

an average annual hour burden of 4,927 hours and average aggregate time costs of \$1,729,377. We estimate that filers will be required to file 2,091 responses regarding rule 6c–11. For these responses related to rule 6c–11, we an average annual hour burden of 0.1 hour per response per year, for an average annual hour burden of 209.1 hours and average aggregate time costs of \$73,394.1.

We estimate that the total hour burdens and time costs associated with Form N–CEN, including the burdens associated with the liquidity-related, swing pricing-related, and rule 6c–11-related items, will result in an average annual hour burden of 52,397 hours and average aggregate time costs of \$18,392,382.45.

The requirements of this collection of information are mandatory. Responses 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.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: August 21, 2020.

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–89639; File No. SR–ICC–2020–009]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Risk Management Framework, ICC Risk Management Model Description, ICC Risk Parameter Setting and Review Policy, ICC Stress Testing Framework, and ICC Liquidity Risk Management Framework

August 21, 2020.

#### I. Introduction

On July 1, 2020, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b–4,<sup>2</sup> a proposed rule change to make changes to ICC’s Risk Management Framework (“RMF”), Risk Management Model Description (“RMMD”), Risk Parameter Setting and Review Policy (“RPSRP”), Stress Testing Framework (“STF”), and Liquidity Risk Management Framework (“LRMF”). The proposed rule change was published for comment in the **Federal Register** on July 16, 2020.<sup>3</sup> 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. Updated Stress Scenario Naming Conventions and Clarifications

The proposed rule change would update certain stress scenario naming conventions to be more generic, *i.e.*, by replacing naming conventions for stress scenarios associated with the Lehman Brothers (“LB”) default with more generic naming conventions associated with extreme price increases and decreases (the “Extreme Price Change Scenarios”).

##### 1. Risk Management Framework

The proposed rule change would replace references to the LB default in the RMF with more generic references to

extreme market events. In particular, to achieve anti-procyclicality (“APC”) of initial margin requirements and to achieve APC of Guaranty Fund sizing, Sections IV.B.1 and IV.E.1, respectively, of the RMF discuss two price-based scenarios, associated with price decreases and increases, and currently states that the considered stress price changes are derived from market behavior during and after the LB default period. The proposed rule change would replace the reference to the LB default in both sections with a reference to extreme market events, stating that the considered stress price changes are derived from extreme market events related to the default of a large market participant, global pandemic problem, or regional or global economic crisis.

##### 2. Risk Management Model Description

The proposed rule change would incorporate the Extreme Price Change Scenarios into the RMMD. Specifically, the proposal would replace references and notations to the scenarios associated with the LB default with references and notations to the Extreme Price Change Scenarios in both the Initial Margin and Guaranty Fund Methodology sections.

The proposed rule change would introduce the Extreme Price Change Scenarios in Section VII.3.3, which discusses APC measures. Currently, this section examines instrument price changes observed during the LB default. The proposal would amend this section by replacing references to the LB Default with references to extreme market events to examine instrument price changes observed during extreme market events rather than the LB Default and would include considerations related to the greatest price decreases and increases over a number of consecutive trading days during the period of extreme market events. This section would also state that the Extreme Price Change Scenarios reflect extreme market events related to the default of a large market participant, global pandemic problem, regional or global economic crisis and would explain how these scenarios are derived. Moreover, this section would introduce a factor that would be associated with one of the Extreme Price Change Scenarios and reference the RPSRP for details on how it is set.

In the context of Index Swaptions, the formulas used would also be updated to reference the Extreme Price Change Scenarios in Section VII.3.3 and minor clarifications would be included for certain descriptions associated with option instruments in respect of the

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Proposed Rule Change Relating to the ICC Risk Management Framework, ICC Risk Management Model Description, ICC Risk Parameter Setting and Review Policy, ICC Stress Testing Framework, and ICC Liquidity Risk Management Framework, Exchange Act Release No. 89286 (July 10, 2020); 85 FR 43272 (July 16, 2020) (SR–ICC–2020–009).

remaining time to expiry in Sections VII.3.3 and X.3.1.<sup>4</sup>

### 3. Risk Parameter Setting and Review Policy

The proposal would also incorporate the Extreme Price Change Scenarios into the RPSRP. Specifically, Table 1 in Section 1.1 contains ICC's core model parameters and would be amended to incorporate the abovementioned factor associated with one of the Extreme Price Change Scenarios. In Section 1.7, the proposed rule change would add a new subsection to include another category of parameters associated with the integrated spread response model component, namely the APC level parameters. The rule proposal would introduce the Extreme Price Change Scenarios in this subsection because extreme stress scenarios associated with historically observed extreme prices changes are inputs in estimating the APC portfolio response.

