

within its procedures continues and focuses ICEEU's ability to manage financial resources with a conservative approach to the permissible collateral pool.

The Commission also notes that it has previously found these policies and procedures consistent with the Act⁹ and because there are no material changes, believes that it continues to be consistent with the Act.

Therefore, for the reasons discussed above, the Commission finds that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds in ICEEU's custody or control, and, in general, protect investors and the public interest, consistent with the Section 17A(b)(3)(F) of the Act.¹⁰

B. Consistency With Rule 17Ad-22(e)(3)(i)

Rule 17Ad-22(e)(3)(i) requires that ICEEU establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, maintain a sound risk management framework that identifies, measures, monitors, and manages the range of risks that it faces.

As described above, ICEEU's proposed Collateral Procedures, similar to the Existing Policy, continues to list various eligibility criteria for Permitted Cover, factors for determining Haircuts, and sets the framework for the amount of each type of collateral that can be accepted from a CM. The Commission believes that by proposing Collateral Procedures to follow in this regard, ICEEU will be able to continue, in a streamlined and focused fashion, to mitigate collateral price and liquidation risk through setting acceptable Permitted Cover, Haircuts and Concentration Limits and providing guidelines for monitoring these measures and managing any deviations or related issues. The Commission also believes that by documenting the management of its collateral liquidation risks in this way, ICEEU generally enhances its financial stability by ensuring that the collateral it accepts from CMs continues to adequately meet its obligations.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(3)(i).¹¹

⁹ Securities Exchange Act Release No. 74955 (May 13, 2015), 80 FR 28733 (May 19, 2015) (SR-ICEEU-2015-007).

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ 17 CFR 240.17Ad-22(e)(3)(i).

C. Consistency With Rule 17Ad-22(e)(5)

Rule 17Ad-22(e)(5) requires that ICEEU establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and set and enforce appropriately conservative haircuts and concentration limits if the covered clearing agency requires collateral to manage its or its participants' credit exposure; and require a review of the sufficiency of its collateral haircuts and concentration limits to be performed not less than annually.¹²

The Commission believes that the factors and other considerations noted above as described in the proposed Collateral Procedures with respect to acceptable Permitted Cover, Haircuts, and Concentration Limits, including low credit risk of assets, transferability of assets, market conditions, and expectations of future volatility, will continue to maintain ICEEU's ability to limit the assets it accepts as collateral to those with low credit, liquidity, and market risks, and set and enforce appropriately conservative haircuts and concentration limits. Further, the Revised Policy and Collateral Procedures continue to provide that Concentration Limits be reviewed at least monthly at a senior level and Permitted Cover, Haircuts and Concentration Limits are subject to regular reviews and monitoring and changed ad-hoc if needed.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(5).¹³

D. Consistency With Rule 17Ad-22(e)(2)

Rule 17Ad-22(e)(2) requires, among other things, that ICEEU establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility.¹⁴

As noted above, similar to the Existing Policy, the proposed Revised Policy and the Collateral Procedures continue to describe the governance relating to Permitted Cover, Haircuts, and Concentration Limits. Specifically, the Revised Policy provides that the document owner is responsible for ensuring that it remains up-to-date and is reviewed in accordance with ICEEU's governance processes and will report material breaches or unapproved

¹² 17 CFR 240.17Ad-22(e)(5).

¹³ 17 CFR 240.17Ad-22(e)(5).

¹⁴ 17 CFR 240.17Ad-22(e)(2)(i) and (v).

deviations from this Policy to their Head of Department, the Chief Risk Officer and the Head of Compliance (or their delegates) who together will determine if further escalation should be made to relevant senior executives, the Board and/or competent authorities. Further, the proposed Collateral Procedures state that proposals to add, remove, change, or set Permitted Cover, Haircuts or Concentration Limits are reviewed and approved at a senior level and amendments would be published where practicable by circular in advance of taking effect to CMs and relevant competent authorities. The Commission therefore believes that this continues to maintain ICEEU's policies and procedures in a manner reasonably designed to provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(2).¹⁵

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act¹⁶ and Rules 17Ad-22(e)(3)(i), (e)(5), and (e)(2) thereunder.¹⁷

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹⁸ that the proposed rule change (SR-ICEEU-2019-019) be, and hereby is, approved.¹⁹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

J. Matthew DeLesDernier,
Assistant 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

¹⁵ 17 CFR 240.17Ad-22(e)(2).

