

hours.<sup>2</sup> Commission staff further estimates that the cost of the hourly burden per repurchase is approximately \$330.50 (one half hour of a compliance attorney's time at \$373 per hour,<sup>3</sup> and two hours of clerical time at \$72 per hour).<sup>4</sup> The total annual cost for all funds is estimated to be \$185,080.<sup>5</sup>

In addition, the fund must file with the Commission a copy of any written solicitation to purchase securities given by or on behalf of the fund to 10 or more persons. The copy must be filed as an exhibit to Form N-CSR (17 CFR 249.331 and 274.128).<sup>6</sup> The burden associated with filing Form N-CSR is addressed in the submission related to that form.

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

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 of this publication.

Please direct your written comments to David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, C/O Cynthia Roscoe, 100 F Street NE, Washington,

<sup>2</sup> This estimate is based on the following calculation: 224 repurchases × 2.5 hours per repurchase = 560 hours.

<sup>3</sup> The \$373/hour figure for a compliance attorney is from SIFMA's Management & Professional Earnings in the Securities Industry 2013, updated for 2021, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>4</sup> The \$72/hour figure for a compliance clerk is from SIFMA's Office Salaries in the Securities Industry 2013, updated for 2021, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

<sup>5</sup> This estimate is based on the following calculation: 560 repurchases × \$330.5 per repurchase = \$185,080.

<sup>6</sup> In addition, Item 9 of Form N-CSR requires closed-end funds to disclose information similar to the information that was required in Form N-23C-1, which was discontinued in 2004.

DC 20549; or send an email to: *PRA\_Mailbox@sec.gov*.

Dated: August 25, 2021.

**Jill M. Peterson,**

*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-92750; File No. SR-NSCC-2021-007]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to Confidential Information, Market Disruption Events, Systems Disconnect, and Other Changes

August 25, 2021.

#### I. Introduction

On June 25, 2021, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-NSCC-2021-007 (the "Proposed Rule Change") 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> to amend NSCC's rules relating to confidentiality requirements, market disruption events, systems disconnect, and other changes. The Proposed Rule Change was published for comment in the **Federal Register** on July 13, 2021,<sup>3</sup> and the Commission received a comment, which addresses issues that also appear in this Proposed Rule Change.<sup>4</sup>

Section 19(b)(2) of the Act<sup>5</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 92334 (June 25, 2021), 86 FR 36815 (July 13, 2021) (File No. SR-NSCC-2021-007) ("Notice of Filing").

<sup>4</sup> Specifically, the Commission received a comment letter on a proposed rule change filed by NSCC's affiliate, the Depository Trust Company ("DTC"), regarding parallel changes to DTC's Rules. See Securities Exchange Act Release No. 92342 (June 25, 2021), 86 FR 36833 (July 13, 2021) (File No. SR-DTC-2021-011). The comment letter is available on the Commission's website at <https://www.sec.gov/comments/sr-dtc-2021-011/srdtc2021011.htm>. Because the comment addresses issues that also appear in this Proposed Rule Change, the Commission will consider it in connection with NSCC's proposal as well.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for the Proposed Rule Change is effectively Friday, August 27, 2021.

The Commission is extending the 45-day review period for Commission action on the Proposed Rule Change. In order to provide the Commission with sufficient time to consider the Proposed Rule Change, the Commission finds that it is appropriate to designate a longer period within which to take action on the Proposed Rule Change.

Accordingly, pursuant to Section 19(b)(2) of the Act<sup>6</sup> and for the reasons stated above, the Commission designates Friday, October 8, 2021, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the Proposed Rule Change (File No. SR-NSCC-2021-007).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2021-18672 Filed 8-30-21; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-233, OMB Control No. 3235-0223]

### 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:*

Rule 17f-2

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 for extension and approval.

Rule 17f-2 (17 CFR 270.17f-2), entitled "Custody of Investments by

<sup>6</sup> *Id.*

<sup>7</sup> 17 CFR 200.30-3(a)(31).

Registered Management Investment Company," establishes safeguards for arrangements in which a registered management investment company or business development company ("fund") is deemed to maintain custody of its own assets, such as when the fund maintains its assets in a facility that provides safekeeping but not custodial services.<sup>1</sup> The rule includes four distinct requirements that are an information collection under the Paperwork Reduction Act. First, fund's directors must prepare a resolution designating not more than five fund officers or responsible employees who may have access to the fund's assets. Secondly, the fund's board must vote to approve this resolution. Third, the designated access persons (two or more of whom must act jointly when handling fund assets) must prepare a written notation providing certain information about each deposit or withdrawal of fund assets, and must transmit the notation to another officer or director designated by the directors. Lastly, an independent public accountant must verify the fund's assets three times each year, and two of those examinations must be unscheduled.<sup>2</sup>

Rule 17f-2's requirements are designed to safeguard fund assets from loss by requiring certain specific controls when those assets are not placed and maintained in the custody of a bank or other custodian as permitted under section 17(f) of the Investment Company Act of 1940 (15 U.S.C. 80a-17(f)) ("Act") and the rules thereunder. Specifically, the requirement that directors designate access persons is intended to ensure that directors evaluate the trustworthiness of insiders who handle fund assets. The requirements that access persons act jointly in handling fund assets, prepare a written notation of each transaction, and transmit the notation to another designated person are intended to reduce the risk of misappropriation of fund assets by access persons, and to ensure that adequate records are prepared, reviewed by a responsible third person, and available for examination by the Commission. The

<sup>1</sup> The rule generally requires all assets to be deposited in the safekeeping of a "bank or other company whose functions and physical facilities are supervised by Federal or State authority."