As discussed above, the Extreme Price Change Scenarios would consider the greatest observed price decreases and increases over a number of consecutive trading days within the period of extreme market events related to the default of a large market participant, global pandemic problem, regional or global economic crisis. Moreover, ICC would set out how the Extreme Price Change Scenarios are derived as well as how the abovementioned factor is estimated. ICC would further summarize the associated review and governance process for these scenarios, including the reviewers and any prerequisites to the implementation of parameter updates.

#### B. Introduction of New Stress Scenarios and Clarifications

The proposed rule change would also introduce the COVID-19/Oil Crisis Scenarios and amend the LRMF to ensure scenario unification among the STF and LRMF.

##### 1. Stress Testing Framework

The proposal would amend the STF to introduce the COVID-19/Oil Crisis Scenarios. Specifically, the proposal would amend the definition of extreme market events to include the Coronavirus pandemic and the simultaneous occurrence of the oil price war in Section 3.

In Section 5 of the STF, the proposed rule change would rename the category of scenarios deemed as Historically

Observed Extreme but Plausible Market Scenarios: Severity of Losses in Response to a Baseline Credit Event to the more general Historically Observed Extreme but Plausible Market Scenarios: Severity of Losses in Response to Baseline Market Events. The associated description of that category would be updated to replace the LB default with a more general description of extreme market events such as those related to the default of a large market participant, global pandemic problem, and regional or global economic crisis. The proposal would also make conforming changes to Section 5.2, including updating the heading and adding a general description of the category followed by the associated scenarios, which would include the COVID-19/Oil Crisis Scenarios, in bulleted form. ICC also proposes to incorporate reference to the COVID-19/Oil Crisis Scenarios into the other categories of scenarios, namely Hypothetically Constructed (Forward Looking) Extreme but Plausible Market Scenarios and Extreme Model Response Test Scenarios in Sections 5.3 and 5.4, respectively, and to replace references to the LB default with more general references to extreme market events and price changes in Section 5.4.

In Section 13 of the STF, ICC proposes to add the COVID-19/Oil Crisis Scenarios to the list of Historically Observed and Hypothetically Constructed Extreme but Plausible Scenarios. Additionally, in Section 13, ICC proposes to remove a footnote to avoid redundancy as such information can be found in the text of Section 14.

##### 2. Liquidity Risk Management Framework

The proposal would amend the LRMF to incorporate the COVID-19/Oil Crisis Scenarios and ensure unification of the LRMF and STF, including with respect to scenario descriptions and governance procedures.

Further, the proposal would amend Section 2 to provide additional clarity on ICC's liquidity risk management practices. ICC would add explanatory language classifying scenarios as "extreme and not expected to be realized" and "extreme but plausible" based on risk horizons in Section 2.3 and reference such classifications throughout the document. ICC also would clarify actions that it can take only in the event of a CP default, specifically related to pledgeable collateral in Section 2.6, and actions that it can take irrespective of a CP default or non-default scenario, specifically related to accessing committed repurchase ("repo") and

committed foreign exchange ("FX") facilities in Section 2.7.

ICC also proposes revisions to Section 2.8, which describes ICC's liquidity waterfall (*i.e.*, the order, to the extent practicable, that ICC uses its available liquid resources ("ALR") to meet its currency-specific cash payment obligations) to amend the determination of ALR. ALR consist of the available deposits currently in cash of the required denomination, and the cash equivalent of the available deposits in collateral types that ICC can convert to cash, in the required currency of denomination, rapidly enough to meet the relevant, currency-specific deadlines by which ICC must meet its liquidity obligations ("ICC Payout Deadlines"). The proposed rule change would revise Section 2.8 to specify that, to enable an assessment of the impact of a service provider becoming unavailable and/or overnight investments not unwinding by the relevant ICC Payout Deadlines, the cash on deposit component of ALR considered across all levels of the liquidity waterfall may be adjusted to be a portion, the Available Percentage, of the actual cash on deposit. The proposed amendments would also discuss the determinations of ALR if the analysis assumes the use of the committed repo facilities.

