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For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–321, OMB Control No. 3235–0358]

Proposed Collection; Comment Request; Extension: Rule 11a–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. 3501–3520), the Securities and Exchange Commission (the “Commission”) is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Section 11(a) of the Investment Company Act of 1940 (“Act”) (15 U.S.C. 80a–11(a)) provides that it is unlawful for a registered open-end investment company (“fund”) or its underwriter to make an offer to the fund’s shareholders or the shareholders of any other fund to exchange the fund’s securities for securities of the same or another fund on any basis other than the relative net asset values (“NAVs”) of the respective securities to be exchanged, “unless the terms of the offer have first been submitted to and approved by the Commission or are in accordance with such rules and regulations as the Commission may have prescribed in respect of such offers.” Section 11(a) was designed to prevent “switching,” the practice of inducing shareholders of

one fund to exchange their shares for the shares of another fund for the purpose of exacting additional sales charges.

Rule 11a–3 (17 CFR 270.11a–3) under the Act is an exemptive rule that permits open-end investment companies (“funds”), other than insurance company separate accounts, and funds’ principal underwriters, to make certain exchange offers to fund shareholders and shareholders of other funds in the same group of investment companies. The rule requires a fund, among other things, (i) to disclose in its prospectus and advertising literature the amount of any administrative or redemption fee imposed on an exchange transaction, (ii) if the fund imposes an administrative fee on exchange transactions, other than a nominal one, to maintain and preserve records with respect to the actual costs incurred in connection with exchanges for at least six years, and (iii) give the fund’s shareholders a sixty day notice of a termination of an exchange offer or any material amendment to the terms of an exchange offer (unless the only material effect of an amendment is to reduce or eliminate an administrative fee, sales load or redemption fee payable at the time of an exchange).

The rule’s requirements are designed to protect investors against abuses associated with exchange offers, provide fund shareholders with information necessary to evaluate exchange offers and certain material changes in the terms of exchange offers, and enable the Commission staff to monitor funds’ use of administrative fees charged in connection with exchange transactions.

The staff estimates that there are approximately 1,379 active open-end investment companies registered with the Commission as of December 2022 (using filings made through July 2023). The staff estimates that 25 percent of these funds (345 funds) impose a non-nominal administrative fee on exchange transactions. The staff estimates that the recordkeeping requirement of the rule requires approximately 1 hour annually of clerical time (at an estimated \$73 per hour)¹ per fund, for a total of 345 hours

¹ This estimate of \$73 per hour for clerical work and the other estimated wage rates below are based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association’s Office Salaries in the

for all funds (at a total annual cost of \$25,185).²

The staff estimates that 5 percent of these 1,379 funds (or 69 funds) terminate an exchange offer or make a material change to the terms of their exchange offer each year, requiring the fund to comply with the notice requirement of the rule. The staff estimates that complying with the notice requirement of the rule requires approximately 1 hour of attorney time (at an estimated \$484 per hour) and 2 hours of clerical time (at an estimated \$73 per hour) per fund, for a total of approximately 207 hours for all funds to comply with the notice requirement (at a total annual cost of \$43,470).³ The staff estimates that such notices will be enclosed with other written materials sent to shareholders, such as annual shareholder reports or account statements, and therefore any burdens associated with mailing required notices are accounted for in the burdens associated with Form N–1A registration statements for funds.

The recordkeeping and notice requirements together impose an estimated total burden of 552 hours on all funds (at a total annual cost of \$68,655).⁴ The total number of respondents is 414, each responding once a year.⁵ The burdens associated with the disclosure requirement of the rule are accounted for in the burdens associated with the Form N–1A registration statement for funds.

Table 1 below summarizes the currently approved and updated burdens associated with rule 11a–3.

Securities Industry 2013; the estimated wage figures are modified by Commission staff to account for an 1,800-hour work-year and adjusted to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation.

² This estimate is based on the following calculations: (1,379 funds × 25% = 345 funds); (345 × 1 (clerical hour) = 345 clerical hours); (345 × \$73 = \$25,185 total annual cost for recordkeeping requirement).

³ This estimate is based on the following calculations: 1,379 funds × 5% = 69 funds; 69 × ((1 attorney hour × \$484 per hour) + (2 clerical hours × \$73 per hour)) = \$43,470 total annual cost.

