complaints.[86] The commenter suggested, among other things, that FINRA's reports used data (*i.e.,* violative events) to measure the likelihood of recidivist behavior that would not be the subject of a disciplinary action under the proposed rule change. Accordingly, the commenter did not believe FINRA's statistical evidence justified the proposed rule change, including the additional costs and loss of rights that would result from approving the proposed rule change.[87]

In response, FINRA reiterated its concern about the potential risks posed by broker-dealers that persistently employ associated persons who engage in misconduct, as well as its findings that past disciplinary and other regulatory events, such as repeated disciplinary actions, arbitrations and complaints associated with a member broker-dealer or individual can be predictive of similar future events.[88] Moreover, FINRA believes the estimated number of disclosure events associated with persons who appeal disciplinary decisions reflects a specific potential risk to investors.[89] FINRA asserted that the proposed rule change would adopt processes directly tailored to target this specific misconduct and minimize further investor harm.[90]

The Commission believes that the commenter's challenge to FINRA's statistical justification for the proposed rule change obfuscates the point of the FINRA Study. In its study, FINRA uses a model that predicts investor harm based on information publicly released in BrokerCheck and non-public Central Registration Depository data and found that 20% of the 181,133 brokers in their sample with the highest *ex ante* predicted probability of investor harm are associated with more than 55% of the investor harm events and more than 55% of total dollar harm. Accordingly, FINRA concluded that the risk of future harm is predictable.[91] The Commission believes that the methodology used in the FINRA Study had a sound statistical basis. The Commission understands the commenter's point that the FINRA Study measured the likelihood of recidivist behavior using data (*i.e.,* violative acts) that would not be captured under the proposed rule change; however, the Commission believes FINRA shows its result is not sensitive to a particular threshold value. In addition, while the Commission understands the commenter's point that FINRA continues the analysis through the year-end after the year in which the appeal reached a decision, the FINRA Study states that the complaint system tracks the date the complaint was filed but not the date of the actual occurrence of investor harm. The study makes a conservative assumption that the harm occurred the year before the filing so that when running a regression to predict an occurrence of harm, FINRA would not be predicting an event with data that was only available concurrently with or subsequent to the event.[92] Accordingly, the Commission believes that the methodology FINRA used to conduct its study had a sound statistical basis and that FINRA had a sound basis upon which to base the proposed rule change.

In sum, for the above reasons, the Commission believes that the proposed rule change would strengthen the tools available to FINRA in responding to associated persons who have a significant history of misconduct. In addition, the Commission believes that the proposed rule change has sufficiently tailored the proposed processes to target the specific misconduct it seeks to address, which would minimize the potential costs to broker-dealers. Moreover, the proposed rules would establish processes by which an associated person or broker-dealer would have adequate opportunities to challenge the imposed conditions and restrictions and seek further review.

Accordingly, the Commission finds the proposed rule change would result in greater investor protections by helping address the concerns raised by associated persons with a significant history of misconduct and the broker-dealers that employ them while narrowly tailoring the review process to mitigate the potential burdens on those individuals and broker-dealers.

IV. Conclusion

It Is Therefore Ordered pursuant to Section 19(b)(2) of the Exchange Act[93] that the proposed rule change (SR–FINRA–2020–011), as modified by Amendment No. 1, be, and hereby is, approved.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2020–27626 Filed 12–15–20; 8:45 am]

BILLING CODE 8011–01–P

[86] *Id.* (stating that in the FINRA Study, the rate of new disclosure events by associated persons during the pendency of their appeals is less than 30%).

[87] *Id.* (arguing that the FINRA Study continued its analysis through the year-end after the year in which the appeal reached a decision thus skewing its results).

[88] *See* FINRA October 7 Letter; *see also* Notice at 20745–46, 20755 and note 5.

[89] *See* FINRA October 7 Letter; *see also* Notice at 20748.

[90] *See* FINRA October 7 Letter; *see also* Notice at 20750, 20754.

[91] *See* FINRA Study at 17. Additional academic research suggests that a higher rate of new disciplinary and other disclosure events is highly correlated with past disciplinary and other disclosure events, as far back as nine years prior. *See* Notice at note 5.

[92] *See* FINRA Study at 9–10.