ICC proposes amendments to Section 3.3 that either provide additional clarity or promote consistency between the STF and LRMF. The proposed changes would add background on ICC's stress testing analysis and reorganize Section 3.3 into four parts. Proposed Section 3.3.1 would describe ICC's stress test methodology that uses a set of stress scenarios and establishes if the ALRs are sufficient to cover hypothetical liquidity obligations. This section would also include language describing the Forward Looking (Hypothetically Constructed) Scenarios that is consistent with the STF, such as details on their construction and on the calculation of Loss-Given-Default ("LGD") and Expected LGD with respect to these scenarios. Proposed subpart (a) would detail ICC's cover-2 analysis, which demonstrates to what extent the required liquidity resources available to ICC were sufficient to meet single and multi-day cover-2 liquidity obligations under the considered scenarios.

Proposed Section 3.3.2 would set forth the predefined scenarios that ICC maintains for liquidity stress testing and would be divided into the following consistent with the STF: (a) Historically Observed Extreme but Plausible Market Scenarios, (b) Historically Observed Extreme but Plausible Market Scenarios: Severity of Losses in Response to

<sup>4</sup> The proposal would make other minor clarification or clean-up changes to the RMMMD. Specifically, ICC proposes to add language to clarify a notation in an equation in Section VII.1.2.1 and update cross-references in Section IX.

Baseline Market Events, (c) Hypothetically Constructed (Forward Looking) Extreme but Plausible Market Scenarios, and (d) Extreme Model Response Tests. ICC would incorporate the COVID-19/Oil Crisis Scenarios in part (b) and amend the terminology describing the LGD scenarios in part (c), including by consistently referring to reference entity groups as Risk Factor Groups (“RFGs”),<sup>5</sup> more specifically defining reference entities and CP RFGs, and specifying the reference entities in a RFG for stress testing. In part (c), ICC would clarify its description of the one-service-provider-down scenarios which consider a reduction in ALR designed to represent ICC’s exposure to service providers at which it maintains cash deposits, invested cash deposits or collateral against invested cash deposits, due to ICC’s potential inability to access those accounts when required. ICC also proposes to update terminology to incorporate the Available Percentage in part (c) and add details on the ICC Risk Department’s analysis of the Available Percentage.

ICC proposes additional amendments to Section 3.3.3 regarding its stress testing analysis approach. ICC proposes to add explanatory language related to portfolios that present specific wrong way risk and related to sequencing defaulting CP AGs for stress scenarios. Table 1, which lists scenarios used in ICC’s liquidity stress testing and assigns each scenario to a group for reporting purposes, would be amended to incorporate additional columns detailing the corresponding report and classification/frequency and reorganized to add additional groups and scenarios (*i.e.*, the COVID-19/Oil Crisis Scenarios) for completeness.

In proposed Section 3.3.4, ICC would discuss its interpretation of liquidity stress test results, including governance procedures for enhancing the liquidity risk management methodology and procedures to meet its reporting obligations. Proposed Figure 2 would further illustrate ICC’s categorization of hypothetical losses. Specifically, depending on whether there are sufficient liquidity resources across certain levels of the liquidity waterfall, stress test results could be in one of three zones (green, yellow, or red) that have different reporting requirements. Results in the red zone would be considered poor, and reporting to the ICC Risk Committee or the Board would be required.

<sup>5</sup> ICC deems each single name reference entity a Risk Factor. ICC deems a set of single name Risk Factors related by a common parental ownership structure a RFG.

ICC proposes additional clarification changes to the LRMF. Specifically, ICC proposes language in Section 4.3 regarding its determination of poor stress testing and/or historical analysis, noting the ICC personnel responsible for making such a determination, who would be the same personnel designated in the STF as responsible for determining poor stress testing performance. Proposed Section 6 would be an appendix that sets forth the computation of liquidity resources and remaining liquidity resources across the levels of the liquidity waterfall, including formulas for calculating currency-specific cash ALRs and currency-specific cash remaining ALRs. Such changes are explanatory and do not amend the methodology. ICC also proposes to update Table 2, which illustrates a specific report, to reorganize and include additional groups to be consistent with amended Table 1.

