant market disruption or regional impact, etc.). During an unscheduled closing, a listed exchange would typically move ex-dates that were scheduled for that date to the next business day that the exchange is open, which is usually the record date. Such a move is necessary because ex-dates must occur on a business day that the listed exchange is open.<sup>22</sup>

When there is an unscheduled closing of a stock exchange and an ex-date is

moved, DTC does not apply the interim accounting process described above.<sup>23</sup> This is because it is DTC’s general understanding that when there is an unscheduled closure, the intent is for the last day of trading with a due bill to be the business day prior to the unscheduled closure because there should not be any executed trades in the security on the day of closure.<sup>24</sup>

Pursuant to the proposed rule change, DTC would modify the text of the section of the Distributions Guide that describes DTC’s process in this regard to reflect the effect of the shortened period on interim accounting (i.e., that it is not applied) between trade date and settlement date by modifying an example included within the text. The

text change would revise references to certain dates, including sample calendar dates for a hypothetical ex-date and unscheduled closure date, as well as text describing how the ex-date falls in relation to a hypothetical record date depending on standard practice under the timing set forth in the example, as well as in the event an exchange changes the ex-date due to an unscheduled closure.

## “Allocations” Subsection

DTC would adjust descriptions relating to stock distributions in the section of the Distributions Guide titled Allocations relating to the date on which certain stock distributions, the timing for which are tied to the settlement cycle, are allocated. Specifically, the table would be revised for affected distribution types, as follows to account for the shortening of the settlement cycle:

<sup>22</sup> See, e.g., FINRA Rule 11140—Transactions in Securities “Ex-Dividend,” “Ex-Rights” or “Ex-Warrants” available at [www.finra.org/rules-guidance/rulebooks/finra-rules/11140](http://www.finra.org/rules-guidance/rulebooks/finra-rules/11140).

<sup>23</sup> See Securities Exchange Act Release No. 90747 (Dec. 21, 2020), 85 FR 85249 (Dec. 29, 2020) (SR-DTC-2020-019).

<sup>24</sup> *Id.*

For this type of distribution <sup>a</sup>	Allocation normally occurs <sup>b</sup>
Stock dividends with a late ex-date	On the payable date or ex-date <del>+2</del> <b>1</b> , whichever comes later.
Stock splits, with ex-distribution beginning on the business day following the payable date	For the split shares on ex-date <del>+2</del> <b>1</b> .
Stock spinoffs to a DTC-eligible security	On the payable date, or ex-date <del>+2</del> <b>1</b> , whichever comes later.

<sup>a</sup> Stock distribution types unaffected by the proposed rule change are not shown.

<sup>b</sup> Bold, strike-through text indicates a deletion. Bold, italicized text indicates an addition.

#### Settlement Guide Changes

Moving settlement to the end of trade date would compress certain activities and processes required to achieve settlement on T+1. In the current T+2 settlement environment, DTC processes certain transactions for settlement during the day on settlement date and other transactions the night before settlement date (“S-1”) during the so called “night cycle,” which begins at 8:30 p.m. on S-1.

Processing transactions during the night cycle allows for earlier settlement of certain transactions that are included in the night cycle, thereby reducing counterparty risk and, with respect to transactions that are cleared through NSCC, enables such transactions to be removed from members’ marginable portfolios, which in turn reduces such members’ NSCC margin requirements. DTC uses a process called the “Night Batch Process” to control the order of

processing of transactions in the night cycle. During the Night Batch Process, DTC evaluates each participant’s available positions, transaction priority and risk management controls, and identifies the transaction processing order that optimizes the number of transactions processed for settlement. The Night Batch Process allows DTC to run multiple processing scenarios until it identifies an optimal processing scenario.

At approximately 8:30 p.m. on S-1, DTC subjects all transactions eligible for processing to the Night Batch Process, which is run in an “offline” batch that is not visible to Participants, allowing DTC to run multiple processing scenarios until the optimal processing scenario is identified. The results of the Night Batch Process are incorporated back into DTC’s core processing environment on a transaction-by-transaction basis. Changing from settling

on a standard T+2 to a T+1 basis would require DTC and Participants to initiate and complete certain settlement-related processes sooner relative to the time a trade is executed. This would require changes to certain timeframes for settlement activities that occur on S-1.

