Proposal's analysis measured volatility using changes in the midpoint price of Tier 2 ETPs from second-to-second. This method of analysis is not robust for studying the volatility of securities that trade infrequently or have low quoting activity because the estimated volatility will be biased toward zero for these securities.[76] As part of the Supplemental Analysis the Participants provided a new analysis of the volatility Tier 2 ETPs.[77] While this analysis uses a more robust method for evaluating the volatility of Tier 2 ETPs as compared to Tier 1 non-ETPs, it presents the same concerns discussed above. In particular, it is an insufficiently granular statistical analysis of all Tier 2 ETP volatility, and there may be many Tier 2 ETPs that exhibit different trading characteristics, which the Analyses do not take into consideration. This possibility is evident in the distributional statistics in the Supplemental Analysis: the average quote volatilities for Tier 2 ETPs (both leveraged and non-leveraged) are multiples of the median quote volatilities, implying that the distribution is skewed by observations with volatility far higher than the average. Tier 1 ETPs exhibit less evidence of skewness. Therefore, the supplemental volatility analysis does not support moving all Tier 2 ETPs into Tier 1.

Accordingly, based on the study in the Proposal and the Supplemental Analysis and for the reasons discussed throughout this order, the Commission cannot find that designating over two thousand ETPs as Tier 1 securities and subjecting them to tighter Price Bands is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act, as required for approval of a plan amendment pursuant to Rule 608(b)(2). Designating Tier 2 ETPs as Tier 1 securities based on an aggregate statistical analysis could result in excessive Straddle States, Limit States and Trading Pauses in certain affected ETPs due to tighter Price Bands, and thus unduly impede trading in many securities for market participants that trade in these securities.

V. Conclusion

For the reasons set forth above, the Commission does not find, pursuant to Section 11A of the Act,[78] and Rule 608(b)(2) thereunder,[79] that the Proposed Amendment is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of the Act.

It is therefore ordered, pursuant to Section 11A of the Act, and Rule 608(b)(2) thereunder, that the Proposed Amendment (File No. 4–631) be, and it hereby is, disapproved.

By the Commission.

Vanessa A. Countryman,

Secretary.

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was aggregated in a way that makes its results impossible to generalize to the typical Tier 2 ETP.

[76] For example, consider two ETPs with the same fundamental volatility but different levels of trading activity. Suppose the first ETP is traded frequently with quote updates every second; it therefore has 23,400 second-to-second returns during the trading day (sixty updates per minute for 6.5 hours). Suppose that the second ETP only receives a quote update once per minute; it will have 390 second-to-second returns, and 23,010 seconds with an unchanged midpoint (*i.e.,* a return of 0). The Proposal's methodology is likely to estimate a substantially lower volatility for the second ETP due to the fact that the vast majority of observations are coded as a 0. Using the NBBO files in the TAQ database for the second half of 2023, the Commission estimates that the median non-leveraged Tier 2 ETP receives approximately 2,900 NBBO updates per day; this implies that the second-to-second volatility calculation for the median Tier 2 ETP will use at least 20,500 seconds with a return of 0 due to a lack of data (23,400 seconds per day, less the 2,900 NBBO updates). In contrast, the median Tier 1 security receives over 23,400 NBBO updates per day. It is likely therefore that the Proposal's methodology underestimates the volatility of non-leveraged Tier 2 ETPs due to the prevalence of missing returns. The Participants disagreed with this assessment of their methodology, stating that ''quotes for even thinly-traded ETPs change frequently as market makers update their valuations of ETPs' underlying portfolios, so it is not the case that the computation of quote volatility is biased by many zeroes.'' *See* Participants' Letter at 2. The Participants did not provide any evidence to support this statement.

[77] *See* Participants' Letter at 2–4.

[78] 15 U.S.C. 78k–1.

[79] 17 CFR 242.608(b)(2).

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–438, OMB Control No. 3235–0495]

Proposed Collection; Comment Request; Extension: Rule 154

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'') is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

The federal securities laws generally prohibit an issuer, underwriter, or dealer from delivering a security for sale unless a prospectus meeting certain requirements accompanies or precedes the security. Rule 154 (17 CFR 230.154) under the Securities Act of 1933 (15 U.S.C. 77a) (the ''Securities Act'') permits, under certain circumstances, delivery of a single prospectus to investors who purchase securities from the same issuer and share the same address (''householding'') to satisfy the applicable prospectus delivery requirements.[1] The purpose of rule 154 is to reduce the amount of duplicative prospectuses delivered to investors sharing the same address.