The proposal would make other minor clarification or non-material clean-up changes to the LRMF. Specifically, the proposed revisions would update terminology to clarify an objective of the framework in Section 1.3 and abbreviate a defined term in Section 1.4. The proposed changes would also add quotation marks around a defined term in Section 2.3; clarify ICC’s use of ALR in Section 2.8, including by moving two sentences earlier in the section and incorporating reference to required currencies of denomination; and rephrase a sentence for clarity in Section 2.8.4. ICC proposes to include terminology updates with respect to the scenarios described in Sections 3.1 and 3.3 for consistency and clarity and to amend Section 3.3.2 to make certain terms lowercase, renumber subsections, update formatting, and add and update relevant cross-references. Additionally, ICC proposes minor terminology clarifications in describing its stress test analysis in Section 3.3.3 and ICC’s governance procedures in Sections 4.1 through 4.3, such as making certain terms lowercase, more clearly describing certain terms, and abbreviating defined terms.

### 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.<sup>6</sup> For the

reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>7</sup> and Rules 17Ad-22(e)(2)(i) and (v),<sup>8</sup> 17Ad-22 (e)(4)(ii),<sup>9</sup> and 17Ad-22(e)(7)(i)<sup>10</sup> thereunder.

#### 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, as well as to assure the safeguarding of securities and funds which are in the custody or control of ICC or for which it is responsible.<sup>11</sup>

As noted above, the proposed rule change would update certain stress scenario naming conventions to be more generic and introduce stress scenarios related to the Coronavirus pandemic and oil price war in March 2020 in the RMF (discussed in Section II.A.1 above), the RMMD (discussed in Section II.A.2 above), and the RPSRP (discussed in Section II.A.3 above). The Commission believes that, by incorporating more generically named stress scenarios that relate to extreme market events, as opposed to the LB default, and introducing the COVID-19/Oil Crisis Scenarios, ICC is updating the RMF, RMMD, and RPSRP in a way that allows ICC to be more flexible and capable of considering a range of events beyond the LB Default, which, in turn, enhances its ability to manage risks and thereby maintain the financial resources necessary to promptly and accurately clear and settle transactions and safeguard securities and funds.

Additionally, the Commission believes that the various minor clarification and clean-up changes to the RMMD and the summary of the associated review and governance process, including the reviewers and any prerequisites to the implementation of parameter updates, in the RPSRP helps to strengthen ICC’s risk management documentation with clear guidance, which ultimately supports ICC’s ability to promptly and accurately clear and settle securities transactions.

The Commission also believes that the proposed changes to the STF and the LRMF to introduce the COVID-19/Oil Crisis Scenarios and renaming stress scenarios more generally, as described

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 17 CFR 240.17Ad-22(e)(2)(i), (iii), and (v).

<sup>9</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>10</sup> 17 CFR 240.17Ad-22(e)(7)(i).

<sup>11</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> 15 U.S.C. 78s(b)(2)(C).

in Section II.B.1 and II.B.2 above, should also enhance ICC's ability to manage risks in a way that makes it more flexible and capable of considering a range of events. The Commission believes that this, in turn, will help ICC manage financial resources and hence promote its ability to promptly and accurately clear and settle trades and safeguard securities and funds.

Additionally, the Commission believes that the various clarifying amendments to the LRMF noted above in Section II.B.2, including clarifying its ability to use repo or FX facilities in the event of default or non-default scenarios, classifying scenarios based on liquidity risk horizon as plausible or not, describing in the default waterfall the ability to adjust the cash on deposit component of the available liquid resources, and providing background on the stress testing analysis, approach, interpretations and governance, should enhance the policies and procedures used to support ICC's risk management system by increasing transparency and clarity regarding its practices. The Commission believes that this, in turn, should strengthen ICC's ability to maintain adequate financial resources, thereby promoting both the prompt and accurate clearance and settlement of securities transactions and the ability to safeguard securities and funds.

For these reasons, the Commission believes the proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act.

#### *B. Consistency With Rule 17Ad-22(e)(2)(i) and (v)*

Rules 17Ad-22(e)(2)(i) and (v) require that ICC establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, provide for governance arrangements that are clear and transparent and specify clear and direct lines of responsibility.

As noted above in Section II.A.3, the proposed changes to the RPSRP summarize the review and governance process to note the frequency that the ICC Risk Department would review the stress scenarios of price changes and their assumptions and with whom it clears APC level parameter updates. Further, the proposed changes to the LRMF in Section II.B.2 detail the frequency that ICC's Risk Department would perform an analysis of the Available Percentage of the cash on deposit and whether and when updates are performed. As noted above, the proposed changes to the LRMF also discuss the interpretation of liquidity stress test results, including governance procedures for enhancing the liquidity

risk management methodology and procedures to meet its reporting obligations. Additionally, the proposed changes to the LRMF clarify the individuals responsible for determining poor stress testing results and the need for enhancements to the methodology.

