

10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeEDGX-2019-070, and should be submitted on or before December 20, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Eduardo A. Aleman,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

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.

60 Day Notice—Proposed Collection; Comment Request

Extension:

Rule 22e-4 (60 Day Notice 2019), SEC File No. 270-794, OMB Control No. 3235-0737.

Notice is hereby given that, under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520), the Securities and Exchange Commission (the “Commission”) is soliciting comments on the collections of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Section 22(e) of the Investment Company Act of 1940 (“Investment Company Act”) provides that no registered investment company shall suspend the right of redemption or postpone the date of payment of redemption proceeds for more than seven days after tender of the security absent specified unusual circumstances. The provision was designed to prevent funds and their investment advisers from interfering with the redemption rights of shareholders for improper purposes, such as the preservation of

management fees. Although section 22(e) permits funds to postpone the date of payment or satisfaction upon redemption for up to seven days, it does not permit funds to suspend the right of redemption for any amount of time, absent certain specified circumstances or a Commission order.

Rule 22e-4 under the Act [17 CFR 270.22e-4] requires an open-end fund and an exchange-traded fund that redeems in kind (“In-Kind ETF”) to establish a written liquidity risk management program that is reasonably designed to assess and manage the fund’s or In-Kind ETF’s liquidity risk. The rule also requires board approval and oversight of a fund’s or In-Kind ETF’s liquidity risk management program and recordkeeping. Rule 22e-4 also requires a limited liquidity review, under which a UIT’s principal underwriter or depositor determines, on or before the date of the initial deposit of portfolio securities into the UIT, that the portion of the illiquid investments that the UIT holds or will hold at the date of deposit that are assets is consistent with the redeemable nature of the securities it issues and retains a record of such determination for the life of the UIT and for five years thereafter.

The following estimates of average burden hours and costs 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.

Commission staff estimates that funds within 846 fund complexes are subject to rule 22e-4. Compliance with rule 22e-4 is mandatory for all such funds and In-Kind ETFs, with certain program elements applicable to certain funds within a fund complex based upon whether the fund is an In-Kind ETF or does not primarily hold assets that are highly liquid investments. The Commission estimates that a fund complex will incur a one time average burden of 40 hours associated with documenting the liquidity risk management programs adopted by each fund within a fund complex, in addition to a one time burden of 10 hours per fund complex associated with fund boards’ review and approval of the funds’ liquidity risk management programs and preparation of board materials. We estimate that the total burden for initial documentation and review of funds’ written liquidity risk management program will be 42,300 hours.

Rule 22e-4 requires any fund that does not primarily hold assets that are highly liquid investments to determine a highly liquid investment minimum for

the fund, which must be reviewed at least annually, and may not be changed during any period of time that a fund’s assets that are highly liquid investments are below the determined minimum without approval from the fund’s board of directors. We estimate that fund complexes will have at least one fund that will be subject to the highly liquid investment minimum requirement. Thus, we estimate that 846 fund complexes will be subject to this requirement under rule 22e-4 and that the total burden for preparation of the board report associated will be 11,844 hours.

Rule 22e-4 requires a fund or In-Kind ETF to maintain a written copy of the policies and procedures adopted pursuant to its liquidity risk management program for five years in an easily accessible place. The rule also requires a fund to maintain copies of materials provided to the board in connection with its initial approval of the liquidity risk management program and any written reports provided to the board, for at least five years, the first two years in an easily accessible place. If applicable, a fund must also maintain a written record of how its highly liquid investment minimum and any adjustments to the minimum were determined, as well as any reports to the board regarding a shortfall in the fund’s highly liquid investment minimum, for five years, the first two years in an easily accessible place. We estimate that the total burden for recordkeeping related to the liquidity risk management program requirement of rule 22e-4 will be 3,384 hours.

We estimate that the hour burdens and time costs associated with rule 22e-4 for open-end funds, including the burden associated with (1) funds’ initial documentation and review of the required written liquidity risk management program, (2) reporting to a fund’s board regarding the fund’s highly liquid investment minimum, and (3) recordkeeping requirements will result in an average aggregate annual burden of 25,380 hours.

