Commission three copies of all materials they issue or make generally available to their participants or other entities with which they have a significant relationship, such as pledges, transfer agents, or self-regulatory organizations. Such materials include manuals, notices, circulars, bulletins, lists, and periodicals. The filings with the Commission must be made within ten days after the materials are issued or made generally available. When the Commission is not the clearing agency's appropriate regulatory agency, the clearing agency must file one copy of the material with its appropriate regulatory agency. The Commission is responsible for overseeing clearing agencies and uses the information filed pursuant to Rule 17a–22 to determine whether a clearing agency is implementing procedural or policy changes. The information filed aids the Commission in determining whether such changes are consistent with the purposes of Section 17A of the Exchange Act. Also, the Commission uses the information to determine whether a clearing agency has changed its rules without reporting the actual or prospective change to the Commission as required under Section 19(b) of the Exchange Act.

The respondents to Rule 17a–22 are registered clearing agencies. The frequency of filings made by clearing agencies pursuant to Rule 17a–22 varies but on average there are approximately 200 filings per year per active clearing agency. There are seven active registered clearing agencies. The Commission staff estimates that each response requires approximately .25 hours (fifteen minutes), which represents the time it takes for a staff person at the clearing agency to properly identify a document subject to the rule, print and makes copies, and mail that document to the Commission. Thus, the total annual burden for all active clearing agencies is 350 hours (7 clearing agencies multiplied by 200 filings per clearing agency multiplied by .25 hours) and a total of 50 hours (1400 responses multiplied by .25 hours divided by 7 active clearing agencies) per year are expended by each respondent to comply with the rule.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following Web site: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Shagufa.Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Eduardo A. Aleman,
Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–408, OMB Control No. 3235–0464]

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 101.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 101 of Regulation M (17 CFR 242.101), under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.). Rule 101 prohibits distribution participants from purchasing activities at specified times during a distribution of securities. Persons otherwise covered by this rule may seek to use several applicable exceptions such as a calculation of the average daily trading volume of the securities in distribution, the maintenance of policies regarding information barriers between their affiliates, and the maintenance of a written policy regarding general compliance with Regulation M for de minimus transactions.

There are approximately 1550 respondents per year that require an aggregate total of 30,218 hours to comply with this rule. Each respondent makes an estimated 1 annual response. Each response takes on average approximately 19.495 hours to complete. Thus, the total compliance burden per year is 30,218 burden hours. The total estimated internal labor compliance cost for the respondents is approximately $1,964,170.00, resulting in an internal cost of compliance for each respondent per response of approximately $1267.21 (i.e., $1,964,170.00/1550 responses).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view the background documentation for this information collection at the following Web site: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an email to: Shagufa.Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, c/o Remi Pavlik-Simon, 100 F Street, NE., Washington, DC 20549 or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted within 30 days of this notice.

Eduardo A. Aleman,
Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–80523; File No. SR–CBOE–2017–017]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change To Amend the Bylaws and Certificate of Incorporation

April 25, 2017.

I. Introduction


3 See Amended and Restated Bylaws of Chicago Board Options Exchange, Incorporated (“Bylaws”).
In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(1) of the Act, which requires a national securities exchange to be so organized and have the capacity to carry out the purposes of the Act and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of the Act. The Commission also finds that the proposed rule change is consistent with Section 6(b)(5) of the Act, which requires that the rules of a national securities exchange assure a fair representation of its members in the selection of its directors and administration of its affairs and provide that one or more directors shall be representative of issuers and investors and not be associated with a member of the exchange, broker, or dealer. The Commission further finds that the proposed rule change is consistent with Section 6(b)(5) of the Act, which requires, among other things, that a national securities exchange have rules 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 clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

In particular, the Commission notes that the proposal to require at least five directors for the Board, rather than a required range of not less than 12 and not more than 16, is comparable to the board size requirements stipulated in the bylaws of at least one other exchange, which was approved by the Commission.

Importantly, the Exchange represents that it is not proposing to amend any of the compositional requirements of the Board, including its provision relating to the fair representation of members, which are set forth in Section 3.2 of the Bylaws. The Commission notes that the Exchange represents that, while the proposal provides the Board with greater flexibility to determine the size of the Board without amending the Bylaws, it will continue to allow the Exchange to ensure that the Board is of adequate size and includes directors with relevant and diverse experience.

With regard to the proposal to eliminate the CBOE Compensation Committee, the Commission notes that this change is comparable to the governing structures of other exchanges, which the Commission has previously approved. As more fully set forth in the Notice, the Exchange explains that the CBOE Compensation Committee’s responsibilities largely are duplicative of those of the corresponding Compensation Committee of CBOE Holdings, other than to the extent that the CBOE Compensation Committee recommends the compensation of executive officers whose compensation is not already determined by the CBOE Holdings Compensation Committee. Accordingly, under the proposed rule change, such functions now will be performed by the CBOE Holdings Compensation Committee or as otherwise provided in the Bylaws. The Commission notes that the Exchange represents that currently, each of the executive officers whose compensation would need to be determined by the Compensation Committee are officers of both CBOE and CBOE Holdings, but should compensation need to be determined in the future for any CBOE officer who is not also a CBOE Holdings officer, the CBOE Board or CBOE senior management will perform such action without the use of a compensation committee, as provided for in Section 5.11 of the Bylaws. Further, the Commission notes that the CBOE Regulatory Oversight and Compliance Committee (“ROCC”) of the Board will continue to recommend to the Board the compensation for the Chief Regulatory Officer and any Deputy Chief Regulatory Officer.

