

The New Fee takes into account the allocation of resources required and more manually intensive processing performed by Reorganization and Underwriting in order for DTC to provide the services necessary to make new CUSIPs DTC-eligible when they are issued as a result of Corporate Actions.

#### Implementation Date

The implementation date of the proposed rule change would be January 1, 2016.

#### 2. Statutory Basis

Section 17A(b)(3)(F)<sup>13</sup> of the Act requires that the rules of the clearing agency be designed, *inter alia*, to promote the prompt and accurate clearance and settlement of securities transactions. DTC believes that the proposed rule change is consistent with this provision because the New Fee would offset costs incurred by DTC in its allocation of resources necessary for making CUSIPs eligible in connection with Corporate Actions. The New Fee is designed to facilitate allocation of resources necessary for the continued offering of this service, thus the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions.

#### (B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact or impose any burden on competition because the proposed rule change equally applies (on a per CUSIP basis) to all issues made eligible for DTC services as the result of a Corporate Action.

#### (C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to the proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC. DTC management has discussed its intent to implement the New Fee with members of the Securities Transfer Association at industry meetings.

reorganization involving the exchange of the common stock under CUSIP X for common and preferred stock under CUSIPs Y and Z, respectively, the transfer agent would be charged \$2,000 in connection with the exchange reflecting the sum of a \$1,000 fee relating to the issuance of CUSIP Y and a \$1,000 fee relating to the issuance of CUSIP Z.

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A) of the Act<sup>14</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>15</sup> At any time within 60 days of the filing of the 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.

### 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-DTC-2015-012 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-DTC-2015-012. 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 Web site (<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 Web site 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

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> 17 CFR 240.19b-4(f).

filing also will be available for inspection and copying at the principal office of DTC and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2015-012 and should be submitted on or before January 27, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2015-33218 Filed 1-5-16; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76803; File No. SR-NYSE-2015-67]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Adopting New Rules To Reflect the Implementation of Pillar, the Exchange's New Trading Technology Platform

December 30, 2015.

Pursuant to section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on December 18, 2015, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 self-regulatory organization. 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

The Exchange proposes to adopt new rules to reflect the implementation of Pillar, the Exchange's new trading technology platform. The proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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 self-regulatory organization 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 those 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 parts of such statements.

### A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

On January 29, 2015, the Exchange announced the implementation of Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. ("NYSE Arca") and NYSE MKT LLC ("NYSE MKT").<sup>4</sup> NYSE Arca Equities, Inc. ("NYSE Arca Equities"), which operates the equities trading platform for NYSE Arca, will be the first trading system to migrate to Pillar.<sup>5</sup> In connection with this implementation schedule, NYSE Arca filed four rule proposals relating to Pillar, three of which have been approved.<sup>6</sup>

Following the implementation of Pillar on NYSE Arca Equities, the

Exchange will be the next trading platform to migrate to Pillar. On Pillar, the Exchange will retain its current trading model, which uses a parity and priority model for allocating trades, as set forth in Rule 72. To streamline and simplify trading across the Exchange, NYSE Arca, and NYSE MKT, other facets of trading on the Pillar platform on the Exchange will be based on the NYSE Arca Equities Pillar rules, including for example, rules governing order types and modifiers, order display, execution, or routing, and order processing during a Limit Up-Limit Down scenario or when a Short Sale Period is triggered.

In addition, in connection with its migration to Pillar, the Exchange proposes the rule numbering framework of the NYSE Arca Equities rules. The Exchange believes that if it and its affiliates are operating on the same trading platform, using the same rule numbering scheme across all markets will make it easier for members, the public and the Commission to navigate the rules of each market. The Exchange therefore proposes to adopt a framework of rule numbering that is based on the current NYSE Arca Equities rules. The Exchange proposes to place this framework of rules following current Rule 0. As proposed, this framework would use the current rule numbering scheme of NYSE Arca Equities, and would consist of proposed Rules 1P–13P. Accordingly, the Exchange proposes to add a new heading following Rule 0 that would provide "Pillar Platform Rules (Rules 1P–Rule 13P)."

