

resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. Currently, the Wage and Hour Division is soliciting comments concerning the revision to Office of Management and Budget approval of the Information Collections: Requirements of a Bona Fide Thrift or Savings Plan and Requirements of a Bona Fide Profit-Sharing Plan or Trust. A copy of the proposed information collection request can be obtained by contacting the office listed below in the **FOR FURTHER INFORMATION CONTACT** section of this Notice.

**DATES:** Written comments must be submitted to the office listed in the addresses section below on or before December 29, 2020.

**ADDRESSES:** You may submit comments, identified by Control Number 1235–0013, by either one of the following methods:

*Email:* WHDPRAComments@dol.gov.

*Mail, Hand Delivery, Courier:* Division of Regulations, Legislation, and Interpretation, Wage and Hour Division, U.S. Department of Labor, Room S–3502, 200 Constitution Avenue, NW, Washington, DC 20001.

*Instructions:* Please submit one copy of your comments by only one method. All submissions received must include the agency name and control number identified above for this information collection. Because we continue to experience delays in receiving mail in the Washington, DC area, commenters are strongly encouraged to transmit their comments electronically via email or to submit them by mail early. Comments, including any personal information provided, become a matter of public record. They will also be summarized and/or included in the request for Office of Management and Budget approval of the information collection request.

**FOR FURTHER INFORMATION CONTACT:**

Robert Waterman, Compliance Specialist, Division of Regulations, Legislation, and Interpretation, Wage and Hour Division, U.S. Department of Labor, Room S–3502, 200 Constitution Avenue, NW, Washington, DC 20001; telephone: (202) 693–0406 (this is not a toll-free number). Copies of this notice may be obtained in alternative formats (Large Print, Braille, Audio Tape or Disc), upon request, by calling (202) 693–0023 (not a toll-free number). TTY/ TDD callers may dial toll-free (877) 889–5627 to obtain information or request materials in alternative formats.

**SUPPLEMENTARY INFORMATION:**

### I. Background

This extension is for the Requirements of a Bona Fide Thrift or Savings Plan and Requirements of a Bona Fide Profit-Sharing Plan or Trust information collection. The information collection requirements apply to employers claiming the overtime exemption available under Fair Labor Standards Act section 7(e)(3)(b), 29 U.S.C. 207(e)(3)(b). Specifically, in calculating an employee's regular rate of pay, an employer need not include contributions made to a bona fide thrift or savings plan or a bona fide profit-sharing plan or trust—as defined in regulations 29 CFR parts 547 and 549. An employer is required to communicate, or to make available to its employees, the terms of the bona fide thrift, savings, or profit-sharing plan or trust and to retain certain records. Fair Labor Standards Act section 11(c) authorizes this information collection. See 29 U.S.C. 211(c).

### II. Review Focus

The Department is particularly interested in comments that:

- \* Evaluate 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;

- \* Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

- \* Enhance the quality, utility, and clarity of the information to be collected; and

- \* Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses.

### III. Current Actions

The Department seeks to extend the information collection request for the Requirements of a Bona Fide Thrift or Savings Plan and Requirements of a Bona Fide Profit-Sharing Plan or Trust.

*Type of Review:* Extension.

*Agency:* Wage and Hour Division.

*Titles:* Requirements of a Bona Fide Thrift or Savings Plan and Requirements of a Bona Fide Profit-Sharing Plan or Trust.

*OMB Control Number:* 1235–0013.

*Affected Public:* Businesses or other for-profits.

*Total Estimated Respondents:*

1,505,270.

*Total Annual responses:* 2,032,115.

*Estimated Total Burden Hours:* 1,129.

*Estimated Time Per Response:* The annual burden is estimated to equal two seconds (one second for disclosure and one second for recordkeeping) per new employee.

*Frequency:* Annual.

*Total Burden Cost (capital/startup):* \$0.

*Total Burden Cost (operating/maintenance):* \$0.

Dated: October 26, 2020.

