

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 shall institute proceedings under Section 19(b)(2)(B)<sup>23</sup> of the Act 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](mailto:rule-comments@sec.gov). Please include file number SR-CboeEDGX-2024-027 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-CboeEDGX-2024-027. 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-CboeEDGX-2024-027 and should be submitted on or before July 19, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Vanessa A. Countryman,**  
*Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-541, OMB Control No. 3235-0620]

#### Proposed Collection; Comment Request; Extension: Rule 22c-2

*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 *et seq.*) the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 22c-2 (17 CFR 270.22c-2) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Investment Company Act") requires the board of directors (including a majority of independent directors) of most registered open-end investment companies ("funds") to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Rule 22c-2 also requires a fund to enter into written agreements with their financial intermediaries (such as broker-dealers and retirement plan administrators) under which the fund, upon request, can obtain certain shareholder identity and trading information from the intermediaries. The written agreement must also allow the fund to direct the intermediary to prohibit further purchases or exchanges by specific shareholders that the fund has

identified as being engaged in transactions that violate the fund's market timing policies. These requirements enable funds to obtain the information that they need to monitor the frequency of short-term trading in omnibus accounts and enforce their market timing policies.

The rule includes three "collections of information" within the meaning of the Paperwork Reduction Act of 1995 ("PRA").<sup>1</sup> First, the rule requires boards to either approve a redemption fee of up to two percent or determine that imposition of a redemption fee is not necessary or appropriate for the fund. Second, funds must enter into information sharing agreements with all of their "financial intermediaries"<sup>2</sup> and maintain a copy of the written information sharing agreement with each intermediary in an easily accessible place for six years. Third, pursuant to the information sharing agreements, funds must have systems that enable them to request frequent trading information upon demand from their intermediaries, and to enforce any restrictions on trading required by funds under the rule.

The collections of information created by rule 22c-2 are necessary for funds to effectively assess redemption fees, enforce their policies in frequent trading, and monitor short-term trading, including market timing, in omnibus accounts. These collections of information are mandatory for funds that redeem shares within seven days of purchase. The collections of information also are necessary to allow Commission staff to fulfill its examination and oversight responsibilities.

Rule 22c-2(a)(1) requires the board of directors of all registered open-end management investment companies and series thereof (except for money market funds, ETFs, or funds that affirmatively permit short-term trading of its securities) to approve a redemption fee for the fund, or instead make a determination that a redemption fee is

<sup>1</sup> 44 U.S.C. 3501-3520.

<sup>2</sup> The rule defines a Financial Intermediary as: (i) Any broker, dealer, bank, or other person that holds securities issued by the fund in nominee name; (ii) a unit investment trust or fund that invests in the fund in reliance on section 12(d)(1)(E) of the Act; and (iii) in the case of a participant directed employee benefit plan that owns the securities issued by the fund, a retirement plan's administrator under section 316(A) of the Employee Retirement Security Act of 1974 (29 U.S.C. 1002(16)(A) or any person that maintains the plans' participant records; Financial Intermediary does not include any person that the fund treats as an individual investor with respect to the fund's policies established for the purpose of eliminating or reducing any dilution of the value of the outstanding securities issued by the fund; Rule 22c-2(c)(1).

<sup>23</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>24</sup> 17 CFR 200.30-3(a)(12).

either not necessary or appropriate for the fund. Commission staff understands that the boards of all funds currently in operation have undertaken this process for the funds they currently oversee, and the rule does not require boards to review this determination periodically once it has been made. Accordingly, we expect that only boards of newly registered funds or newly created series thereof would undertake this determination. Commission staff estimates that 3 funds (excluding money market funds and ETFs) are newly formed each year and would need to make this determination.<sup>3</sup>

Commission staff estimates that it takes 2 hours of the board's time as a whole (at a rate of \$4,770 per hour) to approve a redemption fee or make the required determination on behalf of all series of the fund. In addition, Commission staff estimates that it takes compliance personnel of the fund 8 hours (at a rate of \$84 per hour) to prepare trading, compliance, and other information regarding the fund's operations to enable the board to make its determination, and takes an internal compliance attorney of the fund 3 hours (at a rate of \$440 per hour) to review this information and present its recommendations to the board. Therefore, for each fund board that undertakes this determination process, Commission staff estimates it expends 13 hours<sup>4</sup> at a cost of \$11,532.<sup>5</sup> As a result, Commission staff estimates that the total time spent for all funds on this process is 416 hours at a cost of \$369,024.<sup>6</sup>

Rule 22c-2(a)(2) requires a fund to enter into information-sharing agreements with each of its financial

<sup>3</sup> This estimate is based on the average number of registrants filing initial Form N-1A or N-3 from 2020 to 2022; this estimate does not carve out money market funds, ETFs, or funds that affirmatively permit short-term trading of their securities, so this estimate corresponds to the outer limit of the number of registrants that would have to make this determination.

