

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>25</sup> and Rule 19b-4(f)(6) thereunder.<sup>26</sup> Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>27</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>28</sup>

At any time within 60 days of the filing of such 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 shall institute proceedings under Section 19(b)(2)(B)<sup>29</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:

<sup>25</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>26</sup> 17 CFR 240.19b-4(f)(6).

<sup>27</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>28</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has complied with this requirement.

<sup>29</sup> 15 U.S.C. 78s(b)(2)(B).

*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-NYSECHX-2022-14 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-NYSECHX-2022-14. 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-NYSECHX-2022-14 and should be submitted on or before August 9, 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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<sup>30</sup> 17 CFR 200.30-3(a)(12).

**SECURITIES AND EXCHANGE COMMISSION**

[SEC File No. 270-808, OMB Control No. 3235-0762]

**Proposed Collection; Comment Request; Extension: Rule 15l-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 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 15l-1 (17 CFR 240.15l-1), 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 15l-1 established a standard of conduct for broker-dealers and natural persons who are associated persons of a broker-dealer (together, "broker-dealers") when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer ("Regulation Best Interest"). Regulation Best Interest requires broker-dealers, when making a recommendation of any securities transaction or investment strategy involving securities to a retail customer, to act in the best interest of the retail customer at the time the recommendation is made, without placing the financial or other interest of the broker-dealer or natural person who is an associated person making the recommendation ahead of the interest of the retail customer.

The information that must be collected pursuant to Regulation Best Interest is intended to: (1) improve disclosure about the scope and terms of the broker-dealer's relationship with the retail customer, which would foster retail customers' understanding of their relationship with a broker-dealer; (2) enhance the quality of recommendations provided by establishing an express best interest obligation under the federal securities laws; (3) enhance the disclosure of a broker-dealer's conflicts of interest; and (4) establish obligations that require mitigation, and not just disclosure, of conflicts of interest arising from financial incentives associated with broker-dealer recommendations. The information will therefore help establish a framework that protects investors and

promotes efficiency, competition, and capital formation.

There are approximately 2,683 respondents that must comply with Rule 15l-1. The aggregate annual burden for all respondents is estimated to be 2,568,434 hours, or 957 hours per respondent (2,568,434 hours/2,683 respondents). Under Rule 15l-1, respondents will also incur cost burdens. The aggregate annual cost burden for all respondents is estimated to be \$12,085,860, or \$4,505 per respondent (\$12,085,860/2,681 respondents).

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 will 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 in writing by September 19, 2022.

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, Director/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: July 13, 2022.

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-651, OMB Control No. 3235-0702]

### Submission for OMB Review; Comment Request: Extension: Rule 18a-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

(“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 approval of extension of the previously approved collection of information provided for in Rule 18a-3 (17 CFR 240.18a-3), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (“Exchange Act”).

Rule 18a-3 establishes minimum margin requirements for nonbank security-based swap dealers (“SBSBs”) and nonbank major security-based swap participants (“MSBSPs”) for non-cleared security-based swaps. Under paragraph (e) of Rule 18a-3 nonbank SBSBs are required to monitor the risk of each account that holds non-cleared security based swaps for a counterparty and to establish, maintain, and document procedures and guidelines for monitoring the risk of accounts as part of its risk management control system required under Exchange Act Rule 15c3-4. In addition, paragraph (d)(2) of Rule 18a-3 provides that a nonbank SBSB seeking approval to use a model to calculate initial margin will be subject to an application process consistent with Exchange Act Rule 15c3-1e and paragraph (d) of Exchange Act Rule 18a-1, as applicable, governing the use of internal models to compute net capital.<sup>1</sup>

The total annual hour burden associated with Rule 18a-3 is approximately 2,243 hours calculated as follows:

The Commission staff estimates that there are 7 nonbank SBSBs that are subject to Rule 18a-3. The staff further estimates that each would spend an average of approximately 210 hours establishing and documenting their Rule 18a-3 counterparty risk monitoring procedures, for a one-time industry-wide hour burden of approximately 1,470 recordkeeping hours or 490 hours per year when annualized over three years.<sup>2</sup> In addition, the staff estimates that each nonbank SBSB would spend an average of approximately 60 hours per year reviewing risks associated with its counterparties, for an annual industry-wide burden of approximately 420 recordkeeping hours.<sup>3</sup> Taken together, the annual industry-wide hour burden is approximately 910 hours.<sup>4</sup>

<sup>1</sup> While Rule 18a-3 contains requirements that apply to both nonbank SBSBs and MSBSPs, the particular requirements that constitute a collection of information relate only to nonbank SBSBs.

<sup>2</sup> 7 nonbank SBSBs × 210 hours = 1,470 hours. These amounts are annualized over three years resulting in 70 (210 hours/3 years) hours per nonbank SBSB per year and an industry wide annual burden of 490 recordkeeping hours.

<sup>3</sup> 7 nonbank SBSBs × 60 hours = 420 hours.

<sup>4</sup> 490 hours + 420 hours = 910 hours.

The Commission estimates it will take a nonbank SBSB approximately 50 hours to prepare and submit an application to the Commission to seek authorization to use an internal model to calculate initial margin. The staff estimates that five non-bank SBSBs have sought Commission approval to use an internal model to calculate initial margin, resulting in a total industry-wide one-time hour burden of approximately 250 hours or approximately 83 hours per year when annualized over three years.<sup>5</sup> The Commission also estimates that each nonbank SBSB will spend approximately 250 hours per year reviewing, updating, and back testing their initial margin model, resulting in a total industry-wide annual hour burden of approximately 1,250 recordkeeping hours.<sup>6</sup> Taken together, the Commission estimates an annual industry-wide hour burden of approximately 1,333 hours.<sup>7</sup>

The total annual hour burden associated with Rule 18a-3 is thus approximately 2,243 hours (910 hours + 1,333 hours).

The total annual cost burden associated with Rule 18a-3 is approximately \$3,333 calculated as follows:

The 7 respondents subject to the collection of information may incur start-up costs in order to comply with this collection of information. These costs may vary depending on the size and complexity of the nonbank SBSB. In addition, the start-up costs may be less for the 2 nonbank SBSB respondents also registered as broker-dealers because these firms may already be subject to similar requirements with respect to other margin rules. For the remaining 5 nonbank SBSBs, because these written procedures may be novel undertakings for these firms, the Commission staff assumes these nonbank SBSBs will have their written risk analysis methodology reviewed by outside counsel. Therefore, the staff estimates that these 5 nonbank SBSBs will engage an outside counsel to review their written risk analysis methodology, at a rate of approximately \$400 per hour for 5 hours (*i.e.*, \$2,000 in legal costs). This will result in a one-time industry-wide external recordkeeping cost of approximately \$10,000, or

<sup>5</sup> 5 nonbank SBSBs × 50 hours = 250 hours. These amounts are annualized over three years resulting in 16.67 (50 hours/3 years) hours per nonbank SBSB per year and an industry wide annual burden of 83.33 recordkeeping hours, rounded down to 83 hours.

<sup>6</sup> 5 nonbank SBSBs × 250 hours = 1,250 hours.

<sup>7</sup> (250 hours/3 years) + 1,250 hours = 1,333.33 hours, rounded down to 1,333 hours.