[93] 15 U.S.C. 78s(b)(2).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90627; File No. SR–ICEEU–2020–013]

Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Change Relating to the ICE Clear Europe Investment Management Procedures

December 10, 2020.

I. Introduction

On October 23, 2020, ICE Clear Europe Limited (''ICE Clear Europe'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend its Investment Management Procedures (the ''Procedures'') to make certain clarifications and updates with respect to permissible investments.[3] The proposed rule change was published for comment in the **Federal Register** on November 5, 2020.[4] The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

The proposed rule change would amend the Procedures to clarify the requirements for investment of customer funds by FCM/BD Clearing Members[5] resulting from the expansion of permitted investments to include qualifying Euro-denominated non-U.S. sovereign debt pursuant to an exemptive order issued by the U.S. Commodity

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change Relating to the ICE Clear Europe Investment Management Procedures, Exchange Act Release No. 90290 (October 30, 2020), 85 FR 70697 (November 5, 2020) (SR–ICEEU–2020–013) (''Notice'').

[4] *See* Notice *supra* note 3.

[5] Capitalized terms used but not defined herein have the meanings specified in the Procedures or the ICE Clear Europe Clearing Rules (the ''Rules''), as applicable.

Futures Trading Commission (the ''CFTC Order'').[6]

In Section 1 of the Procedures, ICE Clear Europe proposes to amend its investment management objective to clarify that the cash subject to investment excludes its corporate cash held for operating purposes, but would include cash held for the purposes of meeting ICE Clear Europe's contributions to the guaranty fund (referred to below as ''skin in the game''), maintaining its capital pursuant to applicable regulatory requirements (referred to below as ''regulatory capital''), or for any other purpose in connection with its daily treasury activities for the management of Clearing Members' margin or guaranty fund contributions. ICE Clear Europe represented that this clarification is consistent with current practice.[7]

In Section 2 of the Procedures, ICE Clear Europe proposes three main changes to its overall investment considerations, which are a list of criteria that ICE Clear Europe considers when making investments. First, it would clarify that the goal for non-overnight investments to have a variety of maturity dates only applies where applicable and thus not necessarily in all cases, such as investments in bank deposits. Second, it would amend the description of how futures commission merchant (''FCM'') customer funds may be invested by permitting investments in cash deposits, clarifying that direct purchases with U.S. dollar cash are limited to U.S. sovereign bonds, and providing that direct purchases with Euro cash may be made in French and German sovereign bonds as permitted in the CFTC Order. Third, it would clarify that ICE Clear Europe calculates the requirement of no more than 5% of the investible funds should be held as unsecured cash over an average period of one calendar month. In addition, ICE Clear Europe would make certain other typographical and similar corrections to this section of the Procedures.

ICE Clear Europe would also amend its table of authorized investments and concentration limits for cash from Clearing Members and from skin in the game to expand the investments in which ICE Clear Europe may invest such cash and skin in the game. This table identifies the permitted instruments for investment and then identifies, for each instrument: (i) The maximum issuer or counterparty concentration limits; (ii) the maximum portfolio concentration limits; (iii) the maximum maturity; and (iv) the minimum credit ratings of the instrument or allowed issuers of the instrument. The proposed rule change would retain the permitted investments currently listed in this table (*i.e.,* reverse repurchase agreements, US, UK, and EU sovereign obligations, US, UK, and EU government agency bonds, central bank obligations, and commercial bank obligations) and make four main changes with respect to the currently permitted instruments. First, it would apply the existing maximum issuer/counterparty concentration limit of 15% of the total EUR balance in a single government issuer only to government bonds issued by Belgium and the Netherlands, and provide no limit for French and German government bonds. Second, it would remove the current reference to the issuer limit and impose new maximum portfolio concentration limits for EU government bonds at 20% of the total EUR balance in a single issue for German or French government bonds, and 10% of the total EUR balance in a single issue for Belgian or Dutch government bonds. Third, for investments of FCM customer funds in EU government bonds, it would apply additional criteria as required in the CFTC Order, as described further below in the new defined term ''Permitted Purchases of Euro denominated debt for FCM Customer Funds'' in the Glossary section of the Procedures. Fourth, with respect to central bank deposits, it would add the Federal Reserve and the European Central Bank (ECB) to the list of allowed central banks. While ICE Clear Europe represented that it does not necessarily have access to deposits at such central banks at this time, the amendment would allow for possible future developments.[8]

