

Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the plan also will be available for inspection and copying at the principal offices of MIAx, MIAx PEARL, MIAx EMERALD, and FINRA. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number 4-678 and should be submitted on or before February 19, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-258, OMB Control No. 3235-0268]

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Extension:
Rule 2a-7

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the “Commission”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 2a-7 (17 CFR 270.2a-7) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the “Act”) governs money market funds. Money market funds are open-end management investment companies that differ from other open-end management investment companies in that they seek to maintain a stable price per share, usually \$1.00. The rule exempts money market funds from the valuation requirements of the Act, and, subject to certain risk-limiting conditions, permits money market funds to use the “amortized cost method” of asset valuation or the “penny-rounding method” of share pricing.

Rule 2a-7 also imposes certain recordkeeping and reporting obligations on money market funds. The board of directors of a money market fund, in supervising the fund’s operations, must establish written procedures designed to stabilize the fund’s net asset value (“NAV”); establish written procedures to test periodically the ability of the fund to maintain a stable NAV based on certain hypothetical events (“stress testing”); review, revise, and approve written procedures to stress test a fund’s portfolio; and create a report to the fund board documenting the results of stress testing. The board must also adopt guidelines and procedures relating to certain responsibilities it delegates to the fund’s investment adviser. These procedures and guidelines typically address various aspects of the fund’s operations. The fund must maintain and preserve for six years a written copy of both these procedures and guidelines. The fund also must maintain and preserve for six years a written record of the board’s considerations and actions taken in connection with the discharge of its responsibilities, to be included in the board’s minutes, including determinations to impose any liquidity fees or temporary suspension of redemptions. In addition, the fund must maintain and preserve for three years written records of certain credit risk analyses, evaluations with respect to securities subject to demand features or guarantees, evaluations with respect to asset-backed securities not subject to guarantees, and determinations with respect to adjustable rate securities and asset-backed securities. If the board takes action with respect to defaulted securities, events of insolvency, or deviations in share price, the fund must file with the Commission an exhibit to Form N-CR describing the nature and circumstances of the action. If any portfolio security fails to meet certain eligibility standards under the rule, the fund also must identify those securities in an exhibit to Form N-CR. After certain events of default or insolvency relating to a portfolio security, the fund must notify the Commission of the event and the actions the fund intends to take in response to the situation.

A fund must also post certain periodic information on its website including disclosure of portfolio holdings, disclosure of daily and weekly liquid assets and net shareholder flow, disclosure of daily current NAV, and disclosures of financial support received by the fund, the imposition and removal of liquidity fees, and the suspension and resumption of fund redemptions. Lastly, for funds that elect to be retail funds,

they must create written policies and procedures reasonably designed to limit all beneficial owners of the fund to natural persons.

The recordkeeping requirements in rule 2a-7 are designed to enable Commission staff in its examinations of money market funds to determine compliance with the rule, as well as to ensure that money market funds have established procedures for collecting the information necessary to make adequate credit reviews of securities in their portfolios. The reporting requirements of rule 2a-7 are intended to assist Commission staff in overseeing money market funds and reduce the likelihood that a fund is unable to maintain a stable NAV.

Commission staff estimates that there are 433 money market funds (91 fund complexes), all of which are subject to rule 2a-7. Commission staff further estimates that there will be approximately 10 new money market funds established each year. Commission staff estimates that rule 2a-7 contains the following collection of information requirements:

- Record of credit risk analyses, and determinations regarding adjustable rate securities, asset-backed securities, asset-backed securities not subject to guarantees, securities subject to a demand feature or guarantee, and counterparties to repurchase agreements. Commission staff estimates a total annual hour burden for 433 funds to be 294,440 hours.
- Establishment of written procedures designed to stabilize NAV and guidelines and procedures for board delegation of authority. Commission staff estimates a total annual hour burden for 10 new money market funds to be 155 hours.
- Board review of procedures and guidelines of any investment adviser or officers to whom the fund’s board has delegated responsibility under rule 2a-7 and amendment of such procedures and guidelines. Commission staff estimates a total annual hour burden for 108 funds to be 540 hours.
- Records of the board’s determination for imposing any liquidity fees or temporary suspension of redemptions. Commission staff estimates a total annual hour burden for 2 funds to be 14 hours.
- Establishment of written procedures to test periodically the ability of the fund to maintain a stable NAV per share based on certain hypothetical events (“stress testing”). Commission staff estimates a total annual hour burden for 10 new money market funds to be 220 hours.