To explain that the proposed rules would only be applicable to trading in a security once that security is trading on the Pillar platform, the Exchange proposes to state that Rules 1P–13P would be operative for securities that are trading on the Pillar trading platform. Similar to the text following NYSE Arca Equities Rule 7, the Exchange would further provide that the Exchange would announce by Trader Update when securities are trading on the Pillar trading platform. Because there will be a period when specified securities that trade on the Exchange would continue to trade on the current trading platform, while other securities would be trading on the Pillar platform, the Exchange would not delete current Exchange rules when it adopts Pillar rules that cover the same topic as a current Exchange rule. Unless specified in this list of rules, current Exchange rules would continue to be applicable to trading in a security on the Pillar platform.

As with the NYSE Arca Equities rules, the Exchange proposes to denote the Pillar rules with the letter "P" to distinguish such rules from current Exchange rules with the same numbering. And as with the NYSE Arca Equities rules, each top-level "P"-designated rule would include a number of individual sections or rules, e.g., Rule 1.1, or Rule 7.1–Rule 7.44. However, because none of the current Exchange rules use this sub-numbering format and therefore there is no risk of confusing rules with these numbers with current Exchange rules, the Exchange would not include a "P" designation when adopting these individual rules. Except as described below, at this time, the Exchange would be adopting the framework for only these rule numbers and would designate the proposed rules as "Reserved." Through a series of subsequent rule filings, the Exchange will propose to populate the individual rules with the rule text to operate the Exchange on the Pillar platform.

In addition to adopting a framework of rule numbering, the Exchange also proposes to adopt specified rules that would be operative to trading on Pillar. The proposed rules would be based on NYSE Arca Equities rules, but with non-substantive differences to use the term "Exchange" instead of the terms "NYSE Arca Marketplace" or "Corporation," and to use the terms "mean" or "have the meaning" instead of the terms "shall mean" or "shall have the meaning." The Exchange has selected these rules because they are either definitional or the same substantively across all markets today and would not change when the Exchange migrates to Pillar.

First, the Exchange proposes certain definitions in Rule 1.1. The terms defined in these proposed rules, unless the context requires otherwise, would have the meaning specified.

- Proposed Rule 1.1(h) would define the term "BBO" as the best bid or offer on the Exchange and the term "BB" to mean the best bid on the Exchange and the term "BO" to mean the best offer on the Exchange. This proposed rule text is based on NYSE Arca Equities Rule 1.1(h) and current Exchange Rule 7, which defines the term "Exchange BBO" as the best bid or offer disseminated to the Consolidated Quotation System ("CQS") by the Exchange.

- Proposed Rule 1.1(l) would define the term "Eligible Security" as any equity security (i) either listed on the Exchange or traded on the Exchange pursuant to a grant of unlisted trading privileges under section 12(f) of the Exchange Act and (ii) specified by the Exchange to be traded on the Exchange

<sup>4</sup> See Trader Update dated January 29, 2015, available here: [http://www1.nyse.com/pdfs/Pillar\\_Trader\\_Update\\_Jan\\_2015.pdf](http://www1.nyse.com/pdfs/Pillar_Trader_Update_Jan_2015.pdf).

<sup>5</sup> NYSE Arca Equities is a wholly-owned corporation of NYSE Arca and operates as a facility of NYSE Arca.