The proposed rule change would also add a new instrument category of commercial bank deposits to ICE Clear Europe's table of authorized investments and concentration limits for its regulatory capital. This table currently lists US, UK, and EU sovereign obligations, and US, UK, and EU government agency bonds as the only permitted investments for ICE Clear Europe's regulatory capital. The addition of commercial bank deposits thus expands this list. For this instrument category, ICE Clear Europe would set unsecured cash limits separately for financial service providers; impose a maximum portfolio concentration limit at no more than 5% of the total investible funds in unsecured cash on average each calendar month; set the maximum maturity at overnight; and require minimum credit ratings of A–1/P–1.

The Procedures currently contain an additional table that describes the collateral acceptable for reverse repurchase agreements (also referred to below as ''reverse repo''). This table specifies the currency of the agreement, the currency of the collateral, the credit rating, the securities used as collateral, and the haircut applied by ICE Clear Europe. The proposed rule change would expand the scope of acceptable collateral for reverse repurchase agreements to allow ICE Clear Europe to use GBP and EUR agency bonds with AA–/Aa3 credit ratings and a 2% haircut. The proposed rule change would also remove the current credit rating requirement of AA–/Aa3 for UK and US sovereign bonds. For FCM customer funds invested in EUR reverse repurchase agreements, the proposed rule change would specify that only collateral meeting the CFTC Order requirements will be accepted.

ICE Clear Europe would also update the Glossary section of the Procedures to add central banks to the definition of ''Permitted Depositories for FCM Customer Funds'' where the CFTC has provided the relevant exemption to ICE Clear Europe. In addition, the proposed rule change would include a definition of the term ''Permitted Purchases of Euro denominated debt for FCM Customer Funds.'' This new definition would set forth the conditions under the CFTC Order for investment of FCM customer funds in euro-denominated sovereign debt issued by the French Republic and the Federal Republic of Germany.[9]

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.[10] For the reasons given below, the Commission finds that the proposed

[6] Order Granting Exemption From Certain Provisions of the Commodity Exchange Act Regarding Investment of Customer Funds and From Certain Related Commission Regulations, 83 FR 35241, 35245 (July 25, 2018) (permitting the investment of futures and swap customer funds in euro-denominated debt issued by the French Republic and the Federal Republic of Germany under specified conditions, and granting other related limited exemptions to CFTC-registered derivatives clearing organizations or ''DCOs'').

[7] *See* Notice, 85 FR at 70697.

[8] *See* Notice, 85 FR at 70697.

[9] Specifically, the proposed definition of ''Permitted Purchases of Euro denominated debt for FCM Customer Funds'' would include the conditions listed in section (3)(a) through (d) in the CFTC Order. *See supra* note 6 at 35245.

[10] 15 U.S.C. 78s(b)(2)(C).

rule change is consistent with Section 17A(b)(3)(F) of the Act [11] and Rule 17Ad–22(e)(16).[12]

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICE Clear Europe be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, as well as to assure the safeguarding of securities and funds which are in the custody or control of ICE Clear Europe or for which it is responsible.[13]

The Commission believes that, by clarifying ICE Clear Europe's criteria for investments of cash received from Clearing Members and certain other cash it holds for skin in the game and regulatory capital, and updating the requirements for investment of customer funds by FCM/BD Clearing Members resulting from the CFTC's authorized expansion of permitted investments to include qualifying Euro-denominated sovereign debt, the proposed rule change generally should provide ICE Clear Europe with enhanced efficiency and flexibility in how it manages and invests customer funds and cash balances, in a manner consistent with applicable regulatory requirements. The Commission believes that these aspects of the proposed rule change would help to diversify permissible investments for such cash in a conservative manner that protects against loss. Thus, the Commission believes these aspects of the proposed rule change should ensure that ICE Clear Europe will have sufficient resources to promptly and accurately clear and settle securities transactions and, therefore, are consistent with Section 17A(b)(3)(F) of the Act.[14] Further, the Commission believes that the proposed amendments to add a new category of commercial bank deposits as an authorized investment for ICE Clear Europe's regulatory capital, to facilitate investments in bank deposits or other non-overnight investments by only requiring a variety of maturity dates where applicable, and to add GBP and EUR agency bonds with AA–/Aa3 credit ratings and a 2% haircut as acceptable collateral for reverse repo, should also enhance ICE Clear Europe's efficiency in meeting its investment management objective to safeguard the principal of cash and maintain sufficient liquidity for its payment obligations. By having defined investment criteria and conservative investment management procedures, the Commission believes that these aspects of the proposed rule change should also help to ensure that cash is invested reasonably, conservatively, and in a manner that protects against loss, which, in turn, should help to thereby assuring the safeguarding of securities and funds which are in the custody or control of ICE Clear Europe or for which it is responsible, and, therefore, are consistent with Section 17A(b)(3)(F) of the Act.[15]

