

#### 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CboeBZX-2022-039 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-CboeBZX-2022-039. 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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange.

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 SR-CboeBZX-2022-039 and should be submitted on or before August 10, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

#### **SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270-0088, OMB Control No. 3235-0083]**

#### **Submission for OMB Review; Comment Request: Extension: Rule 15Ba2-1 and Form MSD**

*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") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information provided for in Rule 15Ba2-1 (17 CFR 240.15Ba2-1) and Form MSD (17 CFR 249.1100) under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a *et seq.*).

Rule 15Ba2-1 provides that an application for registration with the Commission by a bank municipal securities dealer must be filed on Form MSD. The Commission uses the information obtained from Form MSD filings to The Commission uses the information obtained from Form MSD filings to determine whether bank municipal securities dealers meet the standards for registration set forth in the Exchange Act, to make information about particular bank municipal securities dealers available to customers and members of the public, and to develop risk assessment information about bank municipal securities dealers.

Form MSD is a one-time registration form that must be amended only if it becomes inaccurate. Based upon past submissions of zero initial filings and 14 amendments in 2019, zero initial filings and three amendments in 2020, zero initial filings and one amendment in 2021, and zero initial filings and zero amendments so far in 2022, the Commission estimates that on an annual basis approximately one respondent will use Form MSD for an initial registration application, and that approximately six respondents will

utilize Form MSD for an amendment, for a total of seven respondents per year. The time required to complete Form MSD varies with the size and complexity of the bank municipal securities dealer's proposed operations. Bank personnel that prepare Form MSD filings previously indicated that it can take up to 15 hours for a bank with a large operation and many employees to complete the form, but that smaller banks with fewer personnel can complete the form in one to two hours. We believe that most recent applications have come from smaller banks. Also, amendments to form MSD are likely to require significantly less time. We estimate that the total annual burden is currently approximately 11 hours at an average of 1.5 hours per respondent. (7 respondents/year × 1.5 hours/respondent = 10.5 hours/year rounded up to 11). The staff estimates that the average internal compliance cost per hour is approximately \$406.<sup>1</sup> Therefore, the estimated total annual internal cost of compliance is approximately \$4,263 per year (10.5 hours/year × \$406/hour = \$4,263/year).

Rule 15Ba2-1 does not contain an explicit recordkeeping requirement, but the rule does require the prompt correction of any information on Form MSD that becomes inaccurate, meaning that bank municipal securities dealers need to maintain a current copy of Form MSD indefinitely. In addition, the instructions for filing Form MSD state that an exact copy should be retained by the registrant. Providing the information on the application is mandatory in order to register with the Commission as a bank municipal securities dealer. The information contained in the application 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 under the PRA 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 by

<sup>1</sup> The estimate of \$406 per hour is for a compliance attorney, based on the Securities Industry and Financial Markets Association'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 for bonuses, firm size, employee benefits and

<sup>30</sup> 17 CFR 200.30-3(a)(12).

August 19, 2022 to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) 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: July 14, 2022.

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95278; File No. SR–NSCC–2022–010]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Fees for the Securities Financing Transaction Clearing Service

July 14, 2022.

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 July 8, 2022, National Securities Clearing Corporation (“NSCC”) 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 by the clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b–4(f)(2) thereunder.<sup>4</sup> 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

The proposed rule change consists of amendments to Addendum A (Fee Structure) (“Addendum A”) of NSCC’s Rules & Procedures (“Rules”) to adopt fees for NSCC’s securities financing transaction (“SFT”) clearing service (“SFT Clearing Service”), as described below.<sup>5</sup>

#### II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

##### (A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

###### Overview of the Proposed Rule Change

The purpose of this proposed rule change is to adopt fees for NSCC’s new SFT Clearing Service.<sup>6</sup> The SFT Clearing Service provides central clearing for SFTs, which are, broadly speaking, transactions where the parties exchange equity securities against cash and simultaneously agree to exchange the same securities and cash, plus or minus a rate payment, on a future date. The SFT Clearing Service established new membership categories and requirements for Sponsoring Members and Sponsored Members whereby existing Members would be permitted to sponsor certain institutional firms into membership.<sup>7</sup> The SFT Clearing Service also established a new membership category and requirements for Agent Clearing Members whereby existing Members would be permitted to submit, on behalf of their customers, transactions to NSCC for novation.<sup>8</sup> The SFT Clearing Service is available for SFTs entered into between (i) a Member and another Member, (ii) a Sponsoring Member and its Sponsored Member (“Sponsored Member Transaction”), and (iii) an Agent Clearing Member acting on behalf of a Customer and either (x) a Member or (y) the same or another Agent Clearing Member acting on behalf of a Customer.<sup>9</sup>

