

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁴ and paragraph (f) of Rule 19b-4²⁵ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeEDGA-2024-023 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to file number SR-CboeEDGA-2024-023. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the 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-CboeEDGA-2024-023 and should be submitted on or before July 15, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-237, OMB Control No. 3235-0226]

Proposed Collection; Comment Request; Extension: Rule 10f-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 ("Commission") is soliciting comments on the collections of information discussed below. The Commission plans to submit these existing collections of information to the Office of Management and Budget ("OMB") for extension and approval.

Section 10(f) of the Investment Company Act of 1940 (the "Act") prohibits a registered investment company ("fund") from purchasing any security during an underwriting or selling syndicate if the fund has certain affiliated relationships with a principal underwriter for the security.¹ Congress enacted this provision in 1940 to protect funds and their shareholders by preventing underwriters from "dumping" unmarketable securities on affiliated funds.

Rule 10f-3 under the Act permits a fund to engage in a securities

transaction that otherwise would violate Section 10(f) if, among other things: (i) the fund's directors have approved procedures for purchases made in reliance on the rule, regularly review fund purchases to determine whether they comply with these procedures, and approve necessary changes to the procedures; and (ii) a written record of each transaction effected under the rule is maintained for six years, the first two of which in an easily accessible place.²

Rule 10f-3 also conditionally allows managed portions of fund portfolios to purchase securities offered in otherwise off-limits primary offerings. To qualify for this exemption, Rule 10f-3 requires that the subadviser that is advising the purchaser be contractually prohibited from providing investment advice to any other portion of the fund's portfolio and consulting with any other of the fund's advisers that is a principal underwriter or affiliated person of a principal underwriter concerning the fund's securities transactions.

These requirements provide a mechanism for fund boards to oversee compliance with the rule. The required recordkeeping facilitates the Commission staff's review of Rule 10f-3 transactions during routine fund inspections and, when necessary, in connection with enforcement actions.

The staff estimates that approximately 745 funds engage in at least one Rule 10f-3 transaction each year, for a total of 745 such transactions.³ Rule 10f-3 requires that the purchasing fund create a written record of each transaction that includes, among other things, information about from whom the securities were purchased and the terms of the transaction. The staff estimates that it takes an average fund approximately 30 minutes per transaction at a time cost of \$131 per transaction to document each transaction.⁴ Thus, annually funds

² 17 CFR 270.10f-3.

³ These estimates are based on the average number of fund filings on Form N-CEN made with the Commission for fiscal years 2021 through 2023; although business development companies ("BDCs") may also rely on Rule 10f-3, they do not file on Form N-CEN, so our estimates for purposes of this PRA exclude BDCs; further, because Form N-CEN does not require any specific information about Rule 10f-3 transactions, we assume for purposes of this PRA that that each fund reported to have relied on Rule 10f-3 engaged in one such transaction annually.

⁴ The staff estimates that this task is shared between a compliance clerk (\$84/hour) and a compliance attorney (\$440/hour), for a blended hourly wage rate of \$262 (\$84 + \$440 ÷ 2 = \$262) and a half-hour blended wage rate of \$131 (\$262 ÷ 2 = \$131); all hourly wage rates are derived from SIFMA's Management & Professional Earnings in the Securities Industry (2013), modified by Commission staff to account for an 1800-hour work-year and inflation and multiplied by 5.35 to account

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f).

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 80a-10(f).

spend approximately 373 hours⁵ at an internal cost of \$97,595 documenting these transactions.⁶

The funds also must maintain and preserve these transactional records in accordance with the rule's recordkeeping requirement, and the staff estimates that it takes a fund approximately 20 minutes per transaction at a time cost of \$28 per transaction to comply with this part of the rule.⁷ The staff estimates that annually, in the aggregate, funds spend approximately 248 hours⁸ at a cost of \$20,832 to comply with this aspect of Rule 10f-3's recordkeeping requirements.⁹

In addition, fund boards must, no less than quarterly, examine each of these transactions to ensure that they comply with the fund's policies and procedures. The information or materials upon which the board relied in making its determination also must be maintained. The staff estimates that it takes a fund 1 hour per quarter at a cost of \$262 per quarter to comply with the maintenance requirement of the rule.¹⁰ Thus annually, in the aggregate, funds spend approximately 2,980 hours¹¹ annually at a total internal cost of \$780,760 to comply with this recordkeeping requirement.¹²

The staff further estimates that reviewing and revising as needed written procedures for Rule 10f-3 transactions takes, on average for each fund, two hours of a compliance attorney's time at a cost of approximately \$880¹³ per year.¹⁴ Thus, annually, in the aggregate, the staff estimates that funds spend a total of

for bonuses, firm size, employee benefits and overhead.

