funds and securities of which an adviser has custody must undergo an annual surprise examination by an independent public accountant to verify client assets pursuant to a written agreement with the accountant that specifies certain duties.[5] Unless client assets are maintained by an independent custodian (*i.e.,* a custodian that is not the adviser itself or a related person), the adviser also is required to obtain or receive a written report of the internal controls relating to the custody of those assets from an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board (''PCAOB'').[6]

The rule exempts advisers from the rule with respect to clients that are registered investment companies. Advisers to limited partnerships, limited liability companies and other pooled investment vehicles are excepted from the account statement delivery and deemed to comply with the annual surprise examination requirement if the limited partnerships, limited liability companies or pooled investment vehicles are subject to annual audit by an independent public accountant registered with, and subject to regular inspection by the PCAOB, and the audited financial statements are distributed to investors in the pools.[7] The rule also provides an exception to the surprise examination requirement for advisers that have custody solely because they have authority to deduct advisory fees from client accounts,[8] and advisers that have custody solely because a related person holds the adviser's client assets (or has any authority to obtain possession of them) and the related person is operationally independent of the adviser.[9]

Advisory clients use this information to confirm proper handling of their accounts. The Commission's staff uses the information obtained through this collection in its enforcement, regulatory and examination programs. Without the information collected under the rule, the Commission would be less efficient and effective in its programs and clients would not have information valuable for monitoring an adviser's handling of their accounts.

The respondents to this information collection are investment advisers registered with the Commission and have custody of clients' funds or securities. We estimate that 8,057 advisers would be subject to the information collection burden under rule 206(4)–2. The number of responses under rule 206(4)–2 will vary considerably depending on the number of clients for which an adviser has custody of funds or securities, and the number of investors in pooled investment vehicles that the adviser manages. It is estimated that the average number of responses annually for each respondent would be 6,830, and an average time of 0.00524 hour per response. The annual aggregate burden for all respondents to the requirements of rule 206(4)–2 is estimated to be 288,202 hours.

The estimated average burden hours are made solely for purposes of the Paperwork Reduction Act and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms.

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 estimates of the burden of the proposed 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 within 60 days of this publication by August 1, 2022.

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.*

Dated: May 25, 2022

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2022–11663 Filed 5–31–22; 8:45 am]

**BILLING CODE 8011–01–P**

[5] Rule 206(4)–2(a)(4).

[6] Rule 206(4)–2(a)(6).

[7] Rule 206(4)–2(b)(4).

[8] Rule 206(4)–2(b)(3).

[9] Rule 206(4)–2 (b)(6).

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–94980; File No. SR–ICC–2022–003]**

## Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Governance Playbook

May 25, 2022.

### I. Introduction

On April 4, 2022, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (the ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'') [1] and Rule 19b–4,[2] a proposed rule change to revise the ICC Governance Playbook.[3] The proposed rule change was published for comment in the **Federal Register** on April 12, 2022.[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

*A. Background*

The ICC Governance Playbook consolidates governance arrangements set forth in ICC's Rules, operating agreement, and other ICC policies and procedures. The Governance Playbook contains information regarding the governance structure at ICC, including the Board, committees, and management.

*B. Changes to the Governance Playbook*

The proposal would make clarifications and updates regarding the roles and responsibilities of the ICC Legal Department and internal committees involved in the governance process.[5] Specifically, the proposal would amend Section I of the Governance Playbook, which describes the purpose of the document, to state that the ICC Legal Department will review and amend the Governance Playbook as needed when there are circumstances that may impact the governance procedures of ICC, such as

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

[2] 17 CFR 240.19b–4.

[3] Capitalized terms used but not defined herein have the meanings specified in the Rules and Governance Playbook.

[4] Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Governance Playbook; Exchange Act Release No. 34–94616 (Apr. 6, 2022), 87 FR 21687 (Apr. 12, 2022) (SR–ICC–2022–003) (''Notice'').

[5] The description that follows is substantially excerpted from the Notice, 87 FR at 21687–21688.

regulatory changes or changes in ICC's structure or practices.

The proposal would also amend Section III.H, which contains information on disclosures that ICC is required to make to regulators, Clearing Participants, and the public. ICC maintains a public Disclosure Framework that describes its material rules, policies, and procedures regarding its legal, governance, risk management, and operating framework. The proposal would add additional details on the process of updating this Disclosure Framework. Specifically, the proposed rule changes would amend this section to state that the Legal Department would determine when changes to the Disclosure Framework are necessary and that it will update the document every two years or more frequently as necessary. Additionally, the proposal would revise Section III.H to include regulations applicable to Disclosure Framework updates, a related change to spell out an abbreviated term for consistency, and to define what constitutes a material change that would require a Disclosure Framework update. Finally, the proposal would revise this section to incorporate procedures for reporting Disclosure Framework changes pursuant to applicable regulations.

