

submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSEARCA-2024-06 and should be submitted on or before February 15, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

**Sherry R. Haywood,**  
Assistant Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

[SEC File No. 270-385, OMB Control No. 3235-0441]

**Submission for OMB Review; Comment Request; Extension: Rule 18f-3**

*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 (44 U.S.C. 3501 *et seq.*) ("Paperwork Reduction Act"), the Securities and Exchange Commission ("the Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information discussed below.

Rule 18f-3 (17 CFR 270.18f-3) under the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) exempts from section 18(f)(1) and 18 (f)(i) a fund that issues multiple classes of shares representing interests in the same portfolio of securities (a "multiple class fund") if the fund satisfies the conditions of the rule. In general, each class must differ in its arrangement for shareholder services or distribution or both, must pay the related expenses of that different arrangement, and must satisfy certain voting rights provisions. The rule includes one requirement for the collection of information. A multiple class fund must prepare, and fund directors must approve, a written plan setting forth the separate

arrangement and expense allocation of each class, and any related conversion features or exchange privileges ("rule 18f-3 plan"). Approval of the plan must occur before the fund issues any shares of multiple classes and whenever the fund materially amends the plan. In approving the plan, the fund board, including a majority of the independent directors, must determine that the plan is in the best interests of each class and the fund as a whole.

The requirement that the fund prepare and directors approve a written rule 18f-3 plan is intended to ensure that the fund compiles information relevant to the fairness of the separate arrangement and expense allocation for each class, and that directors review and approve the information. Without a blueprint that highlights material differences among classes, directors might not perceive potential conflicts of interests when they determine whether the plan is in the best interests of each class and the fund. In addition, the plan may be useful to Commission staff in reviewing the fund's compliance with the rule.

The following estimates of average burden hours are made solely for purposes of the Paperwork Reduction Act of 1995<sup>1</sup> and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. Compliance with the information collection requirements of rule 18f-3 is necessary to obtain the benefit of the rule's exemption. The collection of information under rule 18f-3 is mandatory. Responses to the collection of information requirements will not be kept confidential.

**TABLE 1—RULE 18f-3 PRA ESTIMATES**

	Internal annual burden	Wage rate <sup>1</sup>	Internal time costs
<b>ESTIMATES FOR RULE 18F-3</b>			
Prepare and approve a written 18f-3 plan <sup>2</sup> ...	6 hours <sup>3</sup> .		
Average number of responses annually per registrant.	0.5 responses <sup>3</sup> .		
Total number of hours per registrant per year <sup>4</sup> .	3 hours <sup>3</sup> .....	\$484 (in-house attorney). \$4,770 (fund board of directors) <sup>6</sup>	\$936,056 (in-house attorney). \$4,612,590 (board of directors) <sup>7</sup> .
Total number of registrants .....	967 <sup>4</sup> .		
Total annual hour burden .....	2,901 hours <sup>5</sup> .....		\$5,548,646 <sup>8</sup> .

**Notes:**

1. The Commission's estimates of the relevant wage rates are based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association's *Office Salaries in the Securities Industry 2013*; the estimated figures are modified by firm size, employee benefits, overhead, and adjusted to account for the effects of inflation; see Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

2. The Commission estimates that each registrant prepares and approves a rule 18f-3 plan every two years when issuing a new fund or class or amending a plan (or that 484 of all 967 registrants prepare and approve a plan each year).

3. This estimate assumes that each response will take 6 hours, requiring 3 hours per registrant per year (0.5 responses per registrant × 6 hours per response = 3 hours per registrant).

4. The Commission estimates that there are approximately 6,733 multiple class funds offered by 967 registrants.

5. 967 registrants × 3 hours = 2,901 hours.

6. The estimate for the cost of board time is derived from estimates made by the staff regarding typical board size and compensation that is based on information received from fund representatives and publicly available sources; the \$4,770 per hour estimate for a fund board of directors was last adjusted for inflation through 2019, and assumes an average of 9 board members per board.

<sup>29</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 44 U.S.C. 3501 *et seq.*

7. This estimate assumes that two-thirds (1,934) of the internal hours are spent by in-house attorneys to prepare the plan (1,934 hours × \$484 estimated hourly rate = \$936,056 per year) and that one-third (967) are spent by the fund's board of directors to approve the plan (967 hours × \$4,770 per hour = \$4,612,590).  
8. \$936,056 + \$4,612,590 = \$5,548,646.