Similarly, the Commission believes that by facilitating ICE Clear Europe's use of central bank deposits, including by expanding the list of allowed central banks; updating certain concentration and similar limits for investment in US, UK, and EU government bonds; and adding acceptable collateral for reverse repo, the proposed rule change would expand ICE Clear Europe's permitted investments to include investments that should be generally reasonable and conservative and have minimal credit, market, and liquidity risks. Moreover, the Commission believes that the other changes to the authorized investments discussed above, *i.e.,* eliminating the maximum issuer/counterparty concentration limit for French and German sovereign bonds, removing the credit rating requirement for UK and US sovereign bonds as acceptable collateral for reverse repo, and specifying that only collateral that meets the CFTC Order requirements is acceptable for FCM customer funds invested in EUR reverse repo, should not reduce the reasonableness or conservativeness of ICE Clear Europe's permitted investments. Thus, the Commission believes these aspects of the proposed rule change should provide ICE Clear Europe additional investment options that should help to safeguard skin in the game, regulatory capital, and Clearing Member cash against loss. Because the loss of skin in the game, regulatory capital, and Clearing Member cash could impair ICE Clear Europe's ability to operate and therefore clear and settle transactions and safeguard securities and funds, the Commission believes that these aspects of the proposed rule change should be consistent with Section 17A(b)(3)(F) of the Act.[16]

Therefore, for these reasons, the Commission finds that the proposed rule change should promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds in ICE Clear Europe's custody and control, consistent with the Section 17A(b)(3)(F) of the Act.[17]

B. Consistency With Rule 17Ad–22(e)(16)

Rule 17Ad–22(e)(16) requires that ICE Clear Europe establish, implement, maintain and enforce written policies and procedures reasonably designed to, among other things, safeguard its own and its Clearing Members' assets, minimize the risk of loss of loss and delay in access to these assets, and invest such assets in instruments with minimal credit, market, and liquidity risks.[18] The Commission believes that by clarifying ICE Clear Europe's criteria for investments of cash, updating investment concentration limits and similar requirements for EU, US, and UK government bonds, and generally expanding permitted investment options to facilitate ICE Clear Europe's flexibility to diversify investments, the proposed rule change should help to ensure that ICE Clear Europe safeguards its own and its participants' assets—specifically, ICE Clear Europe's deposits of cash, which would include cash posted by Clearing Members to satisfy their margin and guaranty fund requirements—in a manner that should appropriately minimize the risk of loss or delay of such assets.

In addition, the proposed rule change would facilitate ICE Clear Europe's use of commercial and central bank deposits, in particular by adding the Federal Reserve and ECB to the list of allowed central banks to facilitate access to these deposits. Further, the proposed rule change would expand the scope of acceptable collateral in reverse repurchase agreements subject to appropriate limitations. The Commission believes these investments, as well as the investments currently permitted under the Procedures, constitute instruments with minimal credit, market, and liquidity risks. Therefore, the Commission believes the proposed rule change generally should help to ensure that ICE Clear Europe invests cash reasonably and in a manner that protects against loss which, in turn, should help ICE Clear Europe to safeguard its own and its Clearing Members' assets and invest such assets in instruments with minimal credit, market, and liquidity risks. For these reasons, the Commission finds that the

[11] 15 U.S.C. 78q–1(b)(3)(F).

[12] 17 CFR 240.17Ad–22(e)(16).

[13] 15 U.S.C. 78q–1(b)(3)(F).

[14] 15 U.S.C. 78q–1(b)(3)(F).

[15] 15 U.S.C. 78q–1(b)(3)(F).

[16] 15 U.S.C. 78q–1(b)(3)(F).

[17] 15 U.S.C. 78q–1(b)(3)(F).

