

organization-wide set of previously documented safeguard policies and procedures created by their affiliates. We estimate that these affiliated newly registered covered institutions will incur a significantly reduced hourly burden in complying with the safeguards rule, as they will need only to review their affiliate's existing policies and procedures, and identify and adopt the relevant policies for their business. Therefore, we expect that newly registered covered institutions with existing affiliates will incur an hourly burden of approximately 15 hours in identifying and adopting safeguard policies and procedures for their business, for a total hourly burden for all affiliated new institutions of 12,600 hours. We expect that half of this time would be incurred by inside counsel at an hourly rate of \$380, and half would be by a compliance officer at an hourly rate of \$334, for a total cost of \$4,498,200.

Finally, we expect that the 360 newly registered entities that are not affiliated with an existing institution will incur a significantly higher hourly burden in reviewing and documenting their safeguard policies and procedures. We expect that virtually all of the newly registered covered entities that do not have an affiliate are likely to be small entities and are likely to have smaller and less complex operations, with a correspondingly smaller set of safeguard policies and procedures to document, compared to other larger existing institutions with multiple affiliates. We estimate that it will take a typical newly registered unaffiliated institution approximately 60 hours to review, identify, and document their safeguard policies and procedures, for a total of 21,600 hours for all newly registered unaffiliated entities. We expect that half of this time would be incurred by inside counsel at an hourly rate of \$380, and half would be by a compliance officer at an hourly rate of \$334, for a total cost of \$7,711,200.

Therefore, we estimate that the total annual hourly burden associated with the safeguards rule is 34,200 hours at a total hourly cost of \$12,209,400. We also estimate that all covered institutions will be respondents each year, for a total of 20,173 respondents.

These estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. 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 safeguard rule does not require the reporting of any information or the filing of any documents with the

Commission. The collection of information required by the safeguard rule is mandatory.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency'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 within 60 days of this publication.

Please direct your written comments to Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, C/O Remi Pavlik-Simon, 100 F St. NE., Washington DC, 20549 to: *PRA_Mailbox@sec.gov*.

Dated: March 10, 2016.

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-292, OMB Control No. 3235-0330]

Proposed Collection; 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:
Form N-SAR.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Form N-SAR (OMB Control No. 3235-0330, 17 CFR 249.330) is the form used by all registered investment companies with the exception of face amount certificate companies, to comply with the periodic filing and

disclosure requirements imposed by Section 30 of the Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) ("Investment Company Act"), and of rules 30a-1 and 30b1-1 thereunder (17 CFR 270.30a-1 and 17 CFR 270.30b1-1). The information required to be filed with the Commission assures the public availability of the information and permits verification of compliance with Investment Company Act requirements. Registered unit investment trusts are required to provide this information on an annual report filed with the Commission on Form N-SAR pursuant to rule 30a-1 under the Investment Company Act, and registered management investment companies must submit the required information on a semi-annual report on Form N-SAR pursuant to rule 30b1-1 under the Investment Company Act.

The Commission estimates that the total number of respondents is 3,168 and the total annual number of responses is 5,564 ((2,396 management investment company respondents × 2 responses per year) + (772 unit investment trust respondents × 1 response per year)). The Commission estimates that each registrant filing a report on Form N-SAR would spend, on average, approximately 14.21 hours in preparing and filing reports on Form N-SAR and that the total hour burden for all filings on Form N-SAR would be 79,064 hours.

The collection of information under Form N-SAR is mandatory. Responses to the collection of information will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency'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 within 60 days of this publication.

Please direct your written comments to Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, C/O Remi Pavlik-Simon, 100 F Street NE.,

Washington, DC 20549; or send an email to: PRA_Mailbox@sec.gov.

Dated: March 10, 2016.

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77336; File No. SR-OCC-2016-005]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Simplify the Options Clearing Corporation's Schedule of Fees

March 10, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 2, 2016, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The purpose of this proposed rule change by ("OCC") is to amend OCC's Schedule of Fees in order to simplify OCC's fee structure.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to amend OCC's Schedule of Fees in order to simplify OCC's fee structure. The proposed changes to OCC's Schedule of Fees would be effective as of May 2, 2016.

