

FINRA stated that proposed Supplementary Material .08 is not intended to alter the substantive terms or existing guidance pertaining to the current NYSE requirements governing the use of summary statements.<sup>107</sup> Accordingly, proposed Supplementary Material .08 would not impact how firms currently comply with the supplemental obligations.<sup>108</sup> FINRA also stated that its description of proposed Supplementary Material .08 in the Notice does not change the proposed requirements of that supplementary material.<sup>109</sup> Accordingly, FINRA stated that similar to NYSE Rule Interpretation 409T(a)/06, under proposed Supplementary Material .08, a “clearing firm” must be a party to a written agreement with each other person jointly providing its respective customer account statements.<sup>110</sup>

Proposed Supplementary Material .08 would establish summary statement disclosure requirements for all FINRA members (rather than just NYSE members). These summary statement disclosure requirements (e.g., that the summary statement is provided for the customer’s convenience, does not replace other statements, identifies where assets are held, and which entities are SIPC members) would protect investors by clarifying key information about the investors’ assets to help them evaluate their investments. Accordingly, for the reasons set forth above, the Commission finds that proposed Supplementary Material .08 is designed to protect investors and is in the public interest.

#### *I. Proposed Deletion of NYSE Rule 409T and NYSE Rule Interpretation 409T*

FINRA stated that the proposed rule change would delete the NYSE

Provisions in their entirety on the basis that they are duplicative of other existing rules,<sup>111</sup> are outdated,<sup>112</sup> or the underlying concepts in these provisions will have been included in the proposed Supplementary Materials to Rule 2231.<sup>113</sup> As discussed more fully above, the Commission finds that maintaining two versions of substantially similar rules could cause confusion and undermine firm compliance with their obligations regarding providing account statements to their customers, which could erode investor protections. For the reasons set forth above, the Commission finds that the proposed deletion of the NYSE Provisions is designed to protect investors and is in the public interest.

#### **IV. Conclusion**

*It is therefore ordered* pursuant to Section 19(b)(2) of the Exchange Act<sup>114</sup> that the proposed rule change (SR-FINRA-2021-024), as modified by Amendment No. 1, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>115</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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request. Because Exchange Act Rule 17a-5(c) (Reports to be Made by Certain Brokers and Dealers) and FINRA Rule 2261 (Disclosure of Financial Condition) contain similar provisions, FINRA is not incorporating these provisions. Additionally, Supplementary Material .01(7) to NYSE Rule 409T states that upon the written instructions of a customer and with the written approval of a member or supervisor of a member organization, a member organization may, under certain circumstances, hold mail for a customer who will not be at his usual address for the period of his absence, and NYSE Rule Interpretation 409T(b)/01 provides guidelines for holding confirmations, statements, and broker-dealer financial statements for foreign customers. FINRA members’ obligations concerning these activities are addressed in FINRA Rule 3150 (Holding of Customer Mail) and, thus, FINRA would not incorporate these provisions. NYSE Rule Interpretation 409T(a)/03 addresses the allocation of responsibilities when using third parties to prepare and transmit account to customers statements. These arrangements are addressed in FINRA Rule 4311 (Carrying Agreements) and other FINRA guidance, and, thus, would also not be incorporated. See Notice, 86 FR at 55646.

<sup>112</sup> For example, NYSE Rule 409T.10(1) through (6) provide exceptions to the requirements of NYSE Rule 409T(b) for persons having powers of attorney. As described above, proposed Supplementary Material .02 would provide a narrower exception for court-appointed fiduciaries. FINRA is therefore not incorporating these NYSE terms into Supplementary Material .02. See Notice, 86 FR at 55646.

<sup>113</sup> See Notice, 86 FR at 55646.

<sup>114</sup> 15 U.S.C. 78s(b)(2).

<sup>115</sup> 17 CFR 200.30-3(a)(12).

## **SECURITIES AND EXCHANGE COMMISSION**

[SEC File No. 270-447, OMB Control No. 3235-0504]

### **Proposed Collection; Comment Request; Extension: Rule 19b-4(e) and Form 19b-4(e)**

*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”) is soliciting comments on the existing collection of information provided for in Rule 19b-4(e) (17 CFR 240.19b-4(e)) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (the “Act”). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 19b-4(e) permits a self-regulatory organization (“SRO”) to list and trade a new derivative securities product without submitting a proposed rule change pursuant to Section 19(b) of the Act (15 U.S.C. 78s(b)), so long as such product meets the criteria of Rule 19b-4(e) under the Act. However, in order for the Commission to maintain an accurate record of all new derivative securities products traded on the SROs, Rule 19b-4(e) requires an SRO to file a summary form, Form 19b-4(e), to notify the Commission when the SRO begins trading a new derivative securities product that is not required to be submitted as a proposed rule change to the Commission. Form 19b-4(e) should be submitted within five business days after an SRO begins trading a new derivative securities product that is not required to be submitted as a proposed rule change. In addition, Rule 19b-4(e) requires an SRO to maintain, on-site, a copy of Form 19b-4(e) for a prescribed period of time.

