

specified periodic basis and approved by the board of directors annually.³⁶

The Commission previously found the OCC's RMFP, and subsequent revisions thereto, to be consistent with Rule 17Ad-22(e)(3)(i).³⁷ As described above, the proposal contained in the Notice of Filing would replace OCC's RMFP with the RMF and CRMP. In replacing the RMFP, OCC proposes to (i) replace or update rules currently in the RMFP,³⁸ (ii) remove information currently in the RMFP from OCC's rules,³⁹ (iii) relocate rules from the RMFP to the RMF and CRMP,⁴⁰ and (iv) add new rule text expanding on what exists in the RMFP.⁴¹ The Commission believes that, overall, the proposed changes would maintain, clarify, and expand on OCC's framework for managing risk. Additionally, OCC proposes to make conforming changes to other policies that reference the RMFP.

As described above, OCC proposes replacing and updating rules currently in the RMFP. For example, OCC proposes replacing a description of the purpose of the RMFP with a description of the purpose of the RMF and an introduction to the CRMP. Further, OCC proposes relocating rules currently found in the RMFP without changing the substance of those rules. For example, OCC proposes to move the substance of the Risk Management Governance section of the RMFP under the broader Governance section of the RMF. The Commission believes that such changes serve to accurately reflect the proposed organization of OCC's policies and procedures that comprise its framework for managing risk.

Additionally, OCC proposes removing information such as the history and background found in the Risk Management Philosophy section of the RMFP. The Commission believes that the removal of background and historical information would not change OCC's processes or systems for identifying, measuring, monitoring, or managing risk.

Finally, OCC proposes changes to expand the rules currently captured in the RMFP. For example, the RMF would describe OCC's reorganized framework for managing risk and provide an

overview of OCC's risk appetite framework, including OCC's risk universe, risk appetite, and risk tolerances that would be described in the CRMP in greater detail. It would include an expanded discussion of OCC's three lines of defense model while relocating detailed discussions of the Risk Management Practice, Enterprise Risk Assessment program, and Risk Reporting to the CRMP. The RMF would state that the Board is responsible for advising and overseeing management, and that OCC's CRO would present a review of the RMF to the Board for approval at least annually. The discussion of Control activities would be revised to give general descriptions of Compliance while also updating OCC's processes for handling policy exceptions. The RMF would also include a new section discussing the Recovery and Orderly Wind-Down plan. Additionally, the CRMP would contain new rule text regarding OCC's risk monitoring processes. Furthermore, the key risk universe definitions provided in the CRMP would use detailed qualitative risk appetite statements for each risk sub-category to better describe the elements that comprise OCC's risk universe and the relationship between them while providing additional details for internal governance and monitoring. Finally, the CRMP would introduce risk rating scales, which reflect how large the effect of an event's occurrence would be and the likelihood of it occurring when considering a range of repercussions on OCC's business. The Commission believes that the proposed changes provide a more comprehensive and transparent discussion of OCC's overall framework for managing its range of risks, including legal, credit, liquidity, operational, general business, investment, custody, among others, as referenced in detail in its first line of defense and supported through the challenge and assurance functions in OCC's second and third lines of defense. The Commission also believes that certain proposed changes clarify and strengthen the risk management framework. For example, Corporate Risk and Risk Owners would be required to review the risk universe, risk tolerances, and risk appetites within established tolerances at least every twelve months instead of at least annually, which could otherwise result in gaps of time between reviews ranging as long as twenty-two months.

The Commission believes, therefore, that the proposal is consistent with the requirements of Rule 17Ad-22(e)(3)(i) of the Exchange Act.⁴²

VI. CONCLUSION

On the basis of the foregoing, the Commission finds that the proposed rule change, is consistent with the requirements of the Exchange Act, and in particular, the requirements of Section 17A of the Exchange Act⁴³ and the rules and regulations thereunder.

It Is Therefore Ordered, pursuant to Section 19(b)(2) of the Exchange Act,⁴⁴ that the proposed rule change (SR-OCC-2022-010) be, and hereby is, approved

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁵

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Securities Act of 1933 Release No. 11142/ December 23, 2022; Securities Exchange Act of 1934 Release No. 96577/December 23, 2022]

Order Approving Public Company Accounting Oversight Board Budget and Annual Accounting Support Fee for Calendar Year 2023

The Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"),¹ established the Public Company Accounting Oversight Board ("PCAOB") to oversee the audits of companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate, and independent audit reports. Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act² amended the Sarbanes-Oxley Act to provide the PCAOB with explicit authority to oversee auditors of broker-dealers registered with the Securities and Exchange Commission (the "Commission"). The PCAOB is to accomplish these investor protection and public interest goals through the registration of public accounting firms, standard setting, inspections, and investigation and disciplinary programs. The PCAOB is subject to the

⁴³ In approving this proposed rule change, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

⁴⁴ 15 U.S.C. 78s(b)(2).

⁴⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 7201 *et seq.*

² Public Law 111-203, 124 Stat. 1376 (2010).

³⁶ 17 CFR 240.17Ad-22(e)(3)(i).

³⁷ See Exchange Act Release No. 82232 (Dec. 7, 2017), 82 FR 58662 (Dec. 13, 2017) (File No. SR-OCC-2017-005) (approving adoption of the RMFP). See also, e.g., Exchange Act Release No. 90797 (Dec. 23, 2020), 85 FR 86592 (Dec. 30, 2020) (File No. SR-OCC-2020-014) (approving changes to the RMF related to the adoption of Third-Party Risk Management Framework).

³⁸ See *supra* sections II.A.(i).

³⁹ See *supra* sections II.A.(ii).

⁴⁰ See *supra* sections II.A.(iii).