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ 17 CFR 240.17Ad-22(e)(3)(i),(e)(5),(e)(2).

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

²⁰ 17 CFR 200.30-3(a)(12).

Extension:

Rule 12h-1(f), SEC File No. 270-570, OMB Control No. 3235-0632

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 (“Commission”) has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below.

Rule 12h-1(f) (17 CFR 240.12h-1(f)) under the Securities Exchange Act of 1934 (“Exchange Act”) provides an exemption from the Exchange Act Section 12(g) registration requirements for compensatory employee stock options of issuers that are not required to file periodic reports under the Exchange Act. The information required under Exchange Act Rule 12h-1 is not filed with the Commission. Exchange Act Rule 12h-1(f) permits issuers to provide the required information to the option holders either by: (i) Physical or electronic delivery of the information; or (ii) written notice to the option holders of the availability of the information on a password-protected internet site. We estimate that it takes approximately 2 burden hours per response to prepare and provide the information required under Rule 12h-1(f) and it is prepared and provided by approximately 40 respondents. We estimate that 25% of the 2 hours per response (0.5 hours per response) is prepared by the company for a total annual reporting burden of 20 hours (0.5 hours per response × 40 responses).

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) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 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.

Dated: February 7, 2020.

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88135; File No. SR-FINRA-2020-004]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Eliminate Transaction Credits and Trade Reporting Fees Applicable to Retail Participants That Use the FINRA/Nasdaq Trade Reporting Facility

February 6, 2020.

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 February 3, 2020, 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. FINRA has designated the proposed rule change as “establishing or changing a due, fee or other charge” under Section 19(b)(3)(A)(ii) of the Act ³ and Rule 19b-4(f)(2) thereunder, ⁴ which renders the proposal effective upon receipt of this filing by the Commission. 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 Rules 7610A and 7620A to eliminate transaction credits and trade reporting fees applicable to Retail Participants that use the FINRA/Nasdaq Trade Reporting Facility Carteret (the “FINRA/Nasdaq TRF Carteret”) and the FINRA/Nasdaq Trade Reporting Facility Chicago (the “FINRA/Nasdaq TRF Chicago”) (collectively, the “FINRA/Nasdaq TRF”).

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

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

The FINRA/Nasdaq TRF is a facility of FINRA that is operated by Nasdaq, Inc. (“Nasdaq”). In connection with the establishment of the FINRA/Nasdaq TRF, FINRA and Nasdaq entered into a limited liability company agreement (the “LLC Agreement”). Under the LLC Agreement, FINRA, the “SRO Member,” has sole regulatory responsibility for the FINRA/Nasdaq TRF. Nasdaq, the “Business Member,” is primarily responsible for the management of the FINRA/Nasdaq TRF’s business affairs, including establishing pricing for use of the FINRA/Nasdaq TRF, to the extent those affairs are not inconsistent with the regulatory and oversight functions of FINRA. Additionally, the Business Member is obligated to pay the cost of regulation and is entitled to the profits and losses, if any, derived from the operation of the FINRA/Nasdaq TRF.

Pursuant to the FINRA Rule 7600A Series, FINRA/Nasdaq TRF participants are charged fees and may qualify for fee caps (Rule 7620A), and also may qualify for revenue sharing payments for trade reporting to the FINRA/Nasdaq TRF (Rule 7610A). These rules are administered by Nasdaq, in its capacity as the Business Member and operator of the FINRA/Nasdaq TRF on behalf of FINRA, ⁵ and Nasdaq collects all fees on behalf of the FINRA/Nasdaq TRF.

Pursuant to FINRA Rule 7620A, FINRA/Nasdaq TRF has a special pricing program, known as the “Retail Participant Program” ⁶ for which a

⁵ FINRA’s oversight of this function performed by the Business Member is conducted through a recurring assessment and review of TRF operations by an outside independent audit firm.

⁶ To qualify as a “Retail Participant” and for special pricing under the Retail Participant fee schedule, a participant must complete and submit to Nasdaq, as the Business Member, an application.