The Commission believes that these changes clarify these particular governance processes by specifying responsible parties, their duties, and review frequency, thereby helping to ensure that ICC's policies and procedures are clear and transparent with clear and direct lines of governing responsibility. For these reasons, the Commission believes that these aspects of the proposed rule change are consistent with Rules 17Ad-22(e)(2)(i) and (v).<sup>12</sup>

#### *C. Consistency With Rule 17Ad-22(e)(4)(ii)*

Rule 17Ad-22(e)(4)(ii) requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes, including by maintaining additional financial resources at the minimum to enable it to cover a wide range of foreseeable stress scenarios that include, but are not limited to, the default of the two participant families that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions.<sup>13</sup>

The Commission believes that by introducing the COVID-19/Oil Crisis Scenarios, the proposed rule change would complement the current scenarios in the risk management policies and procedures and add additional insight into potential weaknesses in the ICC risk management methodology, thereby enhancing ICC's ability to manage its credit exposures and financial resources. Additionally, as noted above, the proposed rule change would replace naming conventions for stress scenarios associated with the LB default with more generic naming conventions associated with extreme price changes. The Commission believes that this change, particularly when discussing scenarios used to determine initial margin and guarantee fund sizing, would enhance ICC's ability to manage risks and thereby maintain the appropriate financial resources to

enable it to cover a wide range of foreseeable stress scenarios.

The Commission also believes that the proposed clarification and clean-up changes enhance the readability and transparency of the policies and procedures, thereby strengthening the documentation and ensuring that it remains up-to-date, clear, and transparent to support the effectiveness of ICC's risk management system.

The Commission believes that the proposed amendments are therefore consistent with the requirements of Rule 17Ad-22(e)(4)(ii).<sup>14</sup>

#### *D. Consistency With Rule 17Ad-22(e)(7)(i)*

Rule 17Ad-22(e)(7)(i) requires each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures reasonably designed, as applicable, to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.<sup>15</sup>

The Commission believes that the proposed clarification changes to the LRMF noted above in Section II.B.2 provide further clarity and transparency regarding ICC's liquidity stress testing practices to strengthen the documentation surrounding ICC's liquidity stress testing methodology, including by providing additional scenario descriptions and details on the computation of liquidity resources, and ensuring consistency with the STF. Additionally, the proposed rule changes clarify actions that ICC can take only in the event of a CP default, specifically related to pledgeable collateral, and actions that it can take irrespective of a CP default or non-default scenario, related to accessing committed repo and committed FX facilities. The Commission believes that these changes should enhance ICC's ability to monitor

<sup>12</sup> 17 CFR 240.17Ad-22(e)(2)(i) and (v).

<sup>13</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>14</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>15</sup> 17 CFR 240.17Ad-22(e)(7)(i).

and maintain necessary liquidity by preparing it for different stress scenarios and clarifying when liquidity tools can be used. The Commission also believes that the proposed changes to the LRMF noted above related to categorization of stress test results should strengthen ICC’s approach to identifying potential weaknesses in the liquidity risk management system with additional procedures related to the determination and analysis of poor stress testing.

For the reasons stated above, the Commission believes that the proposed rule changes are consistent with Rule 17Ad-22(e)(7)(i).<sup>16</sup>

**E. 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<sup>17</sup> and Rules 17Ad-22(e)(2)(i) and (v),<sup>18</sup> 17Ad-22(e)(4)(ii),<sup>19</sup> and 17Ad-22(e)(7)(i)<sup>20</sup> thereunder.

It is therefore ordered pursuant to Section 19(b)(2) of the Act<sup>21</sup> that the proposed rule change (SR-ICC-2020-009), be, and hereby is, approved.<sup>22</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

[FR Doc. 2020-18826 Filed 8-26-20; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270-297, OMB Control No. 3235-0336]**

**Proposal for OMB Review; Comment Request; Revision: Form N-14**

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (“Paperwork Reduction Act”), 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-14 (17 CFR 239.23) is the form for registration under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) (“Securities Act”) of securities issued by management investment companies registered under the

Investment Company Act of 1940 (15 U.S.C. 80a-1 *et seq.*) (“Investment Company Act”) and business development companies as defined by Section 2(a)(48) of the Investment Company Act in: (1) A transaction of the type specified in rule 145(a) under the Securities Act (17 CFR 230.145(a)); (2) a merger in which a vote or consent of the security holders of the company being acquired is not required pursuant to applicable state law; (3) an exchange offer for securities of the issuer or another person; (4) a public reoffering or resale of any securities acquired in an offering registered on Form N-14; or (5) two or more of the transactions listed in (1) through (4) registered on one registration statement. The principal purpose of Form N-14 is to make material information regarding securities to be issued in connection with business combination transactions available to investors. The information required to be filed with the Commission permits verification of compliance with securities law requirements and assures the public availability and dissemination of such information. Without the registration statement requirement, material information may not necessarily be available to investors.