OCC is proposing to simply [sic] its fee structure through: (i) The adoption of a flat clearing fee per contract with a fixed dollar cap and (ii) the elimination of the "scratch" fee.⁵

Flat Fee Schedule

Currently, OCC utilizes a tiered pricing model whereby the clearing fee per contract is reduced as the number of contracts in a given trade increases (subject to a \$46 cap for trades equal to or greater than 2,001 contracts). OCC recently compared its clearing fee structure to those of its peer institutions (*i.e.*, other clearinghouses) and found that OCC's current fee structure is more complex than those of its peers. OCC's Capital Plan,⁶ and specifically the Fee Policy (which governs the process by which OCC determines its fee structure and was filed as part of the Capital Plan), requires OCC to set clearing fees to cover OCC's operating expenses plus a Business Risk Buffer⁷ of 25%. OCC

⁵ The "scratch" fee is charged, per side, when a market maker buys and sells the same symbol, series and strike on the same day.

⁶ In 2015, the Commission approved ("Approval Order") OCC's plan for raising additional capital ("Capital Plan"), which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. See Securities Exchange Act Release No. 74452 (March 6, 2015) 80 FR 13058 (March 12, 2015) (SR-OCC-2015-02). OCC also filed proposals in the Capital Plan filing as an advance notice under Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010. 12 U.S.C. 5465(e)(1). On February 26, 2015, the Commission issued a notice of no objection to the advance notice filing. See Securities Exchange Act Release No. 74387 (February 26, 2015), 80 FR 12215 (March 6, 2015) (SR-OCC-2014-813). Following petitions for review of the approval order of the proposed rule change filed by BATS Global Markets, Inc., BOX Options Exchange LLC, KCG Holdings, Inc., Miami International Securities Exchange, LLC, and Susquehanna International Group, LLP, the Commission set aside the approval order of the proposed rule change, reviewed the record *de novo*, and issued another approval of the Capital Plan on February 11, 2016. See Securities Exchange Act Release No. 77112 (February 11, 2016), 81 FR 8294 (February 18, 2016) (SR-OCC-2015-02).

⁷ Business Risk Buffer is equal to net income before refunds, dividends and taxes/total revenue. In accordance with its Fee Policy, OCC monitors cleared contract volume and operating expenses to determine if revisions to OCC's Schedule of Fees are required so that monies received from clearing fees cover OCC's operating expenses [sic] this Business Risk Buffer. Any subsequent changes to OCC's Schedule of Fees would be the subject of a

believes that it can adopt a clearing fee structure that is less complex while continuing to meet the requirements of the Capital Plan. Therefore, OCC is proposing to adopt a flat, per contract, clearing fee subjected to a fixed dollar cap. OCC believes all users of its services and the public would benefit by the simplicity and transparency that a flat fee structure with a fixed dollar cap would provide. Additionally, OCC believes that a flat fee with a fixed dollar cap would allow users of OCC's services to execute trades without regard to the size of such trades, which would, in turn, promote more open and equal access to clearance and settlement services provided by OCC.

Elimination of Scratch Fee

Further, and in order to provide additional simplicity, OCC would eliminate the "scratch" fee. The "scratch" fee applies to a limited subset of trades cleared by OCC⁸ and OCC believes that the operational processing associated with the "scratch" fee is unnecessarily complex for both OCC and its clearing members. Therefore, OCC is proposing to eliminate the "scratch" fee so that OCC and its members' operations, as they relate to processing of clearing fees, would be more streamlined and efficient.

OCC'S REVISED SCHEDULE OF FEES IS SET FORTH BELOW⁹

Trades with contracts of:	Proposed fee
0-1370	\$0.041/contract.
>1370	\$55 per trade.

The new fee structure is designed to be revenue neutral when compared to its existing fee structure.¹⁰

OCC will publish an Information Memo on its public Web site to inform clearing members, exchanges and the public of the changes to OCC's Schedule of Fees that would become effective May 2, 2016. OCC is not aware of any clearing member concerns or issues with the proposed changes to OCC's

subsequent proposed rule change filed with the Commission.

⁸ Approximately 2.6% of trades cleared by OCC are market maker scratch trades.

⁹ These changes are also reflected in Exhibit 5.

¹⁰ In accordance with its Fee Policy, OCC monitors projected revenue (based on anticipated cleared contract volume) and operating expenses to determine if revisions to OCC's Schedule of Fees are required so that monies received from clearing fees cover OCC's operating expenses plus the Business Risk Buffer. Assuming the same anticipated cleared contract volume, OCC would accumulate the same amount of revenue under the proposed fee structure when compared to the existing fee structure.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).