In this regard, DTC would modify provisions of the Settlement Guide relating to certain settlement processing timeframes to accommodate the move to T+1.

First, cutoffs in the settlement processing schedule relating to authorization and exemption (“ANE”) of institutional transactions would be changed from 6:30 p.m. to 10:45 p.m. The order of where this item appears in the list of settlement processing timeframes would also be adjusted to reflect that it would occur later in the settlement processing schedule than certain items for which timeframes are not changing. This change

accommodates a change to the institutional processing affirmation cutoff by the matching utility, DTCC ITP Matching (US) LLC (“ITP”),<sup>25</sup> to 9 p.m. on T from 11:30 a.m. on T+1. This change would allow time for affirmed trades processed by ITP to be input into DTC for timely settlement processing upon the transition to T+1. A second stated time for the cutoff for ANE for 7:30 p.m. on S–1 would be removed as it relates to certain operational transaction input processes that are no longer used.

The start of the night cycle would be moved to a later time to accommodate the above-mentioned adjustment relating to night cycle processing. This adjustment would allow additional time for input of transactions into DTC’s night cycle. As mentioned above, the Night Batch Process starts at approximately 8:30 p.m. ET on the business day prior to settlement date. Pursuant to the proposed rule change, the start of the Night Batch Process would be moved to 11:30 p.m. on S–1.

Considering the proposed time for the start of the Night Batch Process, the final cutoff for submission of Deliveries to the Night Cycle, or Night Deliver Orders would be moved from 8 p.m. to 11 p.m. on S–1.

Second, the section of the Settlement Guide relating to the ID Net Service, which is designed to facilitate more streamlined processing of certain transactions between brokers and custodians, would be modified to change the time a matching utility (such as ITP) must submit affirmed transactions for them to be ID Net eligible. Like the change relating to the processing of ANE described above, this change accommodates a change to the affirmation cutoff by ITP described above. Currently, the Settlement Guide requires such affirmed transactions to be submitted to DTC no later than 11:30 a.m. on S–1. The proposed rule change would modify this deadline to become 9 p.m. on S–1.

Finally, the section of the Settlement Guide relating to the Night Batch Process would be revised to reflect the above-described change on the timing of the start of the Night Batch Process, which would be modified from the current time of 8 p.m. on S–1 to 11:30 p.m. on S–1.

#### Implementation Date

The proposed rule changes to the Guides would take effect on May 28, 2024.

<sup>25</sup> DTC also processes book-entry transfers for institutional trades of its Participants, affirmed and matched by an applicable settlement matching service, including its affiliate, ITP.

#### 2. Statutory Basis

Section 17A(b)(3)(F) of the Act<sup>26</sup> requires that the rules of the clearing agency be designed, *inter alia*, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision because it would allow settlement transactions and distributions to continue to be processed when the U.S. market standard settlement cycle is shortened. Thus, by allowing processing of transactions in settlement and the Distributions Service in accordance with standard U.S. settlement timeframes (including when the standard settlement cycle is shortened), the proposed rule changes would promote the prompt and accurate clearance and settlement of securities transactions.

#### (B) Clearing Agency’s Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact on competition because the proposed rule change consists of conforming and technical changes to the texts of the Guides that would correspond with the industry’s transition to a T+1 settlement cycle.

#### (C) Clearing Agency’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

DTC has not received or solicited any written comments relating to this proposal. If any written comments are received, they would be publicly filed as an Exhibit 2 to this filing, as required by Form 19b–4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b–4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission’s instructions on how to submit comments, *available at* [www.sec.gov/regulatory-actions/how-to-submit-comments](http://www.sec.gov/regulatory-actions/how-to-submit-comments). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission’s Division of Trading

<sup>26</sup> 15 U.S.C. 78q–1(b)(3)(F).

and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202–551–5777.

DTC reserves the right to not respond to any comments received.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)<sup>27</sup> of the Act and paragraph (f)<sup>28</sup> of Rule 19b–4 thereunder. 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.

#### 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](mailto:rule-comments@sec.gov). Please include file number SR–DTC–2024–002 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–DTC–2024–002. 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

<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 17 CFR 240.19b–4(f).

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 the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website ([dtcc.com/legal/sec-rule-filings](https://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-DTC-2024-002 and should be submitted on or before April 18, 2024.