**TABLE 1—BURDEN ESTIMATES FOR INITIAL REGISTRATION STATEMENTS FILED ON FORM N-14**

|  | Internal burden  |              | Wage rate <sup>1</sup>                                       | Cost of internal burden | Annual cost burden |              | Annual responses | Internal burden (aggregate) | Cost of internal burden (aggregate) | Annual cost burden (aggregate) |
|--|------------------|--------------|--|-------------------------|--------------------|--------------|------------------|-----------------------------|-------------------------------------|--------------------------------|
| <b>CURRENTLY APPROVED ESTIMATES</b>                  |                  |              |  |                         |                    |              |                  |                             |                                     |                                |
| Preparing and filing reports on Form N-14 generally. | 497.31 hours ..  | ×            | \$348 (blend of compliance attorney and senior programmer).  | \$173,063.88            | \$23,091           | ×            | 253              | 125,820 hours .....         | \$43,758,162                        | \$5,842,000                    |
| Preparation and review of exhibit hyperlinks.        | 0.25 hours ..... | ×            | 348 (blend of compliance attorney and senior programmer).    | 87                      | 300                | ×            | 253              | 63 hours .....              | 22,011                              | 75,900                         |
| <b>Total Annual Burden .....</b>                     | <b>.....</b>     | <b>.....</b> | <b>.....</b>   | <b>.....</b>            | <b>.....</b>       | <b>.....</b> | <b>.....</b>     | <b>125,883 hours .....</b>  | <b>43,780,173</b>                   | <b>5,917,900</b>               |
| <b>REVISED ESTIMATES</b>                             |                  |              |  |                         |                    |              |                  |                             |                                     |                                |
| Preparing and filing reports on Form N-14 generally. | 610 hours .....  | ×            | 317.3 (blend of attorney, senior accountant, and paralegal). | 193,554                 | 27,500             | ×            | 156              | 96,160 hours .....          | 29,181,672                          | 4,290,000                      |
| Burden per amendment .....                           | 290 hours .....  | ×            | 319 ((blend of attorney, senior accountant, and paralegal).  | 92,530                  | 16,000             | ×            | 97               | 29,100 hours .....          | 8,674,710                           | 1,552,000                      |
| <b>Total Annual Burden .....</b>                     | <b>.....</b>     | <b>.....</b> | <b>.....</b>   | <b>.....</b>            | <b>.....</b>       | <b>.....</b> | <b>.....</b>     | <b>125,260 hours .....</b>  | <b>37,856,382</b>                   | <b>5,842,000</b>               |

**Notes:**  
<sup>1</sup> The Commission’s estimates concerning the allocation of burden hours and the relevant wage rates are based on consultations with industry representatives and on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association’s Office Salaries in the Securities Industry 2013. The estimated wage figures are modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, overhead, and adjusted to account for the effects of inflation. See Securities Industry and Financial Markets Association, Report on Management & Professional Earnings in the Securities Industry 2013.

As summarized in Table 1 above, the Commission has previously estimated that about 253 funds will make about 253 filings on Form N-14 each year, incurring 125,883 hours of internal hour

burden at a cost of about \$43.78 million. The hour burden estimates for preparing and filing reports on Form N-14 are based on the Commission’s experience with the contents of the form. The

number of burden hours may vary depending on, among other things, the complexity of the filing and whether preparation of the forms is performed by internal staff or outside counsel.

<sup>16</sup> *Id.*  
<sup>17</sup> 15 U.S.C. 78q-1(b)(3)(F).  
<sup>18</sup> 17 CFR 240.17Ad-22(e)(2)(i) and (v).  
<sup>19</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>20</sup> 17 CFR 240.17Ad-22(e)(7)(i).  
<sup>21</sup> 15 U.S.C. 78s(b)(2).  
<sup>22</sup> 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).  
<sup>23</sup> 17 CFR 200.30-3(a)(12).