⁴ This estimate is based on the following calculations: (207 (notice hours) + 345 (recordkeeping hours) = 552 total hours); (\$43,470 (notice costs) + \$25,185 (recordkeeping costs) = \$68,655 total annual costs).

⁵ This estimate is based on the following calculation: (345 funds responding to recordkeeping requirement + 69 funds responding to notice requirement = 414 total respondents).

²⁵ 17 CFR 200.30–3(a)(12).

TABLE 1—SUMMARY OF BURDEN ESTIMATES FOR RULE 11a–3

	Internal burden	Wage rate	Cost of internal burden
CURRENTLY-APPROVED BURDEN ESTIMATES			
Recordkeeping Requirement	1 hour	\$63/hr. (clerk)	\$63
Respondents	349 funds .....	.....	349 funds
Total	349 hours .....	.....	\$21,987
Notice Requirement	1 hour	\$419/hr. (attorney)	\$419
Total	2 hours	\$63/hr. (clerk)	\$126
Respondents	70 funds .....	.....	70 funds
Total	210 hours .....	.....	\$38,150
Total Responses (Recordkeeping + Notice)	419 .....	.....	.....
Total Burden (Recordkeeping + Notice)	559 hours .....	.....	\$60,137
UPDATED BURDEN ESTIMATES			
Recordkeeping Requirement	1 hour	\$73/hr. (clerk)	\$73
Respondents	345 funds .....	.....	345 funds
Total	345 funds .....	.....	\$25,185
Notice Requirement	1 hour	\$484/hr. (attorney)	\$484
Total	2 hours	\$73/hr. (clerk)	\$146
Respondents	69 funds .....	.....	69 funds
Total	207 hours .....	.....	\$43,470
Total Responses (Recordkeeping + Notice)	414 .....	.....	.....
Total Burden (Recordkeeping + Notice)	552 hours .....	.....	\$68,655

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

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 April 8, 2024.

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, 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.

Dated: February 1, 2024.
Sherry R. Haywood,
Assistant Secretary.
 [FR Doc. 2024–02358 Filed 2–5–24; 8:45 am]
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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99447; File No. SR–FICC–2024–001]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Methodology Documents

January 30, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b–4 thereunder,² notice is hereby given that on January 23, 2024, Fixed Income Clearing Corporation (“FICC”) 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 primarily by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act ³ and

¹ 15 U.S.C. 78s(b)(1).
² 17 CFR 240.19b–4.
³ 15 U.S.C. 78s(b)(3)(A).

Rule 19b–4(f)(4) thereunder.⁴ 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

FICC is proposing to amend the MBSD Methodology and Model Operations Document—MBSD Quantitative Risk Model (“MBSD QRM Methodology Document”),⁵ in order to remove references to specific benchmarks used to calculate the minimum margin amount (“Minimum Margin Amount”) ⁶ and the alternative

⁴ 17 CFR 240.19b–4(f)(4).

⁵ The MBSD QRM Methodology was filed as a confidential exhibit in the rule filing and advance notice for MBSD sensitivity VaR. See Securities Exchange Act Release Nos. 79868 (Jan. 24, 2017), 82 FR 8780 (Jan. 30, 2017) (SR–FICC–2016–007) and 79843 (Jan. 19, 2017), 82 FR 8555 (Jan. 26, 2017) (SR–FICC–2016–801) (collectively, “MBSD Margin Proxy Approval Order”). The MBSD QRM Methodology has been amended. See Securities Exchange Act Release Nos. 85944 (May 24, 2019), 84 FR 25315 (May 31, 2019) (SR–FICC–2019–001), 90182 (Oct. 14, 2020), 85 FR 66630 (Oct. 20, 2020) (SR–FICC–2020–009), 92303 (Jun. 30, 2021), 86 FR 35854 (Jul. 7, 2021) (SR–FICC–2020–017) (“MBSD Minimum Margin Amount Approval Order”), 95070 (Jun. 8, 2022), 87 FR 36014 (Jun. 14, 2022) (SR–FICC–2022–002), and 97342 (Apr. 21, 2023), 88 FR 25721 (Apr. 27, 2023) (SR–FICC–2023–003).

⁶ FICC has adopted a minimum margin amount into its MBSD margin methodology. The Minimum Margin Amount uses a dynamic haircut method