The proposal would also amend Section IV of the Governance Playbook, which discusses various committees. Specifically, the proposal would update the description of the membership composition of the Steering Committee by including amended titles and positions in order to be consistent with the membership composition set out in the Steering Committee's charter, and removing outdated information regarding the Steering Committee's membership from the Governance Playbook. The Steering Committee continues to review, approve and oversee the implementation of CDS product launches and initiatives.

Additionally, the proposal would add a section discussing the CDS Service Review committee, including its description, membership composition, meeting frequency, and relevant documents. According to ICC, this is not a new committee. Its purpose is to discuss and review the status of active ICC initiatives to report on the delivery process and technology delivery-related activities (*e.g.,* development, testing), and its proposed addition to the Governance Playbook is for transparency and completeness in order to ensure that the Governance Playbook includes all groups relevant to ICC's governance process.[6]

## 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.[7] For the reasons discussed below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act[8] and Rules 17Ad-22(e)(2)(i) and Rule 17Ad–22(e)(23)(v).[9]

### *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 ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.[10] Based on its review of the record, and for the reasons discussed below, the Commission believes the proposed changes to the Governance Playbook are consistent with the promotion of the prompt and accurate clearance and settlement of transactions at ICC.

As noted above, the proposed rule change would make clarifications and updates regarding the roles and responsibilities of the ICC Legal Department and internal committees involved in its governance processes. Specifically, the proposal would amend Section I of the Governance Playbook, which describes the purpose of the document, to state that ICC's Legal Department will review and amend the Governance Playbook as needed when there are circumstances that may impact the governance procedures of ICC, such as regulatory changes or changes in ICC's structure or practices. Further, as noted above, the proposed changes would amend Section III.H to include additional details on the process of updating the public Disclosure Framework and cite related regulatory requirements for doing so.

The Commission believes that the changes to sections I and III.H would enhance the effectiveness of ICC's governance documents by ensuring that users of the Governance Playbook are aware of who is responsible for reviewing and amending the Governance Playbook and the circumstances necessitating such amendments. Likewise, the Commission believes that by including additional details on the process of updating the Disclosure Framework along with citations to related regulatory requirements for doing so, the proposed rule change would enhance the ability of users of the Governance Playbook to carry out their duties. The Commission believes that this in turn will provide clear governance arrangements that support ICC's compliance with relevant regulations and procedures, thereby helping ICC maintain effective risk management processes to promote the prompt and accurate clearance of settlement and securities transactions and derivative agreements, contracts and transactions cleared by ICC.

Additionally, as noted above, the proposal would update the membership composition of the Steering Committee by including amended titles and new positions and removing outdated information regarding the Steering Committee's membership composition from the Governance Playbook. The Commission believes that these updates help the Board, as well as ICC's management, employees, and members, to be updated on the roles and responsibilities of ICC officers, committees and subcommittees. As noted above, the proposal would also incorporate into the Governance Playbook information (its description, membership composition, meeting frequency, and relevant documents) about a current committee, the CDS Service Review committee. The Commission believes that by including information about an existing governing committee in the Governance Playbook, the proposal would support ICC's ability to carry out duties related to active ICC initiatives. Taken together, the Commission believes that these changes to committee information could support ICC's ability to manage product launches and other active initiatives and therefore facilitate ICC's ability to provide clearing services that are supported by clear risk management processes that promote the prompt and accurate clearance of settlement and securities transactions and derivative agreements, contracts and transactions cleared by ICC.

For the reasons stated above, the Commission therefore believes that the

[6] *See* Notice 87 FR at 21688.

[7] 15 U.S.C. 78s(b)(2)(C).

[8] 15 U.S.C. 78q–1(b)(3)(F).

[9] 17 CFR 240.17Ad–22(e)(2)(i) and 17 CFR 240.17Ad–22(e)(23)(v).