¹⁵ 17 CFR 200.30-3(a)(34).

- Review, revise, and approve written procedures to stress test a fund's portfolio. Commission staff estimates a total annual hour burden for 91 fund complexes to be 1,092 hours.

- Reports to fund boards on the results of stress testing. Commission staff estimates a total annual hour burden for 91 fund complexes to be 4,550 hours.

- Website disclosures of portfolio holdings, of daily and weekly liquid assets and net shareholder flow, of daily current NAV, and disclosures of financial support received by the fund, the imposition and removal of liquidity fees and the suspension and resumption of fund redemptions. Commission staff estimates a total annual hour burden for 433 funds to be 36,291 hours.

- For funds electing retail fund status, written policies and procedures limiting all beneficial owners of the fund to natural persons. Commission staff estimates a total annual hour burden for 2 funds to be 26 hours.

Thus, the Commission estimates the total annual burden of the rule's information collection requirements is 337,328 hours.¹

The estimated total annual burden is being decreased from 632,725 hours to 337,328 hours. This net decrease of 295,397 hours² is attributable to a combination of factors, including a decrease in the number of money market funds and fund complexes, and updated information from money market funds regarding hourly burdens, including revised staff estimates of the burden hours required to comply with rule 2a-7 as a result of new information received from surveyed fund representatives.

Commission staff estimates that in addition to the burden hours described above, money market funds will incur costs to preserve records, as required under rule 2a-7.³ These costs will vary significantly for individual funds,

depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records.⁴ Commission staff estimates that the amount an individual fund may spend ranges from \$100 per year to \$300,000. Based on a cost of \$0.0051295 per dollar of assets under management for small funds, \$0.0005041 per dollar assets under management for medium funds, and \$0.0000009 per dollar of assets under management for large funds, the staff estimates compliance with the record storage requirements of rule 2a-7 costs the fund industry approximately \$35.31 million per year.⁵

Based on responses from individuals in the money market fund industry, the staff estimates that some of the largest fund complexes have created computer programs for maintaining and preserving compliance records for rule 2a-7. Based on a cost of \$0.0000132 per dollar of assets under management for large funds, the staff estimates that total annualized capital/startup costs range from \$0 for small funds to \$40.9 million for all large funds.⁶ Commission staff further estimates that, even absent the requirements of rule 2a-7, money market funds would spend at least half of the amount for capital costs (\$20.45 million)⁷ and for record preservation (\$17.65 million)⁸ to establish and

maintain these records and the systems for preserving them as a part of sound business practices to ensure diversification and minimal credit risk in a portfolio for a fund that seeks to maintain a stable price per share. As a result, the estimated total annual cost is being decreased from \$92.9 million to \$38.11 million.⁹ This net decrease of \$54.79 million¹⁰ is attributable to a reduction in the number of money market mutual funds, updated information from money market funds regarding assets under management, as well as deducting the \$38.1 million¹¹ in capital and preservation costs a money market fund would incur absent the requirements of rule 2a-7.

These estimates of burden hours and costs are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a comprehensive or even a representative survey or study of Commission rules.

The collection of information under Rule 2a-7 is mandatory. The information provided by the rule is not 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 control number.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

⁹ This estimate is based on the following calculation: \$35.31 million in record preservation costs + \$40.9 million in capital costs – \$17.65 million in record preservation costs absent rule 2a-7 requirements – \$20.45 million in capital costs absent rule 2a-7 requirements = \$38.11 million.

