

previously approved collection of information discussed below.

Rule 489 (17 CFR 230.489) under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) requires foreign banks and foreign insurance companies and holding companies and finance subsidiaries of foreign banks and foreign insurance companies that are exempted from the definition of “investment company” by virtue of rules 3a–1 (17 CFR 270.3a–1), 3a–5 (17 CFR 270.3a–5), and 3a–6 (17 CFR 270.3a–6) under the Investment Company Act of 1940 (15 U.S.C. 80a–1 *et seq.*) to file Form F–N (17 CFR 239.43) to appoint an agent for service of process when making a public offering of securities in the United States. The information is collected so that the Commission and private plaintiffs may serve process on foreign entities in actions and administrative proceedings arising out of or based on the offer or sales of securities in the United States by such foreign entities.

The Commission received an average of 25 Form F–N filings per year over the last three years (2020–2022). The Commission has previously estimated that the total annual burden associated with information collection and Form F–N preparation and submission is one hour per filing. Based on the Commission’s experience with disclosure documents generally, the Commission continues to believe that this estimate is appropriate. Thus the estimated total annual burden for rule 489 and Form F–N is 25 hours.

Estimates of the average burden hours are made solely for the purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. Compliance with the collection of information requirements of rule 489 and Form F–N is mandatory to obtain the benefit of the exemption. Responses to the collection of information 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 January 22, 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: December 18, 2023.

**Sherry R. Haywood,**

*Assistant Secretary.*

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**BILLING CODE P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270–240, OMB Control No. 3235–0216]**

### **Submission for OMB Review; Comment Request; Extension: Rule 19a–1**

*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”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Section 19(a) (15 U.S.C. 80a–19(a)) of the Investment Company Act of 1940 (the “Act”) (15 U.S.C. 80a) makes it unlawful for any registered investment company to pay any dividend or similar distribution from any source other than the company’s net income, unless the payment is accompanied by a written statement to the company’s shareholders which adequately discloses the sources of the payment. Section 19(a) authorizes the Commission to prescribe the form of such statement by rule.

Rule 19a–1 (17 CFR 270.19a–1) under the Act, entitled “Written Statement to Accompany Dividend Payments by Management Companies,” sets forth specific requirements for the information that must be included in statements made pursuant to section 19(a) by or on behalf of management companies.<sup>1</sup> The rule requires that the statement indicate what portions of distribution payments are made from net income, net profits from the sale of a security or other property (“capital gains”) and paid-in capital. When any part of the payment is made from capital

<sup>1</sup> Section 4(3) of the Act (15 U.S.C. 80a–4(3)) defines “management company” as “any investment company other than a face amount certificate company or a unit investment trust.”

gains, rule 19a–1 also requires that the statement disclose certain other information relating to the appreciation or depreciation of portfolio securities. If an estimated portion is subsequently determined to be significantly inaccurate, a correction must be made on a statement made pursuant to section 19(a) or in the first report to shareholders following the discovery of the inaccuracy.

The purpose of rule 19a–1 is to afford fund shareholders adequate disclosure of the sources from which distribution payments are made. The rule is intended to prevent shareholders from confusing income dividends with distributions made from capital sources. Absent rule 19a–1, shareholders might receive a false impression of fund gains.

Based on a review of filings made with the Commission, the staff estimates that approximately 12,900 series of registered investment companies that are management companies may be subject to rule 19a–1 each year,<sup>2</sup> and that each portfolio on average mails two statements per year to meet the requirements of the rule.<sup>3</sup> The staff further estimates that the time needed to make the determinations required by the rule and to prepare the statement required under the rule is approximately 1 hour per statement. The total annual burden for all portfolios therefore is estimated to be approximately 25,800 burden hours.<sup>4</sup>

The staff estimates that approximately one-third of the total annual burden (8,600 hours) would be incurred by a paralegal with an average hourly wage rate of approximately \$253 per hour,<sup>5</sup> and approximately two-thirds of the annual burden (17,200 hours) would be incurred by a compliance clerk with an average hourly wage rate of \$82 per

<sup>2</sup> This estimate is as of December 2022 and is based on the Commission staff’s review of EDGAR filings through July 31, 2023; the number of management investment company portfolios that make distributions for which compliance with rule 19a–1 is required depends on a wide range of factors and can vary greatly across years; therefore, the calculation of estimated burden hours below is based on the total number of management investment company portfolios, each of which may be subject to rule 19a–1.