4 See Certificate of Incorporation of Chicago Board Options Exchange, Incorporated (“Certificate of Incorporation”).
6 Id. at 13528.
7 Id. The Exchange notes that the composition of both committees currently are the same. See id. at 13528 n.6.
9 See id. at 13528 n.7.
14 See Notice, supra note 5, at 13528–29.
Officers, and this process is not be affected by this proposed rule change. For the reasons noted above, the Commission finds that the proposed rule change is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–CBOE–2017–017) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.22

Eduardo A. Aleman, Assistant Secretary.

[FR Doc. 2017–08700 Filed 4–28–17; 8:45 am]
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SEcurities And EXCHANGE COMmission

[SEC File No. 270–259, OMB Control No. 3235–0269]

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 17f–5.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) requests for extension of the previously approved collections of information discussed below.

Rule 17f–5 (17 CFR 270.17f–5) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the “Act”) governs the custody of the assets of registered investment management companies (“funds”) with custodians outside the United States. Under rule 17f–5, a fund or its foreign custody manager (as delegated by the fund’s board) may maintain the fund’s foreign assets in the care of an eligible fund custodian under certain conditions. If the fund’s board delegates to a foreign custody manager authority to place foreign assets, the fund’s board must find that it is reasonable to rely on each delegate to select and maintain the fund’s foreign assets in the care of an eligible fund custodian under certain conditions. If the fund’s board selects to act as the fund’s foreign custody manager, the delegate must agree to provide written reports that notify the board when the fund’s assets are placed with a foreign custodian and when any material change occurs in the fund’s custody arrangements. The delegate must agree to exercise reasonable care, prudence, and diligence, or to adhere to a higher standard of care. When the foreign custody manager selects an eligible foreign custodian, it must determine that the fund’s assets will be subject to reasonable care if maintained with that custodian, and that the written contract that governs each custody arrangement will provide reasonable care for fund assets. The contract must contain certain specified provisions or equivalent provisions, are intended to ensure that the delegate has the ability to monitor the performance of the contract and the appropriateness of continuing to maintain assets with the eligible foreign custodian.

The collection of information requirements in rule 17f–5 is intended to provide protection for fund assets maintained with a foreign bank custodian whose use is not authorized by statutory provisions that govern fund custody arrangements,3 and that is not subject to regulation and examination by U.S. regulators. The requirement that the fund board determine that it is reasonable to rely on each delegate is intended to ensure that the board carefully considers each delegate’s qualifications to perform its responsibilities. The requirement that the delegate provide written reports to the board is intended to ensure that the delegate notifies the board of important developments concerning custody arrangements so that the board may exercise effective oversight. The requirement that the delegate agree to exercise reasonable care is intended to provide assurances to the fund that the delegate will properly perform its duties.

The requirements that the foreign custody manager determine that fund assets will be subject to reasonable care with the eligible foreign custodian and under the custody contract, and that each contract contain specified provisions or equivalent provisions, are intended to ensure that the delegate has evaluated the level of care provided by the custodian, that it weighs the adequacy of contractual provisions, and that fund assets are protected by minimal contractual safeguards. The requirement that the foreign custody manager establish a monitoring system is intended to ensure that the manager periodically reviews each custody arrangement and takes appropriate action if developing custody risks may threaten fund assets.2

Commission staff estimates that each year, approximately 97 registrants4 could be required to make an average of one response per registrant under rule 17f–5, requiring approximately 2.5 hours of board of director time per response, to make the necessary findings concerning foreign custody managers. The total annual burden associated with these requirements of the rule is up to approximately 243 hours (97 registrants × 2.5 hours per registrant). The staff further estimates that during each year, approximately 15 global custodians5 are required to make an average of 4 responses per custodian concerning the use of foreign custodians other than depositories. The staff estimates that each response will take approximately 270 hours, requiring approximately 1080 total hours annually per custodian (270 hours × 4 responses per custodian). The total annual burden associated with these requirements of the rule is approximately 16,200 hours (15 global custodians × 1080 hours per custodian). Therefore, the total annual burden of all collection of information requirements of rule 17f–5 is estimated to be up to 16,443 hours (243 × 66,200). The total annual cost of burden hours is estimated to be $4,522,392 ($243 × $4,144/hour for board of director’s time) + ($16,200 hours × $217/hour for a trust administrator’s time).6 Compliance with the collection of information requirements of the rule is necessary to obtain the benefit of relying on the rule’s permission for funds to maintain their assets in foreign custodians.

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act. The estimate is not derived from a comprehensive or even a representative survey or study of

2 The staff believes that subcustodian monitoring does not involve “collection of information” within the meaning of the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520) (“Paperwork Reduction Act”).
3 This figure is an estimate of the number of new funds each year, based on the average number of funds for the years 2014, 2015, and 2016. In practice, not all funds will use foreign custody managers. The actual figure therefore may be smaller.
4 This estimate is based on staff research.
5 Based on fund industry representations, the staff estimated in 2014 that the average cost of board of director time, for the board as a whole, was $4,000 per hour. Adjusting for inflation, the staff estimates that the current average cost of board of director time is approximately $4,144 per hour. The $217/hour figure for a trust administrator is from SIFMA’s Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead.

