SECURITIES AND EXCHANGE COMMISSION

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

Submission for OMB Review; 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, under 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.

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 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 mutual fund prospectuses. 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.

The 30-day public comment period for this information collection request opens on December 9, 2024 and closes on January 6, 2025. The public may view the full information request and submit comments at *https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202409-3235-007* or email comments to *MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov.*

[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).

[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.

Dated: December 3, 2024.

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101790; File No. SR–LCH SA–2024–005]

Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to Dealer Status

December 2, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4,[2] notice is hereby given that on November 21, 2024, Banque Centrale de Compensation, which conducts business under the name LCH SA (''LCH SA''), filed with the Securities and Exchange Commission (''Commission'') the proposed rule change (''Proposed Rule Change''), as described in Items I, II and III below, which Items have been prepared by the clearing agency. 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

LCH SA is proposing to amend its: (i) CDS Clearing Rule Book (''Rule Book''), and (ii) CDS Clearing Procedures (''Procedures'') (collectively the ''CDS Clearing Rules'') [3] to incorporate new terms and to make conforming, clarifying, and clean-up changes in order to enable affiliates of a Clearing Member, which would be referred to as ''CDS Dealers'', to present Original Transactions to LCH SA for clearing, novation and registration in the name of a Clearing Member without having to be admitted as either a Clearing Member or being a Client of a Clearing Member.[4] The text of the Proposed Rule Change has been annexed as Exhibit 5 to File No. SR–LCH SA–2024–005. The implementation of the Proposed Rule Change will be contingent on LCH SA's receipt of all necessary regulatory approvals.

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

In its filing with the Commission, LCH SA 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. LCH SA 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

LCH SA is proposing to amend its CDS Clearing Rules to enable affiliates of Clearing Members that are registered as CCMs with LCH SA to present Original Transactions to LCH SA for clearing, novation and registration in the name of a Clearing Member that is a CCM [5] without having to be admitted as either a Clearing Member or being a Client of a Clearing Member. A CCM's affiliate will need to be admitted as a CDS Dealer by LCH SA to a register of CDS Dealers before submitting any Original Transaction, under which such affiliate is acting as agent for and on behalf of its CCM or as principal,[6] to LCH SA through an Approved Trade Source System.[7] Under the current Rule Book, an affiliate of a Clearing Member may submit Original Transactions for clearing with LCH SA only if such affiliate is itself admitted as a Clearing Member of LCH SA or if it is a Client of a Clearing Member.

The new status of CDS Dealer will allow affiliates of a CCM, that is either a General Member or a Select Member, registered as such CDS Dealers to present Original Transactions to LCH SA for clearing, novation and registration in the name of a Clearing Member. This new status will provide flexibility to Clearing Members in how they operate their execution and booking arrangements within their respective group, without the need to have multiple Clearing Members within such group or to onboard their affiliates as Clients. Specifically, it will enable Clearing Members to operate more efficiently by servicing their clients via the existing execution entities and, where applicable, documentation required but allows consolidation of clearing positions and margin within a single membership.

A CDS Dealer will be required to enter into a tripartite agreement with LCH SA and a Clearing Member within its corporate group (the ''CDS Dealer Clearing Agreement''). Under this agreement, the CDS Dealer will agree to be bound by the CDS Clearing Rules.

An Original Transaction presented by a CDS Dealer to LCH SA for clearing will give rise to the novation of such Original Transaction into a Cleared Transaction between LCH SA and the Clearing Member with which such CDS Dealer is party to a CDS Dealer Clearing Agreement, that will be registered in the House Trade Account of such Clearing Member; hence these Cleared Transactions under which the Clearing Member is acting as principal will be registered in the House Trade Account in which the Cleared Transactions resulting from the novation of Original Transactions presented by the Clearing Member on its own behalf are also registered.

For illustrative purposes, Exhibit 3 provides an example of a simplified operational framework under the current model as compared to the proposed model for house and client transactions. Under the current operational framework reflected in ''Example 1A: House v. House Standard Trade'', a CCM may present Original Transactions to LCH SA for clearing, novation and registration in the House Trade Account of such CCM. In addition, an affiliate of a CCM may also present Original Transactions to LCH SA for clearing only if such affiliate is itself admitted as a Clearing Member of LCH SA or if it is a Client of a Clearing Member. Under the proposed framework reflected in ''Example 1B: House v. Dealer Trade'', a CDS Dealer (as an affiliate of the CCM) will be able to present Original Transactions to LCH SA for clearing and novation, with the resulting trade registered in the House

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

[2] 17 CFR 240.19b–4.

[3] The version of the Rule Book and Sections 1 and 5 of the Procedures which includes the Proposed Rule Change reflects a separate proposed rule change previously submitted to the Securities and Exchange Commission (SEC) under the Filing No. SR–LCH SA–2024–002 recently approved by the SEC.

[4] All capitalized terms not defined herein have the same meaning as in the Rule Book or Procedures, as applicable, in their version as available on LCH SA's website: *https://www.lch.com/resources/rulebooks/lch-sa.*

[5] Pursuant to Section 1.1.1 of the Rule Book, a CCM means any legal entity admitted as a clearing member in accordance with the CDS Clearing Rules and party to the CDS Admission Agreement, provided that if such entity is an FCM/BD, it has satisfied LCH SA that it is able to provide the CDS Client Clearing Services in accordance with Title V prior to offering such services.

[6] In accordance with amended Section 1.2 of the Procedures. Thus, a CDS Dealer will not be permitted to submit any Original Transaction under which it is acting on behalf of anyone other than itself or its affiliated CCM to LCH SA for clearing.

[7] Pursuant to Section 1.1.1 of the Rule Book, the list of the Approved Trade Source Systems that can be used for the purposes of submitting Original Transactions to LCH SA for clearing is published in a Clearing Notice, which is available here: *https://www.lch.com/system/files/media_root/Clearing%20Notice_ATSS_no_2021-001_04.01.2021.pdf.*