[10] 15 U.S.C. 78q–1(b)(3)(F).

proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[11]

*B. Consistency With Rule 17Ad–22(e)(2)(i)*

Rules 17Ad–22(e)(2)(i) requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, provide for governance arrangements that are clear and transparent.[12] As described above, the proposed changes more clearly set out the responsibilities of the Legal Department and include updates with respect to relevant internal individuals and committees involved in the governance process. The Commission believes that by clearly describing the responsibilities of the Legal Department, committees, subcommittees, and their participants as noted above, these proposed changes provide for clear and transparent governance arrangements to those serving on those committees and utilizing the Governance Playbook. For the reasons stated above, the Commission believes the proposed rule changes are consistent with Rules 17Ad–22(e)(2)(i).[13]

*C. Consistency With Rule 17Ad–22(e)(23)(v) Under the Act*

Rule 17Ad–22(e)(23)(v) under the Act require each covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for an update of the public disclosure every two years, or more frequently following changes to the covered clearing agency's system or the environment in which it operates to the extent necessary, to ensure statements previously provided remain accurate in all material respects.[14]

As noted above, the proposed changes assign responsibility, reference applicable regulations, and include additional information and procedures regarding maintaining and updating the Disclosure Framework in accordance with relevant regulations. Specifically, the proposed changes would update the process by which the ICC Legal Department will update the public Disclosure Framework every two years or more frequently following material changes to ICC's systems or environment in which it operates, including updates for major decisions of the Board with a broad market impact. The Commission believes that these aspects of the Governance Playbook provide further clarity regarding ICC's policies and procedures for making a comprehensive public disclosure that is updated every two years or more frequently following material changes.

For these reasons, the Commission believes that the proposed rule change is consistent with Rule 17Ad–22(e)(23)(v) under the Act.[15]

## 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[16] and Rules 17Ad–22(e)(2)(i) and 17Ad–22(e)(23)(v) thereunder.[17]

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act[18] that the proposed rule change (SR–ICC–2022–003), be, and hereby is, approved.[19]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2022–11678 Filed 5–31–22; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[SEC File No. 270–504, OMB Control No. 3235–0561]**

## Proposed Collection; Comment Request; Extension: Rule 12d3–1

*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 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the ''Commission'') is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget (''OMB'') for extension and approval.

Rule 12d3–1 (17 CFR 270.12d3–1) under the Investment Company Act of 1940 (15 U.S.C. 80a–1 *et seq.*) (''Investment Company Act'') permits a fund to invest up to five percent of its assets in securities of an issuer deriving more than fifteen percent of its gross revenues from securities-related businesses (subject to certain limitations), notwithstanding the general prohibition in Section 12(d)(3) of the Investment Company Act of a registered investment company (''fund'') and companies controlled by the fund purchasing securities issued by a registered investment adviser, broker, dealer, or underwriter (''securities-related businesses'').

A fund may, however, rely on an exemption in rule 12d3–1 to acquire securities issued by its subadvisers in circumstances in which the subadviser would have little ability to take advantage of the fund, because it is not in a position to direct the fund's securities purchases. This exemption in rule 12d3–1 is available if: (i) The subadviser is not, and is not an affiliated person of, an investment adviser that provides advice with respect to the portion of the fund that is acquiring the securities; and (ii) the advisory contracts of the subadviser, and any subadviser that is advising the purchasing portion of the fund, prohibit them from consulting with each other concerning securities transactions of the fund, and limit their responsibility in providing advice to providing advice with respect to discrete portions of the fund's portfolio.[1]

Rule 12d3–1 requires funds to amend their subadvisory contracts before they can rely on rule 12d3–1's exemption to ensure that the subadviser that engages in the transaction does not influence the fund's investment decision to engage in the transaction.

Based on an analysis of fund filings, Commission staff estimates that approximately 285 funds enter into such new subadvisory agreements each year, and that it will require approximately 3 attorney hours to draft and execute additional clauses in new subadvisory contracts in order for funds and subadvisers to be able to rely on the exemptions in rule 12d3–1. Because these additional clauses are identical to the clauses that a fund would need to insert in their subadvisory contracts to rely on rules 10f–3 (17 CFR 270.10f–3), 17a–10 (17 CFR 270.17a–10), and 17e–1 (17 CFR 270.17e–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 12d3–1 for this contract change

[11] 15 U.S.C. 78q–1(b)(3)(F).

[12] 17 CFR 240.17Ad–22(e)(2)(i).

[13] *Id.*

[14] 17 CFR 240.17Ad–22(e)(23)(v).

[15] 17 CFR 240.17Ad–22(e)(23)(v).

[16] 15 U.S.C. 78q–1(b)(3)(F).

[17] 17 CFR 240.17Ad–22(e)(2)(i) and (e)(23)(v).

[18] 15 U.S.C. 78s(b)(2).

[19] 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).

[20] 17 CFR 200.30–3(a)(12).

[1] *See* 17 CFR 270.270.12d3–1(c)(3).