**Amy DeBisschop,**

*Director, Division of Regulations, Legislation, & Interpretation.*

[FR Doc. 2020–24037 Filed 10–29–20; 8:45 am]

**BILLING CODE 4510–27–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90270; File No. SR–LCH SA–2020–006]

### Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the Amendments of LCH SA Risk Liquidity Modeling Framework

October 26, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup> and Rule 19b–4 thereunder <sup>2</sup> notice is hereby given that on October 20, 2020, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by LCH SA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), is proposing to amend its Liquidity Risk Modeling Framework (the “Framework”) in order to address more accurately the liquidity requirements in the event of the assignment and exercise of equity American options (the “Proposed Rule Change”).

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

<sup>2</sup> 17 CFR 240.19b–4.

The text of the proposed rule change has been annexed as Exhibit 5.<sup>3</sup>

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

In its filing with the Commission, LCH SA 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. LCH SA 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

On December 3, 2019, Banque Centrale de Compensation, which conducts business under the name LCH SA ("LCH SA"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>4</sup> and Rule 19b-4 thereunder<sup>5</sup> the filing LCH SA-2019-007 to amend its Framework. This proposed rule change was duly approved by the Commission on January 24, 2020.<sup>6</sup>

LCH SA is now proposing to amend the Framework in order to address one recommendation made by the independent model validation team during the 2018/2019 review.

The purpose of the enhancement is to include, from a liquidity perspective, the funding risk arising from the physical settlement linked to the exercise of American options under stressed liquidity conditions prior to expiry. This is an extension of the scope as American and European options exercise at expiry is already covered by the current approved Framework.

Because equity American options can be exercised before expiry, there is a risk of assignment and exercise of Equity American options at any time before expiry when the 2 largest clearing members in terms of liquidity needs for the covered clearing agency (Cover2 members) may start facing liquidity

issues. During that period, the covered clearing agency could, as a result, observe an increase in the liquidity needs linked to the settlement of equity American options. This concern needs to be modelled and tackled within the liquidity coverage ratio ("LCR") which is the ratio of assets available over the liabilities of LCH SA under the stressed scenario of the default of the 2 largest clearing members (in terms of liquidity needs).

This means that on a daily basis the LCR will identify all the potential positions that are in the money or at the money on the day of the computation and on the next business day as well. Then, given the potential option exercise, it will generate a liquidity need.

In practice, the daily process will work as follows:

- Computation of the liquidity needs coming from the equity American options that are in the money or at the money, by applying no market stress.
- Computation of the liquidity needs coming from the options that are in the money or at the money, by applying a stress scenario to the equities.
- We will select the positions consistent with the 2 largest clearing members in terms of liquidity needs for both modes described above and will retain the most punitive one.
- This amount will then be added to the current cash equity settlement amount in the LCR.

A six month back test from May to November 2019 showed the impact on the LCH SA LCR is less than 0.5% with the largest impact being 0.86% and occurred on the 13th of November 2019. LCR is an internal indicator computed at the clearing house level and there is no specific impact on any particular Clearing Member.

In order to introduce the Proposed Rule Change, LCH SA will need to slightly modify the Framework. The term "expiry" will be replaced by "exercise" in both sections 5.3.1.3 and 5.3.4 and the term "at expiry" will be replaced by "anytime by defaulting members in order to raise liquidity" in the paragraph Option Expiry of section 5.3.1.3.

#### (b) Statutory Basis

LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934<sup>7</sup> (the "Act") and the regulations thereunder, including the standards under Rule 17Ad-22.<sup>8</sup> In particular, Section

17(A)(b)(3)(F)<sup>9</sup> of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.<sup>10</sup> As described above, LCH SA is proposing to amend the Framework to address specifically LCH SA's liquidity requirements in the event of the assignment and exercise of equity American options involving a Defaulting Clearing Member during any liquidation of such clearing member. The proposed amendment will assist LCH SA in defining more accurately its liquidity requirements by assuring that LCH SA will maintain appropriate levels of liquidity in the event of the assignment and exercise of such American options involving a Defaulting Clearing Member. By anticipating and ensuring that LCH SA meets its liquidity needs in such case, the proposed rule change would help ensure that LCH SA is able to meet its financial obligations and would allow LCH SA to continue to meet its obligation to promptly and accurately clear and settle securities transactions in such situations. By taking into account the funding risk that may arise prior to expiry of American options, the Proposed Rule Change is also helping to safeguard the securities and funds in LCH SA's control and maintain an effective liquidity risk management. For these reasons, LCH SA believes that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act.

