

investors, or otherwise in furtherance of the purposes of the Act.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2026-13 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-PEARL-2026-13. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-PEARL-2026-13 and should be submitted on or before April 10, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-05477 Filed 3-19-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105034; File No. SR-NYSEAMER-2025-72]

Self-Regulatory Organizations; NYSE American LLC; Notice of Filing of Amendment Nos. 1, 2 and 3 and Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3, To Amend Sections 1003 and 1009 of the NYSE American Company Guide

March 17, 2026.

I. Introduction

On December 3, 2025, NYSE American LLC ("NYSE American" or the "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Section 1003 of the NYSE American Company Guide ("Company Guide"). The proposed rule change was published for comment in the **Federal Register** on December 17, 2025.³ On January 22, 2026, the Exchange filed Amendment No. 1 to the proposed rule change, which superseded the original proposed rule change in its entirety.⁴ On January 28, 2026, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designated a longer period within which to take action on the proposed rule change.⁶

On February 25, 2026, the Exchange filed Amendment No. 2 to the proposed rule change, which superseded the original proposed rule change, as modified by Amendment No. 1, in its

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104386 (Dec. 12, 2025), 90 FR 58648. Comments received on the proposed rule change are available at: <https://www.sec.gov/rules-regulations/public-comments/sr-nyseamer-2025-72>.

⁴ In Amendment No. 1, the Exchange: (1) clarified the Exchange's authority to suspend or delist a security; (2) specified that an issuer subject to delisting under the proposal, and under Sections 1003(f)(vi) and (vii) of the Company Guide, would not be eligible to follow the procedures in Section 1009 of the Company Guide; (3) provided additional description of certain aspects of the proposal; and (4) made other technical and non-substantive changes. The full text of Amendment No. 1 can be found on the Commission's website at <https://www.sec.gov/comments/sr-nyseamer-2025-72/smyseamer202572-696287-2176995.pdf> ("Amendment No. 1").

⁵ 15 U.S.C. 78s(b)(2).

⁶ See Securities Exchange Act Release No. 104704, 91 FR 4696 (Feb. 2, 2026). The Commission designated March 17, 2026 as the date by which the Commission shall approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change. See *id.*

entirety.⁷ On March 6, 2026, the Exchange filed Amendment No. 3 to the proposed rule change, which superseded the original proposed rule change, as modified by Amendment Nos. 1 and 2, in its entirety.⁸ The Commission is publishing this notice and order to solicit comments on the proposed rule change, as modified by Amendment Nos. 1, 2, and 3, from interested persons and is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act⁹ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment Nos. 1, 2, and 3.

II. Description of the Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3¹⁰

Section 1003 of the Company Guide sets forth minimum quantitative and qualitative continued listing standards for securities listed on the Exchange.¹¹ Currently, Section 1003(f)(v) of the Company Guide states that the Exchange will consider initiating suspension and delisting procedures when a class of common stock is selling for a substantial period of time at a low price per share and its issuer fails to effect a reverse stock split to raise the per share trading price.¹² The Exchange states that, in applying this rule, Exchange staff seeks to have proactive

⁷ In Amendment No. 2, the Exchange: (1) provided additional explanation of certain aspects of the proposal; and (2) made other technical and non-substantive changes. The full text of Amendment No. 2 can be found on the Commission's website at <https://www.sec.gov/comments/sr-nyseamer-2025-72/smyseamer202572-715787-2239694.pdf> ("Amendment No. 2").

⁸ In Amendment No. 3, the Exchange: (1) removed the proposed addition of Section 1003(b)(i)(D) of the Company Guide by which an issuer that is determined to have an average market capitalization over a consecutive 30 trading-day period of less than \$5,000,000 would be subject to immediate suspension and delisting ("Minimum Market Capitalization"); (2) removed a proposed modification to Section 1009 of the Company Guide with regard to the Minimum Market Capitalization criteria; and (3) made other technical and non-substantive changes. The full text of Amendment No. 3 can be found on the Commission's website at <https://www.sec.gov/comments/sr-nyseamer-2025-72/smyseamer202572-719747-2253335.pdf> ("Amendment No. 3").