<sup>6</sup> See Securities Exchange Act Release Nos. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (Notice) and 75494 (July 20, 2015), 80 FR 44170 (July 24, 2015) (SR–NYSEArca–2015–38) (Approval Order of NYSE Arca Pillar I Filing, adopting rules for Trading Sessions, Order Ranking and Display, and Order Execution); Securities Exchange Act Release Nos. 75497 (July 21, 2015), 80 FR 45022 (July 28, 2015) (Notice) and 76267 (October 26, 2015), 80 FR 66951 (October 30, 2015) (SR–NYSEArca–2015–56) (Approval Order of NYSE Arca Pillar II Filing, adopting rules for Orders and Modifiers and the Retail Liquidity Program); Securities Exchange Act Release Nos. 75467 (July 16, 2015), 80 FR 43515 (July 22, 2015) (Notice) and 76198 (October 20, 2015), 80 FR 65274 (October 26, 2015) (SR–NYSE–2015–58) (Approval Order of NYSE Arca Pillar III Filing, adopting rules for Trading Halts, Short Sales, Limit Up-Limit Down, and Odd Lots and Mixed Lots); and Securities Exchange Act Release No. 76085 (October 6, 2015), 80 FR 61513 (October 13, 2015) (Notice of NYSE Arca Pillar IV Filing, proposing rules for Auctions).

or other facility, as the case may be. This proposed rule text is based on NYSE Arca Equities Rule 1.1(l). The term Eligible Security is not currently used in Exchange rules.

- Proposed Rule 1.1(o) would define the term “FINRA” as the Financial Industry Regulatory Authority, Inc. This proposed rule text is based on NYSE Arca Equities Rule 1.1(o). The term “FINRA” is used in current Exchange rules, but is not defined separately.

- Proposed Rule 1.1(dd) would define the term “NBBO” as the national best bid or offer, the term “NBB” as the national best bid, the term “NBO” as the national best offer, the terms “Best Protected Bid” or “PBB” as the highest Protected Bid, the terms “Best Protected Offer” or “PBO” as the lowest Protected Offer, and the term “Protected Best Bid and Offer” (“PBBO”) as the Best Protected Bid and Best Protected Offer. This proposed rule text is based on NYSE Arca Equities Rule 1.1(dd). These terms are used in current Exchange rules, but are not defined separately.

- Proposed Rule 1.1(ff) would define the term “Away Market” as any exchange, alternative trading system (“ATS”) or other broker-dealer (1) with which the Exchange maintains an electronic linkage and (2) that provides instantaneous responses to orders routed from the Exchange. As further proposed, the Exchange would designate from time to time those ATSs or other broker-dealers that qualify as Away Markets. This proposed rule text is based on NYSE Arca Equities Rule 1.1(ff). This term is not currently defined in Exchange rules because, on the current trading platform, the Exchange only maintains electronic linkage with those markets that display protected quotations.

- Proposed Rule 1.1(ii) would define the term “UTP Security” as a security that is listed on a national securities exchange other than the Exchange and that trades on the Exchange pursuant to unlisted trading privileges. This proposed rule text is based on NYSE Arca Equities Rule 1.1(ii). This term is not currently defined in Exchange rules because the Exchange does not currently trade any securities pursuant to unlisted trading privileges. Similar to NYSE Arca Equities, the Exchange plans to trade securities on Pillar that are listed on markets other than the Exchange.

- Proposed Rule 1.1(jj) would define the term “UTP Listing Market” as the primary listing market for a UTP Security. This proposed rule text is based on NYSE Arca Equities Rule 1.1(jj). This term is not currently defined in Exchange rules because the Exchange does not currently trade any

securities pursuant to unlisted trading privileges.

- Proposed Rule 1.1(ddd) would define the term “NMS Stock” as any security, other than an option, for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan. This proposed rule text is based on NYSE Arca Equities Rule 1.1(ddd). This term is not currently defined in Exchange rules.

- Proposed Rule 1.1(eee) would define the terms “Protected Bid” or “Protected Offer” as a quotation in an NMS stock that is (i) displayed by an Automated Trading Center; (ii) disseminated pursuant to an effective national market system plan; and (iii) an Automated Quotation that is the best bid or best offer of a national securities exchange or the best bid or best offer of a national securities association. The proposed rule would further define the term “Protected Quotation” as a quotation that is a Protected Bid or Protected Offer and would provide that, for purposes of the foregoing definitions, the terms “Automated Trading Center,” “Automated Quotation,” “Manual Quotation,” “Best Bid,” and “Best Offer,” would have the meanings ascribed to them in Rule 600(b) of Regulation NMS under the Securities Exchange Act. This proposed rule text is based on NYSE Arca Equities Rule 1.1(eee). These terms are used in current Exchange rules, but not separately defined.