Under rule 154, a prospectus is considered delivered to all investors at a shared address, for purposes of the federal securities laws, if the person relying on the rule delivers the prospectus to the shared address, addresses the prospectus to the investors as a group or to each of the investors individually, and the investors consent to the delivery of a single prospectus. The rule applies to prospectuses and prospectus supplements. Currently, the rule permits householding of all prospectuses by an issuer, underwriter, or dealer relying on the rule if, in addition to the other conditions set forth in the rule, the issuer, underwriter, or dealer has obtained from each investor written or implied consent to householding.[2] The rule requires issuers, underwriters, or dealers that wish to household prospectuses with implied consent to send a notice to each investor stating that the investors in the household will receive one prospectus in the future unless the investors

[1] The Securities Act requires the delivery of prospectuses to investors who buy securities from an issuer or from underwriters or dealers who participate in a registered distribution of securities; *see* Securities Act sections 2(a)(10), 4(1), 4(3), 5(b) [15 U.S.C. 77b(a)(10), 77d(1), 77d(3), 77e(b); *see also* rule 174 under the Securities Act (17 CFR 230.174) (regarding the prospectus delivery obligation of dealers); rule 15c2–8 under the Securities Exchange Act of 1934 (17 CFR 240.15c2–8) (prospectus delivery obligations of brokers and dealers).

[2] Rule 154 permits the householding of prospectuses that are delivered electronically to investors only if delivery is made to a shared electronic address and the investors give written consent to householding. Implied consent is not permitted in such a situation. *See* rule 154(b)(4).

provide contrary instructions. In addition, at least once a year, issuers, underwriters, or dealers relying on rule 154 for the householding of prospectuses relating to open-end management investment companies that are registered under the Investment Company Act of 1940 (''mutual funds'') and each series thereof must explain to investors who have provided written or implied consent how they can revoke their consent.[3] Preparing and sending the notice and the annual explanation of the right to revoke are collections of information.

The rule allows issuers, underwriters, or dealers to household prospectuses if certain conditions are met. Among the conditions with which a person relying on the rule must comply are providing notice to each investor that only one prospectus will be sent to the household and, in the case of issuers that are mutual funds and any series thereof, providing to each investor who consents to householding an annual explanation of the right to revoke consent to the delivery of a single prospectus to multiple investors sharing an address. The purpose of the notice and annual explanation requirements of the rule is to ensure that investors who wish to receive individual copies of prospectuses are able to do so.

Although rule 154 is not limited to mutual funds, the Commission believes that it is used mainly by mutual funds and by broker-dealers that deliver prospectuses for mutual funds. The Commission is unable to estimate the number of issuers other than mutual funds that rely on the rule.

The Commission estimates that, as of March 2024, there are approximately 12,118 mutual fund series registered on Form N–1A, approximately 1,060 of which are directly sold and therefore deliver their own prospectuses. Of these, the Commission estimates that approximately half (530 mutual fund series): (i) do not send the implied consent notice requirement because they obtain affirmative written consent to household prospectuses in the fund's account opening documentation; or (ii) do not take advantage of the householding provision because of electronic delivery options which lessen the economic and operational benefits of rule 154 when compared with the costs of compliance. Therefore, the Commission estimates that each of the 530 directly sold mutual fund series will spend an average of 20 hours per year complying with the notice requirement of the rule, for a total of 10,600 burden hours. In addition, of the approximately 1,060 mutual fund series that are directly sold, the Commission estimates that approximately 75% (or 795) will each spend 1 hour complying with the annual explanation of the right to revoke requirement of the rule, for a total of 795 hours.

The Commission estimates that, as of March 2024, there were approximately 70 broker-dealers that have customer accounts with mutual funds, and therefore may be required to deliver mutual fund prospectuses. The Commission estimates that each affected broker-dealer will spend, on average, 20 hours complying with the notice requirement of the rule, for a total of 1,400 hours. In addition, each broker-dealer will also spend one hour complying with the annual explanation of the right to revoke requirement, for a total of 70 hours. Therefore, the total number of respondents for rule 154 is 865 (795[4] mutual fund series plus 70 broker-dealers), and the estimated total hour burden is approximately 12,865 hours (11,395 hours for mutual fund series, plus 1,470 hours for broker-dealers).

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 and forms. 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 OMB control number.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by November 19, 2024.

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

Please direct your written comments to: Austin Gerig, Director/Chief Data Officer, Securities and Exchange Commission, c/o Oluwaseun Ajayi, 100 F Street NE, Washington, DC 20549 or send an email to: *PRA_Mailbox@sec.gov*.

Dated: September 17, 2024.

Vanessa A. Countryman,

Secretary.

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BILLING CODE 8011–01–P

[3] *See* rule 154(c).

[4] The Commission estimates that 530 mutual funds prepare both the implied consent notice and the annual explanation of the right to revoke consent + 265 mutual funds that prepare only the annual explanation of the right to revoke.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101025; File No. SR–IEX–2024–16]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Supplementary Material .16 to IEX Rule 5.110 (Supervision), So That IEX Members Who Participate in the Recently Approved FINRA Pilot Program on Remote Inspections Will Also Satisfy the Internal Inspection Requirements Found in IEX's Rules

September 16, 2024.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (the ''Act'')[2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on September 4, 2024, the Investors Exchange LLC (''IEX'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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

Pursuant to the provisions of Section 19(b)(1) under the Act,[4] and Rule 19b–4 thereunder,[5] the Exchange is filing with the Commission a proposed rule change to adopt Supplementary Material .16 to IEX Rule 5.110 (Supervision), so that IEX Members[6] who participate in the recently-approved FINRA pilot program on remote inspections (the ''Remote

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] 15 U.S.C. 78s(b)(1).

[5] 17 CFR 240.19b–4.

[6] *See* IEX Rule 1.160(s).