The information provided under rule 18f-3 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](http://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 February 26, 2024 to (i) [MBX.OMB.OIRA.SEC\\_desk\\_officer@omb.eop.gov](mailto: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](mailto:PRA_Mailbox@sec.gov).

Dated: January 22, 2024.

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99404; File No. SR-FINRA-2024-004]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rule 6730 (Transaction Reporting) To Reduce the 15-Minute TRACE Reporting Timeframe to One Minute

January 19, 2024.

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 January 11, 2024, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 6730 to reduce the 15-minute TRACE reporting timeframe to one minute, with exceptions for member firms with *de minimis* reporting activity and for manual trades.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA 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. FINRA 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 (i) Background

FINRA has collected and disseminated transaction information in fixed income securities through TRACE since 2002.<sup>3</sup> Since the implementation of TRACE, the fixed income markets have changed dramatically, including a significant increase in the use of electronic trading platforms or other electronic communication protocols to facilitate the execution of transactions. With these changes, FINRA has been considering ways to modernize the reporting rules and provide for more timely, granular and informative data to enhance the value of disseminated transaction data.

FINRA rules specify the applicable outer-limit reporting timeframe for different types of TRACE-Eligible

Securities,<sup>4</sup> and these timeframes have been adjusted over time in line with changes in the markets. A 15-minute outer-limit reporting timeframe currently applies to most transactions<sup>5</sup> in corporate bonds, agency debt securities,<sup>6</sup> asset-backed securities (ABS)<sup>7</sup> and agency pass-through mortgage-backed securities (MBS) traded to-be-announced (TBA) for good delivery (GD).<sup>8</sup> The 15-minute reporting

<sup>4</sup> "TRACE-Eligible Security" means a debt security that is United States (U.S.) dollar-denominated and is: (1) issued by a U.S. or foreign private issuer, and, if a "restricted security" as defined in Securities Act Rule 144(a)(3), sold pursuant to Securities Act Rule 144A; (2) issued or guaranteed by an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise as defined in paragraph (n); (3) a U.S. Treasury Security as defined in paragraph (p); or (4) a Foreign Sovereign Debt Security as defined in paragraph (kk). "TRACE-Eligible Security" does not include a debt security that is a Money Market Instrument as defined in paragraph (o). See Rule 6710(a).

<sup>5</sup> A "List or Fixed Offering Price Transaction," as defined in Rule 6710(q), and a "Takedown Transaction," as defined in Rule 6710(r) are required to be reported to TRACE by the next business day (T+1). See Rule 6730(a)(2).

<sup>6</sup> "Agency Debt Security" means a debt security (i) issued or guaranteed by an Agency as defined in paragraph (k); (ii) issued or guaranteed by a Government-Sponsored Enterprise as defined in paragraph (n); or (iii) issued by a trust or other entity that was established or sponsored by a Government-Sponsored Enterprise for the purpose of issuing debt securities, where such enterprise provides collateral to the trust or other entity or retains a material net economic interest in the reference tranches associated with the securities issued by the trust or other entity. The term excludes a U.S. Treasury Security as defined in paragraph (p) and a Securitized Product as defined in paragraph (m), where an Agency or a Government-Sponsored Enterprise is the Securitizer as defined in paragraph (s) (or similar person), or the guarantor of the Securitized Product. See Rule 6710(l).

<sup>7</sup> "Asset-Backed Security" means a type of Securitized Product where the Asset-Backed Security is collateralized by any type of financial asset, such as a consumer or student loan, a lease, or a secured or unsecured receivable, and excludes: (i) a Securitized Product that is backed by residential or commercial mortgage loans, mortgage-backed securities, or other financial assets derivative of mortgage-backed securities; (ii) an SBA-Backed ABS as defined in paragraph (bb) traded To Be Announced as defined in paragraph (u) or in a Specified Pool Transaction as defined in paragraph (x); and (iii) a collateralized debt obligation. See Rule 6710(cc).

<sup>8</sup> "Agency Pass-Through Mortgage-Backed Security" means a type of Securitized Product issued in conformity with a program of an Agency as defined in paragraph (k) or a Government-Sponsored Enterprise (GSE) as defined in paragraph (n), for which the timely payment of principal and interest is guaranteed by the Agency or GSE, representing ownership interest in a pool (or pools) of mortgage loans structured to "pass through" the principal and interest payments to the holders of the security on a pro rata basis. See Rule 6710(v). "To Be Announced" (TBA) means a transaction in

<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. 43873 (January 23, 2001), 66 FR 8131 (January 29, 2001) (Order Approving File No. SR-NASD-99-65).