- Proposed Rule 1.1(fff) would define the term “trade-through” as the purchase or sale of an NMS stock during regular trading hours, either as principal or agent, at a price that is lower than a Protected Bid or higher than a Protected Offer. This proposed rule text is based on NYSE Arca Equities Rule 1.1(fff). This term is not currently defined in Exchange rules.

- Proposed Rule 1.1(hhh) would define the terms “effective national market system plan” and “regular trading hours” as having the meanings set forth in Rule 600(b) of Regulation NMS under the Securities Exchange Act of 1934. This proposed rule text is based on NYSE Arca Equities Rule 1.1(hhh). These terms are not currently defined in Exchange rules.

The Exchange proposes the remaining rule numbers that correspond to the sub-numbering of NYSE Arca Equities Rule 1.1 on a “reserved” basis.

Next, the Exchange proposes rules that would be grouped under proposed Rule 7P relating to equities trading. With the exception of Rules 7.5 and 7.6, the Exchange proposes Rules 7.1–Rule 7.44 on a “Reserved” basis.

- Proposed Rule 7.5 would be entitled “Trading Units” and would specify that the unit of trading in stocks is 1 share. The rule would further provide that a “round lot” is 100 shares, unless specified by the primary listing market to be fewer than 100 shares. The rule would also provide that any amount less than a round lot would constitute an “odd lot” and any amount greater than a round lot that is not a multiple of a round lot would constitute a “mixed lot.” This proposed rule text is based on NYSE Arca Equities Rule 7.5 without any differences. The substance of this proposed rule is currently set forth in Rules 55 and 56. The Exchange proposes a non-substantive difference to use the term “mixed lot” instead of “partial round lot” or “PRL.”

- Proposed Rule 7.6 would be entitled “Trading Differentials” and would provide that the minimum price variation (“MPV”) for quoting and entry of securities traded on the Exchange would be \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for quoting and entry of orders would be \$0.0001. This proposed rule text is based on NYSE Arca Equities Rule 7.6 without any differences. The substance of this proposed rule is currently set forth in Rule 62.

Because trading on Pillar would be under the above-described rules, the Exchange proposes to specify that Rules 7, 55, 56, and 62 would not be applicable to trading on the Pillar trading platform.

\* \* \* \* \*

As discussed above, because of the technology changes associated with the migration to the Pillar trading platform, the Exchange will announce by Trader Update when rules with a “P” modifier will become operative and for which symbols. Accordingly, the Exchange is not proposing to delete rules applicable to trading on the current platform until all securities are trading on Pillar.

## 2. Statutory Basis

The proposed rule change is consistent with section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>7</sup> in general, and furthers the objectives of section 6(b)(5),<sup>8</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to, and perfect the

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest. The Exchange believes that the proposed rules to support Pillar on the Exchange would remove impediments to and perfect the mechanism of a free and open market because the proposed rule set would promote transparency in Exchange rules by using consistent rule numbers with NYSE Arca Equities, which is the first market to migrate to the Pillar trading platform. The Exchange believes that using a common framework of rule numbers for the markets that operate on the Pillar trading platform will better allow members, regulators, and the public to navigate the Exchange's rulebook and better understand how equity trading is conducted on the Exchange. Adding new rules with the modifier "P" to denote those rules that would be operative for the Pillar trading platform would remove impediments to and perfect the mechanism of a free and open market by providing transparency of which rules govern trading once a symbol has been migrated to the Pillar platform.