Further, Rule 17Ad-22(e)(7) requires a covered clearing agency 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".<sup>11</sup>

Regulation 17dA-22(e)(4)(ii) also requires a covered clearing agency that is involved in activities with a more complex risk profile, e.g., that provides clearing services for security-based swaps, to maintain and enforce written policies and procedures reasonably designed to effectively "measure, monitor, and manage its credit exposures from its payment, clearing and settlement processes" to assure that it maintains additional financial

<sup>3</sup> All capitalized terms not defined herein have the same definition as in the CDS Clearing Rule Book, Supplement or Procedures, as applicable.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4

<sup>6</sup> Self-Regulatory Organizations; LCH SA; Order Approving Proposed Rule Change Relating to Amendments to LCH SA's Liquidity Risk Modelling Framework; Exchange Act Release No. 88039 (Jan. 24, 2020), 85 FR 5489 (Jan. 30, 2020) (LCH SA-2019-007).

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 17 CFR 240.17Ad-22.

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> 17 CFR 240.17Ad-22(e)(7).

resources to enable it to cover a wide range of foreseeable stress scenarios that include the default of the two participant family clearing members that would potentially cause the largest aggregate credit exposure for the covered clearing agency in extreme but plausible market conditions.<sup>12</sup>

As noted above, the amended Framework is designed to enhance LCH SA's to measure, monitor, and manage the liquidity risk that may arise in connection with its activities as a covered clearing agency. As such the amendments to the Framework regarding LCH SA's liquidity requirements in the event of the assignment and exercise of equity American options involving a defaulting clearing member so that LCH SA can also maintain sufficient liquid resources at the minimum in all relevant currencies to effect the relevant settlement process of payment obligations with a higher degree of confidence are consistent with the requirements of Regulation 17dA-22(e)(4)(ii) and 17dA-22(e)(7).<sup>13</sup>

Regulation 17dA-22(e)(4)(i) and (vi)(A) requires a clearing agency to maintain and enforce written policies and procedures reasonably designed to conduct stress testing of its total financial resources once each day using standard predetermined parameters and assumptions to assure that it has sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.<sup>14</sup>

As discussed above, by clarifying the daily process for computation of the liquidity needs coming from the physical settlement linked to the exercise of equity American options under stressed liquidity conditions, the proposed amendments enhance LCH SA's written policies and procedures with regard to stress testing practices and thereby assures that LCH SA maintains sufficient additional financial resources to enable it to cover a wide range of stress scenarios that include the default of the two participant family clearing members that would potentially cause the largest aggregate credit exposure for LCH SA in extreme but plausible market conditions. As such, therefore, the proposed amendments, therefore, are consistent with the requirements of Regulation 17dA-22(e)(4)(i) and (vi)(A).<sup>15</sup>

### *B. Clearing Agency's Statement on Burden on Competition.*

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>16</sup> LCH SA does not believe the Proposed Rule Change would have any impact, or impose any burden, on competition. The Proposed Rule Change does not address any competitive issue or have any impact on the competition among central counterparties. LCH SA operates an open access model, and the Proposed Rule Change will have no effect on this model for any clearing member.

### *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. LCH SA will notify the Commission of any written comments received by LCH SA.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-LCH SA-2020-006 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-LCH SA-2020-006. 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 website (<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 website 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 also will be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at: <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>.

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-LCH SA-2020-006 and should be submitted on or before November 20, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

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

[FR Doc. 2020-24022 Filed 10-29-20; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 34072; 812-15116]**

### **Managed Portfolio Series and Tortoise Index Solutions, LLC**

October 26, 2020.

**AGENCY:** Securities and Exchange Commission ("Commission").

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

<sup>12</sup> 17 CFR 240.17Ad-22(e)(4)(ii).

<sup>13</sup> 17 CFR 240.17Ad-22(e)(4)(ii) and 17dA-22(e)(7).

<sup>14</sup> 17 CFR 240.17Ad-22(e)(4)(i) and (vi)(A).

<sup>15</sup> Id.

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(I).