⁵ This estimate is based on the following calculation: (0.5 hours × 745 transactions = approximately, 373 hours).

⁶ This estimate is based on the following calculation: (745 transactions × \$131 = \$97,595).

⁷ The wage figure of \$28 is one third of an average compliance clerk's hourly wage rate of \$84 (\$84 ÷ 3 = \$28).

⁸ This estimate is based on the following calculations: (20 minutes × 745 transactions = 14,900 minutes; 14,900 minutes/60 = 248 hours).

⁹ This estimate is based on the following calculation: (248 hours × \$84 = \$20,832).

¹⁰ The staff estimates that a compliance clerk spends half an hour preparing the report and a compliance attorney spends half an hour reviewing the report, for a blended hourly wage rate of \$262 per hour. See *supra* note 4.

¹¹ This estimate is based on the following calculation: (1 hour per quarter × 4 quarters × 745 funds = 2,980 hours).

¹² This estimate is based on the following calculation: (2,980 hours × \$262 = \$780,760).

¹³ This estimate is based on the following calculation: (2 hours × \$440 = \$880).

¹⁴ These averages take into account the fact that in most years, fund attorneys and boards spend little or no time modifying procedures and in other years, they spend significant time doing so.

approximately 1,490 hours¹⁵ at a cost of approximately \$655,600¹⁶ on monitoring and revising Rule 10f-3 procedures.

Based on an analysis of Form N-CEN filings, the staff estimates that approximately 589 new funds enter into sub-advisory agreements each year.¹⁷ Based on discussions with industry representatives, the staff estimates that it will require approximately 0.75 attorney hours to draft and execute additional clauses in new subadvisory contracts in order for funds and subadvisors to be able to rely on the exemptions in Rule 10f-3.¹⁸ Assuming that all 589 new funds that enter into new subadvisory contracts each year make the modification to their subadvisory contracts required by the rule, we estimate that Rule 10f-3's subadvisory contract requirement will require a total of 442 burden hours annually for new funds, with an associated aggregate internal cost of approximately \$221,200.¹⁹

The staff estimates that complying with Rule 10f-3's requirements imposes an internal burden of 5,408 hours at an internal cost of approximately \$1,755,155. This estimate does not include the time spent to report a fund's reliance on Rule 10f-3 on Form N-CEN, which is subject to a separate PRA information collection.

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

¹⁵ This estimate is based on the following calculation: (745 funds × 2 hours = 1,490 hours).

¹⁶ This estimate is based on the following calculation: (745 funds × \$880 = \$655,600).

¹⁷ Based on the average number of subadvisory agreements entered into by funds during fiscal years 2021–2023, as filed with the Commission on Form N-CEN, we estimate that approximately 559 new open-end funds and 30 new closed-end funds, or a total of 589 new funds enter into new subadvisory agreements each year (559 + 30 = 589 new funds); we understand that existing funds may also enter into new subadvisory agreements, but in many cases would benefit from having previously drafted Rule 10f-3 clauses in prior or existing subadvisory contracts.

¹⁸ Because such clauses are identical to the clauses that a fund would need to insert in their subadvisory contracts to rely on Rules 12d3-1, 17a-10, and 17e-1, and because we believe that funds that use one such rule generally use all of these rules, we apportion this 3 hour time burden equally to all four rules; therefore, we estimate that the burden allocated to Rule 10f-3 for this contract change would be 0.75 hours (3 hours ÷ 4 rules = .75 hours/rule); the staff further estimates that the average hourly wage rate for an attorney to perform this service is \$375/hour.

¹⁹ These estimates are based on the following calculations: (0.75 hours × 589 new funds = approximately 442 burden hours); (\$500 per hour × 442 hours = approximately, \$221,200 total cost).

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 August 23, 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: June 17, 2024.

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–433, OMB Control No. 3235–0489]

Proposed Collection; Comment Request; Extension: Rule 17a–6

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 (“PRA”) (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) is soliciting comments on the collection of information provided for in Rule 17a–6 (17 CFR 240.17a–6) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Rule 17a–6 permits national securities exchanges, national securities associations, registered clearing agencies, and the Municipal Securities Rulemaking Board (“MSRB”) (collectively, “SROs”) to destroy or convert to microfilm or other recording media records maintained under Rule 17a–1, if they have filed a record destruction plan with the Commission and the Commission has declared the plan effective.