This collection of information is designed to allow the Commission to maintain an accurate record of all new derivative securities products traded on the SROs that are not deemed to be proposed rule changes and to determine whether an SRO has properly availed itself of the permission granted by Rule 19b-4(e). The Commission reviews SRO compliance with Rule 19b-4(e) through its routine inspections of the SROs.

The respondents to the collection of information are SROs (as defined by the Act), all of which are national securities

<sup>107</sup> See FINRA Response Letter, at 6.

<sup>108</sup> *Id.*; see also Paragraph 4 of NYSE Rule Interpretation 409T(a)/06.

<sup>109</sup> See FINRA Response Letter, at 7.

<sup>110</sup> *Id.*

<sup>111</sup> For example, NYSE Rule 409T(b) and Supplementary Material .10 to NYSE Rule 409T allow for the suppression of trade confirmations, and NYSE Rule 409T(g) provides that members organizations carrying margin accounts for customers should send duplicate copies of monthly statements of guaranteed accounts to the respective guarantors unless the guarantors have specifically declared in writing that they do not want such statements sent to them. Because the delivery requirements of confirmations are governed by Exchange Act Rule 10b-10 (Confirmation of Transactions) and FINRA Rule 2232 (Customer Confirmations), and the general requirements of proposed Supplementary Material .02 cover duplicate delivery issues, FINRA is not incorporating these provisions into Supplementary Material .02. Moreover, NYSE Rule 409T(e)(1) requires a legend on account statements notifying customers that this member organization’s financial statements are available for inspection upon

exchanges. As of April 8, 2022 there were 24 entities registered as national securities exchanges with the Commission. The Commission receives an average total of 2,331 responses per year, which corresponds to an estimated annual hour burden of approximately 2,331 hours (2,331 responses × 1 hour per response). At an average hourly cost of \$72, the aggregate related internal cost of compliance for Rule 19b-4(e) is approximately \$167,832 per year (2,331 burden hours multiplied by \$72/hour).

Compliance with Rule 19b-4(e) is mandatory. Information received in response to Rule 19b-4(e) shall not be kept confidential; the information collected is public information.

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 August 8, 2022.

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: David Bottom, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE Washington, DC 20549 or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 1, 2022.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95021; File No. SR-NSCC-2022-007]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Revise the Voluntary Termination Provisions of the NSCC Rules for Limited Members

June 1, 2022.

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 May 27, 2022, National Securities Clearing Corporation (“NSCC”) 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. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and subparagraph (f)(6)<sup>4</sup> of Rule 19b-4 thereunder. 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 of NSCC consists of modifications to NSCC's Rules & Procedures (the “Rules”)<sup>5</sup> to revise the voluntary termination provisions of the Rules in order to provide that a Limited Member may be deemed to have voluntarily terminated its membership if NSCC is unable to contact the Limited Member's authorized representatives, and the Limited Member has not used NSCC's services for at least 6 months. The proposed changes are described in greater detail below.

#### 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 consists of modifications to the voluntary termination provisions of the Rules in order to provide that a Limited Member may be deemed to have voluntarily terminated its membership if NSCC is unable to contact an authorized representative of the Limited Member, as designated by the participant pursuant to Rule 5,<sup>6</sup> and there has been no activity in the account by the participant for at least 6 months. The proposed changes are described in greater detail below.

##### (i) NSCC Membership Types/Limited Members

NSCC has several types of membership with different access levels to services.<sup>7</sup> Generally, such membership types can be categorized into “Members” which are full-service participants that have access to NSCC's central counterparty services and “Limited Members” whose access to services is limited to certain services by membership type specified by NSCC.<sup>8</sup> The services available for Limited Members are “non-guaranteed” services—meaning that NSCC does not act as a central counterparty or guarantee payments for transactions conducted through these services.<sup>9</sup> If a Limited Member using non-guaranteed services fails to pay for a transaction at settlement, NSCC does not guarantee the payment and may reverse in whole or in part any credit previously given to the contra side.<sup>10</sup> As a result, NSCC bears less risk for payments relating to non-guaranteed services than it does for payments relating to its guaranteed services.

##### (ii) NSCC Termination Provisions

NSCC has several Rules relating to the termination of a Limited Member's membership. Those Rules include

<sup>6</sup> See Rule 5, Section 2, *supra* note 5, which requires that a Limited Member appoint a representative that is duly authorized in the name and on behalf of the Limited Member to sign all instruments, correct errors and to perform such other duties as may be required under the Rules and the Procedures and to transact all business requisite in connection with the operations of NSCC.

<sup>7</sup> See Rule 2, *supra* note 5, which describes various NSCC membership types.

<sup>8</sup> *Id.*

<sup>9</sup> See Addendum D of the Rules, *supra* note 5.

<sup>10</sup> See Addendum D of the Rules, *supra* note 5.

<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)(6).

<sup>5</sup> Capitalized terms not defined herein are defined in the Rules, available at [https://dtcc.com/~media/Files/Downloads/legal/rules/nsc\\_rules.pdf](https://dtcc.com/~media/Files/Downloads/legal/rules/nsc_rules.pdf).