⁴¹ See *supra* sections II.A.(iv), II.B.(i).

⁴² 15 U.S.C. 78q-1(b)(3)(F).

comprehensive oversight of the Commission.

Section 109 of the Sarbanes-Oxley Act provides that the PCAOB shall establish a reasonable annual accounting support fee, as may be necessary or appropriate to establish and maintain the PCAOB. Under Section 109(f) of the Sarbanes-Oxley Act, the aggregate annual accounting support fee shall not exceed the PCAOB's aggregate "recoverable budget expenses," which may include operating, capital, and accrued items. The PCAOB's annual budget and accounting support fee are subject to approval by the Commission. In addition, the PCAOB must allocate the annual accounting support fee among issuers and among registered brokers and dealers.

Section 109(b) of the Sarbanes-Oxley Act directs the PCAOB to establish a budget for each fiscal year in accordance with the PCAOB's internal procedures, subject to approval by the Commission. Rule 190 of Regulation P (the "Budget Rule") governs the Commission's review and approval of PCAOB budgets and annual accounting support fees.³ The Budget Rule provides, among other things, a timetable for the preparation and submission of the PCAOB budget and for Commission actions related to each budget, a description of the information that should be included in each budget submission, limits on the PCAOB's ability to incur expenses and obligations except as provided in the approved budget, procedures relating to supplemental budget requests, requirements for the PCAOB to provide on a quarterly basis certain budget-related information, and a list of definitions that apply to the rule and to general discussions of PCAOB budget matters.

In accordance with the Budget Rule, in March 2022 the PCAOB provided the Commission with a narrative description of its program issues and outlook for the 2023 budget year. In response, the Commission provided the PCAOB with economic assumptions and general budgetary guidance for the 2023 budget year. The PCAOB subsequently delivered a preliminary budget and budget justification to the Commission. Staff from the Commission's Office of the Chief Accountant and Office of Financial Management dedicated a substantial amount of time to the review and analysis of the PCAOB's programs, projects, and budget estimates and participated in several meetings with staff of the PCAOB to further develop the understanding of the PCAOB's budget and operations. During the

course of this review, Commission staff relied upon representations and supporting documentation from the PCAOB. Based on this review, the Commission issued a "passback" letter to the PCAOB on October 27, 2022. On November 18, 2022, the PCAOB adopted its 2023 budget and accounting support fee during an open meeting, and subsequently submitted that budget to the Commission for approval.

After considering the above, the Commission did not identify any proposed disbursements in the 2023 budget adopted by the PCAOB that are not properly recoverable through the annual accounting support fee, and the Commission believes that the aggregate proposed 2023 annual accounting support fee does not exceed the PCAOB's aggregate recoverable budget expenses for 2023.

The Commission continues to emphasize the importance of the PCAOB's identification of efficiencies and process improvements. Accordingly, the Commission requests that the PCAOB evaluate its operational efficiency, improvements, and budgetary needs and submit such assessments to the Commission in connection with the 2024 budget cycle.

Coordination between the SEC and PCAOB continues to be important. The Commission directs the PCAOB during 2023 to continue to hold monthly meetings, as necessary, with the Commission's staff to discuss important policy initiatives, changes related to program areas, and significant impacts to the PCAOB's 2023 budget, including significant differences between actual and budgeted amounts and anticipated cost-savings. Separately, the Commission directs the PCAOB to continue its written quarterly updates on recent activities, including strategic initiatives, for the PCAOB's Office of Economic and Risk Analysis; Office of Data, Security, and Technology; and Division of Registration and Inspections. The Commission expects the PCAOB to make itself available to meet with individual Commissioners on these and other topics. Further, the Commission requests that the PCAOB submit its 2022 annual report to the Commission by March 31, 2023.

The Commission understands that the Office of Management and Budget ("OMB") has determined that the 2023 budget of the PCAOB is subject to sequestration under the Budget Control Act of 2011.⁴ For 2022, the PCAOB

sequestered \$17.7 million. That amount will become available in 2023. For 2023, the sequestration amount will be 5.7% or \$19.9 million. Consequently, we expect the PCAOB will have approximately \$2.2 million less funds available from the 2022 sequestration for spending in 2023. Accordingly, the PCAOB should submit a revised spending plan for 2023 reflecting a \$2.2 million reduction to budgeted expenditures as a result of the increase in sequestration amount from 2022 to 2023.

The Commission has determined that the PCAOB's 2023 budget and annual accounting support fee are consistent with Section 109 of the Sarbanes-Oxley Act. Accordingly,

It is ordered, pursuant to Section 109 of the Sarbanes-Oxley Act, that the PCAOB budget and annual accounting support fee for calendar year 2023 are approved.

By the Commission.

Vanessa A. Countryman,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96570; File No. SR-CBOE-2022-057]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Designation of Longer Period for Commission Action on a Proposed Rule Change To Increase the Position and Exercise Limits for Options on Apple Inc. Stock

December 22, 2022.

On November 7, 2022, Cboe Exchange, Inc. filed with the Securities and Exchange Commission (the "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 increase the position and exercise limits for options on Apple Inc. stock ("AAPL"). The proposed rule change was published for comment in the **Federal Register** on November 25, 2022.³ The Commission has received no comment letters regarding the proposed rule change.

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up

⁴ OMB Report to the Congress on the BBEDCA 251A Sequestration for Fiscal Year 2023 (Mar. 28, 2022), available at https://www.whitehouse.gov/wp-content/uploads/2022/03/BBEDCA_251A_Sequestration_Report_FY2023.pdf.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 96353 (Nov. 18, 2022), 87 FR 72568.

⁴ 15 U.S.C. 78s(b)(2).

³ 17 CFR 202.190.