⁹ 15 U.S.C. 78s(b)(2)(B).

¹⁰ All capitalized terms not otherwise defined in this order shall have the meanings set forth in the Company Guide.

¹¹ See Amendment No. 3, *supra* note 8, at 4. Specifically, Section 1003 of the Company Guide requires issuers of common stock to maintain certain quantitative minimum standards related to stockholders' equity, publicly held shares, public shareholders, and aggregate market value of publicly held shares. In addition, Section 1003 also sets forth qualitative continued listing standards related to, among other things, operations contrary to public interest and reduction of operations. See *id.*

¹² See *id.* at 4-5.

⁹ 17 CFR 200.30-3(a)(12).

discussions with any issuer whose stock is trading below \$1.00 to notify such issuer of the Exchange's policy to initiate suspension and delisting procedures when a stock trades below \$0.10 per share.¹³ The Exchange states that it has noticed a recent increase in companies that have a very low trading price per share,¹⁴ and that an issuer that trades at a low price per share is potentially susceptible to manipulation and more likely to experience trading volatility in its shares.¹⁵ According to the Exchange, at such low prices, less capital is required to undertake manipulative trading activity.¹⁶ Therefore, the Exchange proposes to amend Section 1003 relating to the price criteria for continued listing to increase the price at which the Exchange would take immediate delisting action and codify such price in Exchange rules.¹⁷

The Exchange proposes to amend Section 1003(f)(v) of the Company Guide to specify that if a security's closing price per share is less than \$0.25 (the "Minimum Trading Price") on any trading day, the Exchange shall immediately suspend trading and commence delisting proceedings with respect to such security in accordance with the provisions of Section 1009 of the Company Guide.¹⁸ The Exchange states that it believes that securities that trade below the Minimum Trading Price are more susceptible to trading volatility and market manipulation and are unlikely to recover to any meaningful degree.¹⁹ The Exchange also proposes to modify Section 1009 of the Company Guide to state that such security would not be eligible to follow the procedures outlined in Section 1009 of the Company Guide with respect to the Minimum Trading Price criteria.²⁰ The Exchange states that all issuers retain

the right to appeal an Exchange delisting decision.²¹

The Exchange proposes that these changes would be effective on October 1, 2026.²² The Exchange states that providing a transition period before the rule is effective would afford issuers time to implement reverse stock splits to increase their share price before the new requirement is in place.²³

The Exchange also proposes to clarify in Section 1003(f)(v) of the Company Guide that, consistent with its general authority under Section 1002(e) of the Company Guide to suspend trading in the event of any condition that makes further dealings on the Exchange unwarranted, it may suspend trading or delist a security where, in the Exchange's opinion, the trading price has experienced a precipitous decline and is at an abnormally low level from which it is unlikely to recover, even if such security has not fallen below the Minimum Trading Price.²⁴ The Exchange states that, in its experience, under those conditions a security's trading price is generally unable to recover.²⁵

III. Proceedings To Determine Whether To Approve or Disapprove SR–NYSEAMER–2025–72, as Modified by Amendment Nos. 1, 2, and 3 and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act²⁶ to determine whether the proposed rule change, as modified by Amendment Nos. 1, 2, and 3 should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide additional comment on the proposed rule change to inform the Commission's analysis of whether to

approve or disapprove the proposed rule change, as modified by Amendment Nos. 1, 2, and 3.

Pursuant to Section 19(b)(2)(B) of the Act,²⁷ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of, and input from commenters with respect to, the proposed rule change's consistency with the Act, and in particular, Section 6(b)(5) of the Act,²⁸ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers; and Section 6(b)(7) of the Act,²⁹ which requires, among other things, that the rules of an exchange provide fair procedure for the prohibition or limitation by the exchange of any person with respect to access to services offered by the exchange.

The development and enforcement of meaningful listing standards³⁰ for an exchange is of critical importance to financial markets and the investing public. Among other things, such listing standards help ensure that exchange-listed companies will have sufficient public float, investor base, and trading interest to provide the depth and liquidity to promote fair and orderly markets. Meaningful listing standards also are important given investor expectations regarding the nature of securities that have achieved an exchange listing, and the role of an exchange in overseeing its market and assuring compliance with its listing standards.³¹

²⁷ *Id.*

²⁸ 15 U.S.C. 78f(b)(5).