[18] 17 CFR 240.17Ad–22(e)(16).

proposed rule change is consistent with Rule 17Ad–22(e)(16).[19]

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act[20] and Rule 17Ad–22(e)(16).[21]

It is therefore ordered pursuant to Section 19(b)(2) of the Act[22] that the proposed rule change (SR–ICEEU–2020–013), be, and hereby is, approved.[23]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2020–27597 Filed 12–15–20; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice 11278]

30-Day Notice of Proposed Information Collection: Generic Clearance for the Collection of Qualitative Feedback on Agency Service Delivery

ACTION: Notice of request for public comment and submission to OMB of proposed collection of information.

SUMMARY: The Department of State has submitted the information collection described below to the Office of Management and Budget (OMB) for approval. In accordance with the Paperwork Reduction Act of 1995 we are requesting comments on this collection from all interested individuals and organizations. The purpose of this Notice is to allow 30 days for public comment.

DATES: Submit comments up to January 15, 2021.

ADDRESSES: Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to *www.reginfo.gov/public/do/PRAMain*. Find this particular information collection by selecting ''Currently under 30-day Review—Open for Public Comments'' or by using the search function.

FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents to Pamela Watkins, Department of State, Office of Directives Management, who may be reached at *watkinspk@state.gov* or 202–485–2159.

SUPPLEMENTARY INFORMATION:

- *Title of Information Collection:* Generic Clearance for the Collection of Qualitative Feedback on Agency Service Delivery.
- *OMB Control Number:* 1405–0193.
- *Type of Request:* Extension of a Currently Approved Collection.
- *Originating Office:* Office of Directives Management, A/GIS/DIR.
- *Form Number:* Various public surveys.
- *Respondents:* Individuals responding to Department of State customer service evaluation requests.
- *Estimated Number of Respondents:* 2,000,000.
- *Estimated Number of Responses:* 2,000,000.
- *Average Time per Response:* 3.5 minutes.
- *Total Estimated Burden Time:* 116,667 annual hours.
- *Frequency:* Once per request.
- *Obligation to Respond:* Voluntary.

We are soliciting public comments to permit the Department to:

- Evaluate whether the proposed information collection is necessary for the proper functions of the Department.
- Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Please note that comments submitted in response to this Notice are public record. Before including any detailed personal information, you should be aware that your comments as submitted, including your personal information, will be available for public review.

Abstract of Proposed Collection

The information collection activity will garner qualitative customer feedback in an efficient, timely manner, in accordance with the Administration's commitment to improving service delivery. This qualitative feedback will provide insights into customer perceptions, experiences and expectations, provide an early warning of issues with service, or focus attention on areas where communication, training or changes in operations might improve delivery of products or services. These collections will allow for ongoing, collaborative and actionable communications between the Agency and its customers. It will also allow feedback to contribute directly to the improvement of program management.

Feedback collected under this generic clearance will provide useful information, but it will not yield data that can be used for quantitative information collections that are designed to yield reliably actionable results, such as monitoring trends over time or documenting program performance. Such data uses require more rigorous designs that address: the target population to which generalizations will be made, the sampling frame, the sample design (including stratification and clustering), the precision requirements or power calculations that justify the proposed sample size, the expected response rate, methods for assessing potential non-response bias, the protocols for data collection, and any testing procedures that were or will be undertaken prior fielding the study. Depending on the degree of influence the results are likely to have, such collections may still be eligible for submission for other generic mechanisms that are designed to yield quantitative results.

The 60-day Notice was published on July 15, 2020 (85 FR 42966). The annual burden was increased to 116,667 from 58,333 in this 30-day Notice to capture the impact of COVID–19 on Department services.

Methodology

Respondents will fill out a brief customer survey after completing their interaction with a Department Program Office or Embassy. Surveys are designed to gather feedback on the customer's experiences.

Zachary Parker,

Director.

[FR Doc. 2020–27636 Filed 12–15–20; 8:45 am]

BILLING CODE 4710–24–P

[19] 17 CFR 240.17Ad–22(e)(16).

[20] 15 U.S.C. 78q–1(b)(3)(F).

[21] 17 CFR 240.17Ad–22(e)(16).

[22] 15 U.S.C. 78s(b)(2).

[23] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[24] 17 CFR 200.30–3(a)(12).