<sup>6</sup> See Securities Exchange Act Release No. 95011 (May 31, 2022), 87 FR 34339 (June 6, 2022) (SR–NSCC–2022–003) (Order Approving Proposed Rule Change to Introduce Central Clearing for Securities Financing Transaction Clearing Service). NSCC also filed the proposal as advance notice SR–NSCC–2022–801. See Securities Exchange Act Release No. 94998 (May 27, 2022), 87 FR 33528 (June 2, 2022) (SR–NSCC–2022–801) (Notice of No Objection to Advance Notice to Introduce Central Clearing for Securities Financing Transaction Clearing Service).

<sup>7</sup> See *id.* and Rule 2C, *supra* note 5.

<sup>8</sup> See *supra* note 6 and Rule 2D, *supra* note 5.

<sup>9</sup> See *supra* note 6 and Section 1 of Rule 56, *supra* note 5.

In connection with the SFT Clearing Service, NSCC would establish two new fees for the clearance of SFT transactions: (i) a fee of \$1.00 per side of each new SFT submitted (excluding any Linked SFT<sup>10</sup> and Sponsored Member Transactions) and (ii) a fee of \$0.14 per million of outstanding SFT notional balance.<sup>11</sup> Under the proposed fee structure, Sponsoring Members would be liable for any fees and charges arising from Sponsored Member Transactions.

In general, fee levels for NSCC are set by NSCC after periodic reviews of a number of factors, including revenues, operating costs, and potential service enhancements. In the case of fees associated with new services such as SFT, however, there are no current or historical data points to use in the analysis. Fees for such services are determined based on an evaluation of the costs associated with developing the service, the projected costs of operating the service on an ongoing basis, and the projected revenues for the service over time under various assumptions.<sup>12</sup> In determining the proposed SFT Clearing Service fees, NSCC attempted to balance a combination of factors, which included maintaining a competitive market level price while also factoring in the enhanced value that the SFT Clearing Service offered to Members (e.g., multiple models for clearing SFTs for Members and their clients, and the associated balance sheet and capital efficiency opportunities) and the ability to achieve the payback of NSCC’s investment costs within an appropriate timeframe. The proposed SFT Clearing Service fees are designed to be risk-based in that open interest would be charged to the lender and borrower at a

<sup>10</sup> A “Linked SFT” is an SFT entered into by the pre-novation SFT Member parties to an SFT that has been previously novated by NSCC, the Final Settlement of which is scheduled to occur on that Business Day (“Settling SFT”), and has the same Transferor, Transferee and subject SFT Securities (including CUSIP) as the Settling SFT. See Rule 1, *supra* note 5.

<sup>11</sup> For purposes of determining the proposed outstanding SFT notional balance fee, the outstanding SFT notional balance would be calculated using the settlement value of the SFT.

<sup>12</sup> NSCC has in place procedures to control costs and to regularly review pricing levels against costs of operation. NSCC’s fees are generally cost-based plus a markup as approved by its Board of Directors. This markup is applied to recover development costs and operating expenses and to accumulate capital sufficient to meet regulatory and economic requirements. The SFT Clearing Service and proposed associated fees, once implemented, would be reviewed and re-evaluated regularly under this framework. See NSCC Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures, available at [https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC\\_Disclosure\\_Framework.pdf](https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/NSCC_Disclosure_Framework.pdf), at 120.

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b–4(f)(2).

<sup>5</sup> Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules, available at [http://dtcc.com/-/media/Files/Downloads/legal/rules/nscc\\_rules.pdf](http://dtcc.com/-/media/Files/Downloads/legal/rules/nscc_rules.pdf).