

agreements at least annually. Rule 12b-1 also requires funds relying on the rule to preserve for six years, the first two years in an easily accessible place, copies of the rule 12b-1 plan and any related agreements and reports, as well as minutes of board meetings that describe the factors considered and the basis for adopting or continuing a rule 12b-1 plan.

Rule 12b-1 also prohibits funds from paying for distribution of fund shares with brokerage commissions on their portfolio transactions. The rule requires funds that use broker-dealers that sell their shares to also execute their portfolio securities transactions, to implement policies and procedures reasonably designed to prevent: (i) The persons responsible for selecting broker-dealers to effect transactions in fund portfolio securities from taking into account broker-dealers' promotional or sales efforts when making those decisions; and (ii) a fund, its adviser, or its principal underwriter, from entering into any agreement under which the fund directs brokerage transactions or revenue generated by those transactions to a broker-dealer to pay for distribution of the fund's (or any other fund's) shares.

The board and shareholder approval requirements of rule 12b-1 are designed to ensure that fund shareholders and directors receive adequate information to evaluate and approve a rule 12b-1 plan and, thus, are necessary for investor protection. The requirement of quarterly reporting to the board is designed to ensure that the rule 12b-1 plan continues to benefit the fund and its shareholders. The recordkeeping requirements of the rule are necessary to enable Commission staff to oversee compliance with the rule. The requirement that funds or their advisers implement, and fund boards approve, policies and procedures in order to prevent persons charged with allocating fund brokerage from taking distribution efforts into account is designed to ensure that funds' selection of brokers to effect portfolio securities transactions is not influenced by considerations about the sale of fund shares.

Commission staff estimates that there are approximately 6,358 funds (for purposes of this estimate, registered open-end investment companies or series thereof) that have at least one share class subject to a rule 12b-1 plan and approximately 454 fund families with common boards of directors that have at least one fund with a 12b-1 plan. The Commission further estimates that the annual hour burden for complying with the rule is 425 hours for each fund family with a portfolio that

has a rule 12b-1 plan. We therefore estimate that the total hourly burden per year for all funds to comply with current information collection requirements under rule 12b-1 is 192,950 hours. Commission staff estimates that approximately three funds per year prepare a proxy in connection with the adoption or material amendment of a rule 12b-1 plan. The staff further estimates that the cost of each fund's proxy is \$30,000. Thus, the total annual cost burden of rule 12b-1 to the fund industry is \$90,000.

Estimates of average burden hours and costs are made solely for purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the costs of Commission rules and forms. The collections of information required by rule 12b-1 are necessary to obtain the benefits of the rule. Notices to the Commission will not be 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 OMB 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 June 21, 2022 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: May 16, 2022.

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94921; File No. SR-ICC-2022-002]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Risk Parameter Setting and Review Policy

May 16, 2022.

I. Introduction

On March 22, 2022, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its Risk Parameter Setting and Review Policy (the "RPSR Policy"). The proposed rule change was published for comment in the **Federal Register** on April 4, 2022.³ The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

The RPSR Policy describes ICC's process of setting and reviewing the risk management model core parameters and the performance of sensitivity analyses related to certain parameter settings.⁴ Overall, ICC represents the proposed amendments would be clarifications needed to address an independent model validation and would not change the methodology.⁵

The proposed rule change would amend Section 1.7, which describes the parameters associated with the integrated spread response component of ICC's CDS risk model. The RPSR Policy categorizes these parameters as Univariate, Multivariate, and Anti-Procyclicality Level Parameters. The proposed rule change would make amendments to Subsection 1.7.1, which describes the Univariate Level Parameters.

As part of these Univariate Level Parameters, ICC derives the end-of-day

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Risk Parameter Setting and Review Policy; Exchange Act Release No. 34-94544 (March 29, 2022); 87 FR 19563 (April 4, 2022) (SR-ICC-2022-002) ("Notice").

⁴ The description is substantially excerpted from the Notice, 87 FR at 19563. Capitalized terms not defined herein have the meanings assigned to them in the RPSR Policy or the ICC Rules, as applicable.

⁵ Notice, 87 FR at 19563.