<sup>2</sup> The accountant must transmit to the Commission promptly after each examination a certificate describing the examination on Form N-17f-2. The preparation and filing of Form N-17f-2, which largely serves as a cover-sheet for the accountant's certification of their audit, is covered by a separate information collection. The third (scheduled) examination may coincide with the annual verification required for every fund by section 30(g) of the Act (15 U.S.C. 80a-29(g)).

requirement that auditors verify fund assets without notice twice each year is intended to provide an additional deterrent to the misappropriation of fund assets and to detect any irregularities. Less frequent examinations by a fund's accountants could impair the ability of the Commission's examination staff to ascertain the fund's compliance with the rule.

The Commission staff estimates that each fund makes 974 responses and spends an average of 252 hours annually in complying with the rule's requirements.<sup>3</sup> Commission staff estimates that on an annual basis it takes: (i) 0.5 hours of fund accounting personnel at a total cost of \$111 and 1 hour of fund attorney personnel time at a cost of \$425, for a total of 1.5 hours and a cost of \$536 to draft director resolutions;<sup>4</sup> (ii) 0.5 hours of the fund's board of directors at a total cost of \$2,385 to adopt the resolution;<sup>5</sup> (iii) 244 hours for the fund's accounting personnel at a total cost of \$71,102 to prepare written notations of transactions;<sup>6</sup> and (iv) 3 hours for the fund's controller or administrator at a total cost of \$1,494 to assist the independent public accountants when they perform verifications of fund assets.<sup>7</sup> The total of these four requirements would then be 249 hours at a cost of \$75,517 per respondent. Commission staff estimates that approximately 183 funds file Form N-

<sup>3</sup> The 974 responses are: 1 (one) response to draft and adopt the resolution and 973 notations. Estimates of the number of hours are based on conversations with individuals in the fund industry. The actual number of hours may vary significantly depending on individual fund assets.

<sup>4</sup> The estimate relating to fund accounting personnel is based on the following calculation: 0.5 (burden hours per fund) × \$221 (senior accountant's hourly rate) = approximately \$111. Unless otherwise indicated, the hourly wage figures used herein are from the Securities Industry and Financial Markets Association's Management & Professional Earnings in the Securities Industry 2013, modified by Commission staff to account for an 1,800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>5</sup> The staff has estimated the average cost of board of director time as \$4,770 per hour for the board as a whole, based on information received from funds and their counsel.

<sup>6</sup> Respondents estimated that each fund makes 973 responses on an annual basis and spends a total of 0.25 hours per response. The fund personnel involved are Accounts Payable Manager (\$208 hourly rate), Operations Manager (\$373 hourly rate) and Accounting Manager (\$296 hourly rate). The average hourly rate of these personnel is approximately \$292. The estimated cost of preparing notations is based on the following calculation: 974 × 0.25 × \$292 = \$71,102.

<sup>7</sup> This estimate is based on the following calculation: 3 × \$498 (fund controller's hourly rate) = \$1,494.

17f-2 each year.<sup>8</sup> Thus, the total annual hour burden for rule 17f-2 is estimated to be 45,384 hours.<sup>9</sup> Based on the total costs per fund listed above, the total cost of rule 17f-2's collection of information requirements is estimated to be approximately \$13,819,611.<sup>10</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms. Complying with the collections of information required by rule 17f-2 is mandatory for those funds that maintain custody of their own assets. 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.

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 of this publication.

Please direct your written comments to David Bottom, 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](mailto:PRA_Mailbox@sec.gov).

Dated: August 25, 2021.

**Jill M. Peterson,**  
Assistant Secretary.

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<sup>8</sup> On average, each year approximately 183 funds filed Form N-17f-2 with the Commission during calendar years 2018-2020. As every fund subject to rule 17f-2 must file Form N-17f-2, we believe this is a good estimate for the number of respondents to the rule.

<sup>9</sup> This estimate is based on the following calculation: 183 (funds) × 249 (total annual hourly burden per fund) = 45,384 hours for rule. The annual burden for rule 17f-2 does not include time spent preparing Form N-17f-2. The burden for Form N-17f-2 is included in a separate collection of information.

<sup>10</sup> This estimate is based on the following calculation: \$75,517 (total annual cost per fund) × 183 funds = \$13,819,611.