¹⁰ This estimate is based on the following calculation: \$92.9 million – \$38.11 million = \$54.79 million.

¹¹ This estimate is based on the following calculation if rule 2a-7 compliance was not required for a money market fund: \$20.45 million in capital costs + \$17.65 million in record preservation = \$38.1 million.

¹ This estimate is based on the following calculation: 294,440 hours + 155 hours + 540 hours + 14 hours + 220 hours + 1,092 hours + 4,550 hours + 36,291 hours + 26 hours = 337,328 hours.

² This estimate is based on the following calculation: 632,725 hours – 337,328 hours = 295,397 hours.

³ A significant portion of the recordkeeping burden involves organizing information that the funds already collect when initially purchasing securities. In addition, when a money market fund analyzes a security, the analysis need not be presented in any particular format. Money market funds therefore have a choice of methods for maintaining these records that vary in technical sophistication and formality (e.g. handwritten notes, computer disks, etc.). Accordingly, the cost of preparing these documents may vary significantly among individual funds. The burden hours associated with filing reports to the Commission as an exhibit to Form N-CR are included in the PRA burden estimate for that form.

⁴ The vast majority of assets under management in individual money market funds range from approximately \$50 million to approximately \$144.7 billion. We further note that the assets under management figures were calculated based on net assets at the fund level and not the sum of the market values of the underlying funds.

⁵ The staff estimated the annual cost of preserving the required books and records by identifying the annual costs incurred by several funds and then relating this total cost to the average net assets of these funds during the year. With a total of \$403.6 million under management in small funds, \$60.4 billion under management in medium funds and \$3.1 trillion under management in large funds, the costs of preservation were estimated as follows: $((0.0051295 \times \$403.6 \text{ million}) + (0.0005041 \times \$60.4 \text{ billion}) + (0.0000009 \times \$3.1 \text{ trillion})) = \35.31 million . For purposes of this PRA submission, Commission staff used the following categories for fund sizes: (i) Small-money market funds with \$50 million or less in assets under management; (ii) medium-money market funds with more than \$50 million up to and including \$1 billion in assets under management; and (iii) large-money market funds with more than \$1 billion in assets under management.

⁶ This estimate is based on the following calculation: $\$0.0000132 \times \$3.1 \text{ trillion in assets under management for large funds} = \40.9 million .

⁷ This estimate is based on the following calculation: $\$40.9 \text{ million in capital costs} / 2 = \20.45 million .

⁸ This estimate is based on the following calculation: $\$35.31 \text{ million in record preservation costs} / 2 = \17.65 million .

Dated: January 29, 2019.

Eduardo A. Aleman,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available

From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

Extension:

Rules 15Fb1-1 through 15Fb6-2 and Forms SBSE, SBSE-A, SBSE-BD, SBSE-C and SBSE-W.

SEC File No. 270-642, OMB Control No. 3235-0696.

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 extension of the previously approved collection of information discussed below. The Code of Federal Regulation citations associated with this collection of information are 17 CFR 240.15Fb1-1 through 240.15Fb6-2, and 17 CFR 249.1600, 249.1600a, 249.1600b, 249.1600c and 249.1601.

The Commission adopted Rules 15Fb1-1 through 15Fb6-2 and Forms SBSE, SBSE-A, SBSE-BD, SBSE-C and SBSE-W on August 5, 2015 to create a process to register SBS Entities. Forms SBSE, SBSE-A, and SBSE-BD and SBSE-C were designed to elicit certain information from applicants. The Commission uses the information disclosed by applicants through the SBS Entity registration rules and forms to: (1) Determine whether an applicant meets the standards for registration set forth in the provisions of the Exchange Act; and (2) develop an information resource regarding SBS Entities where members of the public may obtain relevant, up-to-date information about SBS Entities, and where the Commission may obtain information for examination and enforcement purposes. Without the information provided through these SBS Entity registration rules and forms, the Commission could not effectively determine whether the applicant meets the standards for registration or implement policy objectives of the Exchange Act.