²⁹ 15 U.S.C. 78f(b)(7).

³⁰ This reference to "listing standards" refers to both initial and continued listing standards.

³¹ *See, e.g.,* Securities Exchange Act Release Nos. 88716 (Apr. 21, 2020), 85 FR 23393 (Apr. 27, 2020) (SR–NASDAQ–2020–001) (Order Approving a Proposed Rule Change To Modify the Delisting Process for Securities With a Bid Price at or Below \$0.10 and for Securities That Have Had One or More Reverse Stock Splits With a Cumulative Ratio of 250 Shares or More to One Over the Prior Two-Year Period); 88389 (Mar. 16, 2020), 85 FR 16163 (Mar. 20, 2020) (SR–NASDAQ–2019–089) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 5815 To Preclude Stay During Hearing Panel

Continued

¹³ *See id.* at 5.

¹⁴ *See id.*

¹⁵ *See id.*

¹⁶ *See id.*

¹⁷ *See id.*

¹⁸ *See id.*

¹⁹ *See id.* at 6.

²⁰ *See id.* In addition, the Exchange proposes to amend Section 1009 of the Company Guide to specify that an issuer subject to delisting under Sections 1003(f)(vi) and 1003(f)(vii) of the Company Guide would not be eligible to follow the procedures in Section 1009. *See id.* Section 1003(f)(vi) prohibits one or more reverse stock splits with a cumulative ratio of 200 shares or more to one in a two-year period; and Section 1003(f)(vii) prohibits a reverse stock split that results in an issuer's security falling below any of the continued listing requirements of Section 1003. *See id.* at 5. Currently, an issuer subject to delisting under Section 1003(f)(vi) or Section 1003(f)(vii) of the Company Guide is not eligible to follow the procedures in Section 1009 of the Company Guide. *See id.* at 6.

²¹ *See id.* at 5. The procedures for appealing an Exchange delisting decision are set forth in Part 12 of the Company Guide. *See id.* at 5, n.10.

²² *See id.* at 5.

²³ *See id.* The Exchange also states that its rules prohibiting (1) one or more reverse stock splits with a cumulative ratio of 200 shares or more to one in a two-year period and (2) a reverse stock split that results in a company becoming non-compliant with any of the requirements of Section 1003 of the Company Guide would remain in place. *See id.*

²⁴ *See id.* *See also* proposed Section 1003(f)(v) of the Company Guide.

²⁵ *See* Amendment No. 3, *supra* note 8, at 5.

²⁶ 15 U.S.C. 78s(b)(2)(B).

As discussed above, currently, the Exchange will consider initiating suspension and delisting procedures when a class of common stock is selling for a substantial period of time at a low price per share and its issuer fails to effect a reverse stock split to raise the per share trading price.³² The company will be subject to suspension and delisting when a stock trades below \$0.10.³³ The Exchange's proposal would allow the Exchange to immediately suspend and delist a security if a security's closing price per share is less than the Minimum Trading Price (*i.e.*, \$0.25).³⁴ Thus, the proposal would accelerate the timeframe within which the Exchange would delist a security in instances where the security trades below the Minimum Trading Price and result in immediate suspension from trading on the Exchange. In addition, the proposal would clarify that the Exchange would consider suspension and delisting of a security where, in the Exchange's opinion, the trading price has experienced a precipitous decline and is at an abnormally low level from which it is unlikely to recover.³⁵

One commenter states that the proposal to establish a Minimum Trading Price "does not provide a stable, objective, and predictable trigger for suspension and delisting."³⁶ The commenter also states that the Exchange fails to provide empirical evidence to support the Minimum Trading Price or objective, quantitative criteria under which the Exchange will consider trading price to have experienced a precipitous decline and be at an abnormally low level from which it is "generally unlikely to recover."³⁷ In

Review of Staff Delisting Determinations in Certain Circumstances). *See also* Securities Exchange Act Release No. 81856 (Oct. 11, 2017), 82 FR 48296, 48298 (Oct. 17, 2017) (SR-NYSE-2017-31) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend the Listed Company Manual To Adopt Initial and Continued Listing Standards for Subscription Receipts) (stating that "[a]dequate standards are especially important given the expectations of investors regarding exchange trading and the imprimatur of listing on a particular market" and that "[o]nce a security has been approved for initial listing, maintenance criteria allow an exchange to monitor the status and trading characteristics of that issue . . . so that fair and orderly markets can be maintained").