<sup>4</sup> This calculation is based on the following estimates: 2 hours of board time + 3 hours of internal compliance attorney time + 8 hours of compliance clerk time = 13 hours.

<sup>5</sup> This calculation is based on the following estimates: (\$4,770 board time × 2 hours) + (\$84 compliance time × 8 hours) + (\$440 attorney time × 3 hours) = \$11,532.

The hourly wages used are 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 for bonuses, firm size, employee benefits, and overhead; the staff has estimated the average cost of board of director time as \$4,770 per hour for the board as a whole, based on information received from funds and their counsel.

<sup>6</sup> This calculation is based on the following estimates: 13 hours × 32 funds = 416 hours; \$11,532 × 32 funds = \$369,024.

intermediaries. Commission staff understands that all currently registered funds have already entered into such agreements with their intermediaries. Funds enter into new relationships with intermediaries from time to time, however, which requires them to enter into new information sharing agreements. Commission staff understands that, in general, funds enter into information-sharing agreement when they initially establish a relationship with an intermediary, which is typically executed as an addendum to the distribution agreement. The Commission staff understands that most shareholder information agreements are entered into by the fund group (a group of funds with a common investment adviser), and estimates that there are currently 797 currently active fund groups.<sup>7</sup> Commission staff estimates that, on average, each active fund group enters into relationships with 3 new intermediaries each year. Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and modifies that agreement according to the requirements of each intermediary. Commission staff estimates that negotiating the terms and entering into an information sharing agreement takes a total of 4 hours of attorney time (at a rate of \$500 per hour) per intermediary. Accordingly, Commission staff estimates that it takes 12 hours at a cost of \$6,000 annually for each fund group<sup>8</sup> to enter into new information sharing agreements and, in the aggregate existing market participants incur a total of 9,564 hours at a cost of \$4,782,000.<sup>9</sup>

In addition, newly created funds advised by new entrants (effectively new fund groups) must enter into information sharing agreements with all of their financial intermediaries. Commission staff estimates that there are 38 new fund groups that form each year that will have to enter into information sharing agreements with each of their intermediaries.<sup>10</sup> Commission staff estimates that fund groups formed by new advisers typically have relationships with significantly fewer intermediaries than existing fund

<sup>7</sup> ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

<sup>8</sup> This estimate is based on the following calculations: 4 hours × 3 new intermediaries = 12 hours; 12 hours × \$500 = \$6,000.

<sup>9</sup> This estimate is based on the following calculations: (12 hours × 797 fund groups = 9,564 hours); 9,564 hours × \$500 = \$4,782,000.

<sup>10</sup> ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

groups, and estimates that new fund groups will typically enter into 100 information sharing agreements with their intermediaries when they begin operations.<sup>11</sup> As discussed previously, Commission staff estimates that it takes 4 hours of attorney time (at a rate of \$500 per hour) per intermediary to enter into information sharing agreements. Therefore, Commission staff estimates that each newly formed fund group will incur 400 hours of attorney time at a cost of \$200,000<sup>12</sup> and that all newly formed fund groups will incur a total of 15,200 hours at a cost of \$7,600,000 to enter into information sharing agreements with their intermediaries.<sup>13</sup>

Rule 22c-2(a)(3) requires funds to maintain records of all information-sharing agreements for 6 years in an easily accessible place. Commission staff understands that most shareholder information agreements are stored at the fund group level and estimates that there are currently approximately 797 fund groups.<sup>14</sup> Commission staff understands that information-sharing agreements are generally included as addendums to distribution agreements between funds and their intermediaries, and that these agreements would be stored as required by the rule as a matter of ordinary business practice. Therefore, Commission staff estimates that maintaining records of information-sharing agreements requires 10 minutes of time spent by a general clerk (at a rate of \$75 per hour) per fund, each year. Accordingly, Commission staff estimates that all funds will incur 133 hours at a cost of \$9,975<sup>15</sup> in complying with the recordkeeping requirement of rule 22c-2(a)(3). Therefore, Commission staff estimates that to comply with the information sharing agreement requirements of rule 22c-2(a)(2) and (3), it requires a total of 24,897 hours at a cost of \$12,391,975.<sup>16</sup>

The Commission staff estimates that on average, each fund group requests

<sup>11</sup> Commission staff understands that funds generally use a standard information sharing agreement, drafted by the fund or an outside entity, and then modifies that agreement according to the requirements of each intermediary.