The Exchange further believes that adopting specified definitions in proposed Rule 1P and proposed Rules 7.5 and 7.6 under proposed Rule 7P would remove impediments to and perfect the mechanism of a free and open market and national market system because the proposed rules are definitional and are based on approved rules of NYSE Arca Equities without any substantive differences and would be operative once the Exchange migrates to Pillar.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change is not designed to address any competitive issue but rather to adopt new rules to support the Exchange's new Pillar trading platform. As discussed in detail above, with this rule filing, the Exchange is not proposing to change its core functionality but rather to adopt a rule numbering framework based on the rules of NYSE Arca Equities. The Exchange believes that the proposed rule change would promote consistent use of terminology to support the Pillar trading platform on both the Exchange and its affiliate NYSE Arca Equities, thus making the Exchange's rules easier to navigate

#### *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>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup> Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>13</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>14</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that it believes the proposed rule change will not significantly affect the protection of investors or the public interest or impose any significant burden on competition because the proposed rule change is not designed to make any substantive changes to how the Exchange operates. Rather, the Exchange believes that the proposed rule change would promote transparency in Exchange rules by adopting a rule-numbering framework based on the rules of NYSE Arca Equities, which will be the first market to migrate to the Pillar trading platform, so that when the Exchange migrates to

the Pillar trading platform, its rules will follow the same numbering scheme of NYSE Arca Equities. Because the proposed rule change makes no substantive changes to how the Exchange operates, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>15</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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 (<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-NYSE-2015-67 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSE-2015-67. 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 Web site (<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

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the 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.

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>15</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 Web site 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 will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2015-67 and should be submitted on or before January 27, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2015-33217 Filed 1-5-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

*Extension:* Rule 206(4)-2.

OMB Control No. 3235-0241, SEC File No. 270-217.

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 ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension and revision of the previously approved collection of information discussed below.

The title for the collection of information is "Rule 206(4)-2 under the Investment Advisers Act of 1940—Custody of Funds or Securities of Clients by Investment Advisers." Rule 206(4)-2 (17 CFR 275.206(4)-2) under the Investment Advisers Act of 1940 (15 U.S.C. 80b-1 *et seq.*) governs the custody of funds or securities of clients

by Commission-registered investment advisers. Rule 206(4)-2 requires each registered investment adviser that has custody of client funds or securities to maintain those client funds or securities with a broker-dealer, bank or other "qualified custodian."<sup>1</sup> The rule requires the adviser to promptly notify clients as to the place and manner of custody, after opening an account for the client and following any changes.<sup>2</sup> If an adviser sends account statements to its clients, it must insert a legend in the notice and in subsequent account statements sent to those clients urging them to compare the account statements from the custodian with those from the adviser.<sup>3</sup> The adviser also must have a reasonable basis, after due inquiry, for believing that the qualified custodian maintaining client funds and securities sends account statements directly to the advisory clients, and 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.<sup>4</sup> 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 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").<sup>5</sup>

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.<sup>6</sup> The rule also provides an exception to the surprise examination requirement for advisers that have custody because they have authority to deduct advisory fees from client accounts and advisers that have custody solely because a

related person holds the adviser's client assets and the related person is operationally independent of the adviser.<sup>7</sup>

Advisory clients use this information to confirm proper handling of their accounts. The Commission's staff uses the information obtained through these collections 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 5,228 advisers would be subject to the information collection burden under the 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 0.02286 hour per response. The annual aggregate burden for all respondents to the requirements of rule 206(4)-2 is estimated to be 816,285 hours.

This collection of information is found at 17 CFR 275.206(4)-2 and is mandatory. Responses to the collection of information are not kept confidential. Commission-registered investment advisers are required to maintain and preserve certain information required under rule 206(4)-2 for five years. The long-term retention of these records is necessary for the Commission's examination program to ascertain compliance with the Investment Advisers Act.

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

The public may view the background documentation for this information collection at the following Web site, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the

<sup>1</sup> Rule 206(4)-2(a)(1).

<sup>2</sup> Rule 206(4)-2(a)(2).

<sup>3</sup> Rule 206(4)-2(a)(2).

<sup>4</sup> Rule 206(4)-2(a)(3), (4).

<sup>5</sup> Rule 206(4)-2(a)(6).

<sup>6</sup> Rule 206(4)-2(b)(4).

<sup>7</sup> Rule 206(4)-2(b)(3), (b)(6).

<sup>16</sup> 17 CFR 200.30-3(a)(12).