UITs may in some circumstances be subject to liquidity risk (particularly where the UIT is not a pass-through vehicle and the sponsor does not maintain an active secondary market for UIT shares). On or before the date of initial deposit of portfolio securities into a registered UIT, the UIT’s principal underwriter or depositor is required to determine that the portion of the illiquid investments that the UIT holds or will hold at the date of deposit that are assets is consistent with the redeemable nature of the securities it issues, and maintain a record of that

¹⁹ 17 CFR 200.30-3(a)(12).

determination for the life of the UIT and for five years thereafter. We estimate that 1,385 newly registered UITs will be subject to the UIT liquidity determination requirement under rule 22e-4 each year. We estimate that the total burden for the initial documentation and review of UIT funds' written liquidity risk management program would be 13,850 hours. We estimate that the total burden for recordkeeping related to UIT liquidity risk management programs will be 2,770 hours.

Compliance with the collection of information requirements of the rule is necessary to obtain the benefit of relying on the rule. 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 collection of information is necessary for the proper performance of the functions of the Commission, including whether the information has practical utility; (b) the accuracy of the Commission'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 after this publication.

Please direct your written comments to Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, C/O Cynthia Roscoe, 100 F Street NE, Washington, DC 20549; or send an email to: PRA_Mailbox@sec.gov.

Dated: November 25, 2019.

Eduardo A. Aleman,
Deputy Secretary.

[FR Doc. 2019-25868 Filed 11-27-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87602; File No. SR-CboeBYX-2019-022]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Paragraph (a) of Rule 11.1 To Allow the Exchange To Accept Stop Orders Entered Between 6:00 and 7:00 a.m. Eastern Time

November 22, 2019.

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 November 19, 2019, Cboe BYX Exchange, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

Cboe BYX Exchange, Inc. ("BYX" or the "Exchange") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to amend paragraph (a) of Rule 11.1 to allow the Exchange to accept Stop Orders entered between 6:00 and 7:00 a.m. Eastern Time. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/byx/), at the Exchange's Office of the Secretary, and at 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 Exchange 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. The Exchange has prepared summaries, set forth in sections A, B, and C below, of

the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend paragraph (a) of Rule 11.1 to allow the Exchange to accept Stop Orders³ entered between 6:00 and 7:00 a.m. Eastern Time.

Paragraph (a) of Rule 11.1 provides that orders entered between 6:00 a.m. and 7:00 a.m. Eastern Time are not eligible for execution until the start of the Early Trading Session,⁴ Pre-Opening Session⁵ or Regular Trading Hours,⁶ depending on the Time in Force selected by the User.⁷ Paragraph (a) also provides that the Exchange will not accept certain orders⁸ entered prior to 7:00 a.m. Eastern Time including BYX Market Orders⁹ with a Time in Force other than Regular Hours Only ("RHO").¹⁰ BYX Market Orders with a Time in Force other than RHO are rejected by the Exchange prior to 7:00 a.m. Eastern Time because BYX Market Orders are not eligible to trade prior to the start of Regular Trading Hours and such orders are generally not designated to queue for later entry onto the Exchange's order book. Rather, BYX Market Orders with a Time in Force other than RHO are designed to immediately execute at the NBBO when

³ A Stop Order is an order that becomes a BYX market order when the stop price is elected. A Stop Order to buy is elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop Order to sell is elected when the consolidated last sale in the security occurs at, or below, the specified stop price. See Exchange Rule 11.9(c)(16).

⁴ See Exchange Rule 1.5(ee).

⁵ See Exchange Rule 1.5(f).

⁶ See Exchange Rule 1.5(w).

⁷ See Exchange Rule 1.5(cc).

⁸ Specifically, Exchange Rule 11.1(a) provides that BYX Post Only Orders, Partial Post Only at Limit Orders, Intermarket Sweep Orders ("ISOs"), BYX Market Orders with a Time in Force other than Regular Hours Only, Minimum Quantity Orders that also include a Time in Force of Regular Hours Only, RPI Orders and all orders with a Time in Force of Immediate-or-Cancel ("IOC") or Fill-or-Kill ("FOK") are not accepted if entered prior to 7:00 a.m. Eastern Time.

⁹ A BYX Market Order is an "order to buy or sell a stated amount of a security that is to be executed at the NBBO when the order reaches the Exchange. BYX market orders shall not trade through Protected Quotations . . . BYX Market Orders are not eligible for execution during the Early Trading Session, Pre-Opening Session or the After Hours Trading Session." See Exchange Rule 11.9(a)(2).

¹⁰ RHO refers to a "limit or market order that is designated for execution only during Regular Trading Hours, which includes the Opening Process, as defined in Rule 11.23." See Exchange Rule 11.9(b)(7).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.