(“EOD”) recovery rate for single name risk factors (meaning each single name CDS contract).⁶ The proposed rule change would add text to explain how ICC derives the EOD recovery rate from price quotes submitted by Clearing Members. For each single name risk factor, the EOD recovery rate would reflect the smaller of the standard market convention recovery rate and the minimum submitted EOD bid price submitted by Clearing Members. The proposed changes would explain that the EOD recovery rate would be the minimum submitted EOD bid price, and therefore would deviate from the standard market convention, when the single name risk factor itself is distressed. The proposed language would further specify the role of the established EOD recovery rate in using the ISDA Standard Model for price-to-spread mapping.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.⁷ For the reasons discussed below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁸ and Rule 17Ad-22(e)(6)(vi)(B) thereunder.⁹

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹⁰ Based on its review of the record, and for the reasons discussed below, the Commission believes the proposed changes to RPSR Policy are consistent with the promotion of the prompt and accurate clearance and settlement of transactions at ICC.

The Commission believes that the change should improve the RPSR Policy by documenting how ICC derives the EOD recovery rate from price quotes

submitted by Clearing Members for Univariate Level Parameters. The Commission believes that documenting ICC’s approach should help to ensure that ICC derives the EOD recovery rate and related Univariate Level Parameters in a clear and consistent manner. Because ICC uses the RPSR Policy to set and review core parameters for ICC’s risk management model, the Commission believes that this improvement to the RPSR should help to ensure the continued efficacy of the risk management model. An effective risk management model should help to ensure that ICC collects sufficient margin, commensurate with the risks presented by the transactions its clears. The Commission thus believes the proposed rule change should ultimately help to ensure that ICC collects sufficient margin, and in doing so should help improve ICC’s ability to avoid losses that could result during periods of market stress. Because such losses could disrupt ICC’s ability to operate and thus promptly and accurately clear and settle security based swap transactions, the Commission finds the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.¹¹

B. Consistency With Rule 17Ad-22(e)(6)(vi)(B)

Rule 17Ad-22(e)(6)(vi)(B) requires that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum is monitored by management on an ongoing basis and is regularly reviewed, tested, and verified by conducting a sensitivity analysis of its margin model and a review of its parameters and assumptions for backtesting on at least a monthly basis, and considering modifications to ensure the backtesting practices are appropriate for determining the adequacy of ICC’s margin resources.¹² As discussed above, the proposed rule change would document how ICC derives the EOD recovery rate from price quotes submitted by Clearing Members for Univariate Level Parameters. In doing so, the Commission believes the proposed rule change would help to ensure that ICC analyzes this particular aspect of the Univariate Level Parameters, which the RPSR Policy requires ICC’s Risk team to estimate and

review, and perform sensitivity analysis on, at least monthly. Therefore, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(6)(vi)(B).¹³

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act¹⁴ and Rule 17Ad-22(e)(6)(vi)(B) thereunder.¹⁵

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹⁶ that the proposed rule change (SR-ICC-2022-002), be, and hereby is, approved.¹⁷

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

J. Matthew DeLesDernier,
Assistant Secretary.

[FR Doc. 2022-10805 Filed 5-19-22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-774, OMB Control No. 3235-0727]

Submission for OMB Review; Comment Request; Extension: Rules 400-404 of Regulation Crowdfunding (Intermediaries)

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 (“PRA”) (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rules 300-304 of Regulation Crowdfunding.¹

The collections of information required under Rules 400 through 404 is mandatory for all funding portals. Form

¹³ 17 CFR 240.17Ad-22(e)(6)(vi)(B).

¹⁴ 15 U.S.C. 78q-1(b)(3)(F).

¹⁵ 17 CFR 240.17Ad-22(e)(6)(vi)(B).

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁸ 17 CFR 200.30-3(a)(12).

¹ See *Regulation Crowdfunding*, Exchange Act Release No. 76324 (Oct. 30, 2015), 80 FR 71387 (Nov. 16, 2015) (Final Rule) (“Regulation Crowdfunding”).

⁶ As explained in ICC’s Risk Management Model Description, every index, sub-index, or underlying single name is deemed a Risk Factor. See Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Risk Management Model Description, Exchange Act Release No. 91918 (May 18, 2021), 86 FR 27927 (May 24, 2021).

⁷ 15 U.S.C. 78s(b)(2)(C).

⁸ 15 U.S.C. 78q-1(b)(3)(F).

⁹ 17 CFR 240.17Ad-22(e)(6)(vi)(B).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

¹² 17 CFR 240.17Ad-22(e)(6)(vi)(B).