The information collected pursuant to Rule 15Fb3-2 and Form SBSE-W allows

the Commission to determine whether it is appropriate to allow an SBS Entity to withdraw from registration and to facilitate that withdrawal. Without this information, the Commission would be unable to effectively determine whether it was appropriate to allow an SBS Entity to withdraw. In addition, it would be more difficult for the Commission to properly regulate SBS Entities if it were unable to quickly identify those that have withdrawn from the security-based swap business.

In 2017 there were approximately 55 entities that may need to register as SBS Entities. The Commission estimates that these Entities likely would incur a total burden of 9,825 hours per year to comply with Rules 15Fb1-1 through 15Fb6-2 and Forms SBSE, SBSE-A, SBSE-BD, SBSE-C and SBSE-W.

In addition, Rules 15Fb1-1 through 15Fb6-2 and Forms SBSE, SBSE-A, SBSE-BD, SBSE-C and SBSE-W may impose certain costs on non-resident persons that apply to be registered with the Commission as SBS Entities, including an initial and ongoing costs associated with obtaining an opinion of counsel indicating that it can, as a matter of law, provide the Commission with access to its books and records and submit to Commission examinations, and an ongoing cost associated with establishing and maintaining a relationship with a U.S. agent for service of process.

The staff estimates, based on internet research,¹ that it would cost each nonresident SBS Entity approximately \$176 annually to appoint and maintain a relationship with a U.S. agent for service of process. Consequently, the total cost for all nonresident SBS Entities to appoint and maintain relationships with U.S. agents for service of process is approximately \$3,872 per year.

Non-resident SBS Entities also would incur outside legal costs associated with obtaining an opinion of counsel. The staff estimates that each of the estimated

22 non-resident persons that likely will apply to register as SBS Entities with the Commission would incur, on average, approximately \$25,000 in outside legal costs to obtain the opinion of counsel necessary to register, and that the total annualized cost for all nonresident SBS Entities to obtain this opinion of counsel would be approximately \$183,333. Nonresident SBS Entities would also need to obtain a revised opinion of counsel after any changes in the legal or regulatory framework that would impact the SBS Entity's ability to provide, or manner in which it provides, the Commission with prompt access to its books and records or that impacts the Commission's ability to inspect and examine the SBS Entity. We do not believe this would occur frequently, and therefore estimate that one non-resident entity may need to recertify annually. Thus, the total ongoing cost associated with obtaining a revised opinion of counsel regarding the new regulatory regime would be approximately \$25,000 annually. Consequently, the total annualized cost burden associated with Rules 15Fb1-1 through 15Fb6-2 and Forms SBSE, SBSE-A, SBSE-BD, SBSE-C and SBSE-W would be approximately \$212,205 per year.

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.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Abate, Lindsay M. EOP/OMB Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: January 29, 2019.

Eduardo A. Aleman,

Deputy Secretary.

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¹ See, e.g., <http://www.incorp.com/registered-agent-resident-agent-services.aspx> (as of September 21, 2018, \$99 per state per year), https://ct.wolterskluwer.com/registered-agent-services?mm_campaign=Enter_Campaign_Code_Here&keyword=registered%20agent&utm_source=Google&utm_medium=CPC&utm_campaign=RegisteredAgent&jadid=695631&23457&jap=113&jk=registered%20agent&jklid=gc:a8a8ae4cd4a6542cf014a97541e8d183e:t1_p:k_registered%20agent:pl&jp=&jjs=1&jsid=35672&jt=1 (as of September 21, 2018, \$279 per year), and <https://www.aicorp.com/services/registered-agent> (as of September 21, 2018, \$149 per year). The staff sought websites that provided pricing information and a comprehensive description of their registered agent services. We calculated our estimate by averaging the costs provided on these three websites—(\$99 + \$279 + \$149) ÷ 3 = \$176.