<sup>3</sup> A few portfolios make monthly distributions from sources other than net income, so the rule requires them to send out a statement 12 times a year; other portfolios never make such distributions.

<sup>4</sup> This estimate is based on the following calculation: 12,900 management investment company portfolios × 2 statements per year × 1 hour per statement = 25,800 burden hours.

<sup>5</sup> Hourly rates are derived from the Securities Industry and Financial Markets Association (“SIFMA”), Management and Professional Earnings in the Securities Industry 2013, modified to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

hour.<sup>6</sup> The staff therefore estimates that the aggregate annual burden, in dollars, of the hours needed to comply with the paperwork requirements of the rule is approximately \$3,586,200 ((8,600 hours × \$253 = \$2,175,800) + (17,200 hours × \$82 = \$1,410,400)). It is estimated that there is no cost burden of rule 19a–1 other than these estimates.

To comply with state law, many investment companies already must distinguish the different sources from which a shareholder distribution is paid and disclose that information to shareholders. Thus, many investment companies would be required to distinguish the sources of shareholder dividends whether or not the Commission required them to do so under rule 19a–1.

These estimates are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collection of information required by rule 19a–1 is mandatory for management companies that make statements to shareholders pursuant to section 19(a) of the Act. 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 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 January 22, 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: December 18, 2023.

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>6</sup> Hourly rates are derived from SIFMA’s Office Salaries in the Securities Industry 2013, modified to account for an 1800-hour work-year and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–99191; File No. SR–BOX–2023–30]

### Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend IM–7150–1 and Rule 7250 (Quote Mitigation)

December 15, 2023.

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 December 11, 2023, BOX Exchange LLC (the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to amend IM–7150–1 and Rule 7250 (Quote Mitigation). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s internet website at <https://rules.boxexchange.com/rulefilings>.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization 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 purpose of the proposed rule change is to modernize and improve the operation of the rules. Specifically, the Exchange is proposing to amend: (1)

IM–7150–1 to remove certain language to provide better consistency with the surveillance the Financial Industry Regulatory Authority, Inc. (“FINRA”) currently provides for the Exchange; and (2) Rule 7250 (Quote Mitigation) to update and clarify the quote mitigation process used by the Exchange. The Exchange is proposing to make such changes in response to requests from Exchange Regulation Staff in an effort to improve the efficacy of the Exchange’s existing regulatory framework.

###### IM–7150–1

IM–7150–1 (a) currently provides that: “it shall be considered conduct inconsistent with just and equitable principles of trade for any Initiating Participant to engage in a pattern of conduct where the Initiating Participant submits Primary Improvement Orders into the PIP process for two (2) contracts or less for the purpose of manipulating the PIP process in order to gain a higher allocation percentage than the Initiating Participant would have otherwise received in accordance with the allocation procedures set forth in Rule 7150.”<sup>3</sup> The Exchange now proposes to remove the language that states, “2 contracts or less.”

FINRA currently provides surveillance for this requirement for the Exchange and other options exchanges. FINRA’s surveillance program monitors for manipulative activity by a market participant and includes surveillance designed to detect activity where an Initiating Participant submits Primary Improvement Orders into the PIP process for four (4) contracts or less for the purpose of manipulating the PIP process in order to gain a higher allocation percentage than the Initiating Participant would have otherwise received. Even though IM–7150–1 as written, notes that a pattern of orders for two (2) contracts may indicate manipulation of the PIP Process, FINRA has identified the potential for manipulation for orders greater than two (2) contracts and expanded such surveillance accordingly. For example, unbundling an order for 50 contracts into four (4) lots may have the same effect as unbundling the order for two (2) contracts.<sup>4</sup> Under the current rule

<sup>3</sup> See IM–7150–1.

<sup>4</sup> For example, for one instance of 100 contracts, the BOX Firm ID would be entitled to an allocation of at least 40% or 40 contracts. If the customer order is sent as multiple small PIPs for 2 contracts, the BOX Participant would receive at least 50% of each PIP sent (2 \* .40 = .8, rounded up to 1 contract). Therefore, the total allocation of the original 100 contract order would be at least 50% or 50 contracts, rather than 40% or 40 contracts, a potential over allocation of at least 10 contracts.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.