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

**Sherry R. Haywood,**  
Assistant Secretary.

[FR Doc. 2024-06576 Filed 3-27-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-305, OMB Control No. 3235-0346]

### Submission for OMB Review; Comment Request; Extension: Rule 34b-1

*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 *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 34b-1 under the Investment Company Act (17 CFR 270.34b-1) governs sales material that accompanies or follows the delivery of a statutory prospectus ("sales literature"). Rule 34b-1 deems to be materially misleading any investment company ("fund") sales literature required to be filed with the Securities and Exchange Commission ("Commission") by Section 24(b) of the Investment Company Act (15 U.S.C. 80a-24(b)) that includes performance data, unless the sales literature also includes the appropriate

uniformly computed data and the legend disclosure required in investment company advertisements by rule 482 under the Securities Act of 1933 (17 CFR 230.482) ("rule 482"). Additionally, rule 34b-1 deems to be materially misleading any fund sales literature intended for distribution to prospective investors that includes fee and expense information, unless that sales literature complies with the disclosure and timeliness requirements of rule 482.<sup>1</sup> These requirements are designed to prevent misleading performance claims by funds and to enable investors to make meaningful comparisons among funds.

The Commission estimates that on average approximately 8,289<sup>2</sup> responses that include the information required by rule 34b-1 each year. The burden resulting from the collection of information requirements of rule 34b-1 is estimated to be 11 hours per response.<sup>3</sup> The total hourly burden for rule 34b-1 is approximately 91,179 hours per year in the aggregate.<sup>4</sup>

The collection of information under rule 34b-1 is mandatory. The information provided under rule 34b-1 is not 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 background documentation for this information collection at the following website: [www.reginfo.gov](https://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

<sup>1</sup> These provisions of rule 34b-1 apply to any registered investment company or business development company advertisement, pamphlet, circular, form letter, or other sales literature addressed to or intended for distribution to prospective investors in connection with a public offering. See rule 34b-1(c).

<sup>2</sup> The estimated average number of responses to rule 34b-1 for the two-year period from October 1, 2021, to November 30, 2023, comprises 7,912 filings submitted to FINRA and 377 filings submitted to the Commission.

<sup>3</sup> Previous PRA extensions for rule 34b-1 assumed an estimated annual burden of 6 hours per response in complying with paragraphs a and b of rule 34b-1, 3 hours per response in complying with the fee and expense figure disclosure requirements of paragraph c, and 2 hours for the fee waivers/expense reimbursement arrangements disclosure requirements of paragraph c, while estimating that only 96% of relevant responses would need to comply with all of the paragraph c requirements; for purposes of this extension, we are assuming that 100% of the responsive filings identified will incur burdens for all of the rule's requirements, such that a total of 11 hours per response per year (6 + 3 + 2 = 11); we recognize that this might overstate the total burden.

<sup>4</sup> 8,289 responses × 11 hours per response = 91,179 hours.

recommendations for the proposed information collection should be sent within 30 days of publication of this notice by April 29, 2024 to (i) [MBX.OMB.OIRA.SEC\\_desk\\_officer@omb.eop.gov](mailto: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](mailto:PRA_Mailbox@sec.gov).

Dated: March 25, 2024.

**Sherry R. Haywood,**  
Assistant Secretary.

[FR Doc. 2024-06627 Filed 3-27-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99834; File No. SR-MSRB-2024-02]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Clarify the Calculation of the Annual Fee on Municipal Advisors Under MSRB Rule A-11

March 22, 2024.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 21, 2024, the Municipal Securities Rulemaking Board ("MSRB" or "Board") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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 MSRB filed with the Commission a proposed rule change to amend Supplementary Material .01 to MSRB Rule A-11, on assessments for municipal advisor professionals ("Rule A-11"), to clarify that the calculation of the annual fee on municipal advisors for covered professionals<sup>3</sup> under Rule A-11(b) (the "Municipal Advisor

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

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

<sup>3</sup> As defined in Rule A-11(a), the term "covered professional" shall mean a person associated with a municipal advisor who is qualified as a municipal advisor representative in accordance with MSRB Rule G-3 and for whom the municipal advisor has on file with the Commission an active Form MA-I as of January 31 of each year.

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