

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90023; File No. SR-NYSE-2020-67]

### Self-Regulatory Organizations; New York Stock Exchange LLC, Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change to Amend Article IV, Section 4.05 of the Thirteenth Amended and Restated Operating Agreement of the Exchange

September 28, 2020.

On August 7, 2020, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to amend Article IV, Section 4.05 of the Thirteenth Amended and Restated Operating Agreement of the Exchange to allow the use of regulatory fines for charitable donations. The proposed rule change was published for comment in the **Federal Register** on August 25, 2020.<sup>3</sup> The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of notice of the filing of a propose rule change, or within such longer period up to 90 days as the Commission may designate if it find such longer period to be appropriate and published its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the Notice for the proposed rule change is October 9, 2020. The Commission is extending this 45-day period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designates November 23, 2020, as the date by which the

Commission shall either approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change (File No. SR-NYSE-2020-67).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SMALL BUSINESS ADMINISTRATION

### Surety Bond Guarantee Program Fees

**AGENCY:** U.S. Small Business Administration.

**ACTION:** Notification of Surety Bond Guarantee Program Fees.

**SUMMARY:** This document announces that the U.S. Small Business Administration (SBA) is adopting the guarantee fees in the amounts that SBA has been charging during the temporary fee reduction initiative that began October 1, 2018 and continues through September 30, 2020. These guarantee fees are charged to all Surety companies and Principals on each guaranteed bond (other than a bid bond) issued in SBA’s Surety Bond Guarantee (SBG) Program.

**DATES:** The fees described in this document will be adopted as of October 1, 2020 and will apply to all SBA surety bond guarantees approved on or after October 1, 2020.

**FOR FURTHER INFORMATION CONTACT:** Jermaine Perry, Management Analyst, Office of Surety Guarantees; (202) 401-8275 or [jermaine.perry@sba.gov](mailto:jermaine.perry@sba.gov).

**SUPPLEMENTARY INFORMATION:** Under its SBG Program, the SBA guarantees a certain percentage of bid, payment, and performance bonds for small and emerging contractors who cannot obtain surety bonds through regular commercial channels. The SBA guarantee incentivizes Sureties to provide bonding for small businesses and thereby assists small businesses in obtaining greater access to contracting opportunities. Pursuant to its statutory authority to “establish such fee or fees for small business concerns and premium or premiums for sureties as it deems reasonable and necessary,” and to administer the SBG Program “on a prudent and economically justifiable basis,” 15 U.S.C. 694b(h), SBA assesses a guarantee fee against both the small business concern (the Principal) and the Surety and deposits these fees into a

revolving fund to cover the program’s liabilities and certain program expenses.

SBA’s rules provide that the amount of the fees to be paid by the Surety and the Principal will be determined by SBA and published in Notices in the **Federal Register** from time to time. See 13 CFR 115.32(b) and (c) and 115.66. On July 30, 2018, SBA published a notification in the **Federal Register** (83 FR 36658) that announced that, for all guaranteed bonds approved during the one year period beginning October 1, 2018 through September 30, 2019, the Surety fee would decrease from 26% of the bond premium to 20% of the bond premium, and the Principal fee would decrease from \$7.29 per thousand dollars of the contract amount to \$6 per thousand dollars of the contract amount (the decrease in the Surety and Principal fees referred to, collectively, as “lower fees”). The announcement stated that SBA will evaluate whether the lower fees will result in an increase in the bond activity level of the SBG Program and, if so, whether any such increased level of activity will generate sufficient revenues to offset the reduced fee amounts. SBA invited comments on this temporary initiative and received a total of eleven comments, with nine comments from surety companies and agents and two comments from trade associations, all of which expressed support for the lower fees.

SBA subsequently published a notification in the **Federal Register** (84 FR 40466) extending the lower fees through September 30, 2020 to provide additional time for SBA to evaluate the fee reduction due to the Government lapse of appropriation, which spanned from December 22, 2018 through January 25, 2019. During the extension, SBA continued its evaluation into how lower fees affect the SBG Program, including program utilization by surety companies, surety agents and small businesses; the size and characteristics of the portfolio; and the risk level of the program, including cash flow and defaults. A final report of the evaluation study conducted by SBA (which covered the period between October 1, 2018 and December 31, 2019) will be published on [www.sba.gov/evaluation](http://www.sba.gov/evaluation).

In addition to the report and the public comments in support of the lower fees, SBA has considered the effect of the lower fees on the annual cashflow (fees collected minus claims paid) and the reserves in the SBG Program’s revolving fund. The annual cashflow during the period of the temporary fee reductions, between October 1, 2018 and September 21, 2020, maintained a surplus, resulting in an increase in the reserves in the

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

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

<sup>3</sup> See Securities Exchange Act Release No. 89615 (August 19, 2020), 85 FR 52392 (August 25, 2020) (SR-NYSE-2020-67).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(31).