<sup>12</sup> This estimate is based on the following calculations: 4 hours × 100 intermediaries = 400 hours; 400 hours × \$500 = \$200,000.

<sup>13</sup> This estimate is based on the following calculations: (38 fund groups × 400 hours = 15,200 hours) (\$500 × 15,200 = 7,600,000).

<sup>14</sup> ICI, 2024 Investment Company Fact Book at Fig 2.8 (2024) (<https://www.icifactbook.org/pdf/2024-factbook.pdf>).

<sup>15</sup> This estimate is based on the following calculations: (10 minutes × 797 fund groups = 7,970 minutes); (7,970 minutes/60 = 133 hours); (133 hours × \$75 = \$9,975).

<sup>16</sup> This estimate is based on the following calculations: (9,564 hours + 15,200 hours + 133 hours = 24,897 hours); (\$4,782,000 + \$7,600,000 + \$9,975 = \$12,391,975).

shareholder information once a week, and gives instructions regarding the restriction of shareholder trades every day, for a total of 417 responses related to information sharing systems per fund group each year, and a total 331,552 responses for all fund groups annually.<sup>17</sup> In addition, as described above, the staff estimates that funds make 32 responses related to board determinations, 2,391 responses related to new intermediaries of existing fund groups, 3,800 responses related to new fund group information sharing agreements, and 797 responses related to recordkeeping, for a total of 7,020 responses related to the other requirements of rule 22c-2. Therefore, the Commission staff estimates that the total number of responses is 338,572 (331,552 + 7,020 = 338,572). The Commission staff estimates that the total hour burden for rule 22c-2 is 25,313 hours at a cost of \$12,392,344.<sup>18</sup>

Responses provided to the Commission will be accorded the same level of confidentiality accorded to other responses provided to the Commission in the context of its examination and oversight program. Responses provided in the context of the Commission's examination and oversight program are generally kept confidential. Complying with the information collections of rule 22c-2 is mandatory for funds that redeem their shares within 7 days of purchase. 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.

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 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 27, 2024.

<sup>17</sup> This estimate is based on the following calculations: (52 + 365 = 417); (417 × 797 fund groups = 331,552).

<sup>18</sup> This estimate is based on the following calculations: 416 hours (board determination) + 24,897 hours (information sharing agreements) = 25,313 total hours; \$369,024 (board determination) + \$12,391,975 (information sharing agreements) = \$12,392,344.

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](mailto:PRA_Mailbox@sec.gov).

Dated: June 24, 2024.

**Vanessa A. Countryman,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100409; File No. SR-CBOE-2024-022]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Rules Relating to the Continuing Education for Registered Persons as Provided Under Exchange Rule 3.33.01

June 24, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 12, 2024, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend its rules relating to the Continuing Education for Registered Persons as provided under Exchange Rule 3.33.01. The text of the proposed rule change is provided in Exhibit 5.

<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)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

#### 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 Exchange 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 Exchange 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 proposed rule change amends Exchange Rule 3.33.01 to reopen the period by which certain participants in the Maintaining Qualifications Program ("MQP") will be able to complete their prescribed 2022 and 2023 continuing education content.

In 2021, the Financial Industry Regulatory Authority, Inc. ("FINRA") implemented rule changes, which amended FINRA's Continuing Education ("CE") Program requirements to, among other things, provide eligible individuals who terminate any of their representative or principal registration categories the option of maintaining their qualification for any terminated registration categories by completing annual CE through a new program, the MQP.<sup>5</sup> Under FINRA Rule 1240.01, the MQP designated a look-back provision that, subject to specified conditions, extended the option to participate in the MQP to individuals who: (1) were registered as a representative or principal within two years immediately prior to March 15, 2022 (the implementation date of the MQP); and (2) individuals who were participating in the Financial Services Affiliate

<sup>5</sup> See Securities Exchange Act Release No. 93097 (September 21, 2021), 86 FR 53358 (September 27, 2021) (Order Approving File No. SR-FINRA-2021-015). Other exchanges, including Cboe Options, subsequently filed copycat rule filings to align their CE rules with those of FINRA. See Securities Exchange Act Release No. 94513 (March 24, 2022), 87 FR 18446 (March 30, 2022), (SR-CBOE-2022-012).