³² *See supra* note 12 and accompanying text.

³³ *See supra* note 13 and accompanying text.

³⁴ *See supra* note 18 and accompanying text.

³⁵ *See supra* note 24 and accompanying text.

³⁶ Letter from John M. Schaible, Executive Chairman, AtlasClear Holdings, Inc., dated Feb. 13, 2026, at 1.

³⁷ *See id.* at 2. The commenter states that while the Minimum Trading Price would be "a nominal anchor, [] suspension and delisting remain fundamentally discretionary and unbounded by articulated, objective standards." *Id.* at 3.

addition, the commenter states that "the absence of clear guardrails around the Exchange's discretion raises serious fair-process concerns."³⁸

Another commenter states that the Exchange has not demonstrated, through "reasoned and evidence-based analysis," that its proposal is necessary to protect investors and promote fair and orderly markets.³⁹ Specifically, the commenter states that the Exchange does not demonstrate that the Minimum Trading Price "is a reliable predictor of sustained financial distress, manipulation risk, or future non-compliance with existing listing standards."⁴⁰ The commenter also states that the Minimum Trading Price criteria would "materially impair capital formation for small public companies," including those that are currently above the proposed criteria.⁴¹ In addition, the commenter states that the proposed effective date would provide an insufficient transition period and that there should be a delayed effective date of no less than twelve months to allow issuers, investors, and lenders time to make necessary adjustments.⁴²

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, which are set forth in

³⁸ *Id.* at 4–5. The commenter states that issuers are unable to reliably forecast when their securities will become noncompliant and that while issuers retain the right to appeal delisting decisions under Part 12 of the Company Guide, an appeal cannot cure the harm that could be caused by immediate suspension and delisting and there is a lack of transparency regarding historical outcomes of appeals for minimum price delistings. *See id.* at 4–5. The commenter also states that the proposal fails to consider reasonable alternatives, such as including a 30-trading-days average closing price test and granting compliance periods. *See id.* at 3–4.

³⁹ *See* Letter from Small Public Company Coalition, dated Mar. 12, 2026, at 2–5.

⁴⁰ *Id.* at 5. The commenter states that an accompanying analysis conducted by Professor Craig M. Lewis based on data from the Center for Research in Security Prices shows that a substantial proportion of companies that fell below a \$0.25 trading price subsequently recovered and remain listed. *See id.* at 5–6. *See also id.* at 23–26.

⁴¹ *See id.* at 7–9. The commenter states that the proposal does not analyze more targeted alternatives or demonstrate this deficiency "warrants categorical removal while other continued listing failures receive cure periods, graduated supervision, or discretionary review." *Id.* at 15.

⁴² *See id.* at 18–20. Another commenter states that, consistent with other continued listing provisions, the Exchange should implement a delayed effective date or impose a defined transition or grandfathering period, and provide impacted issuers with an opportunity to submit a plan of compliance. *See* Letter from Power REIT, dated Jan. 28, 2026, at 1–2. The commenter specifically referenced the Minimum Market Capitalization aspect of the proposal as filed, which the Exchange removed in Amendment No. 3. *See supra* note 8.

Amendment No. 3, in addition to any other comments they may wish to submit about the proposed rule change, as modified by Amendment Nos. 1, 2, and 3. In particular, the Commission seeks comment on whether the proposal to provide that the Exchange will immediately suspend and delist a security if a security's closing price per share is less than the Minimum Trading Price, and to clarify that the Exchange may suspend and delist a security when the trading price has experienced a precipitous decline and is at an abnormally low level from which it is unlikely to recover, is designed to be consistent with the requirements of Sections 6(b)(5) and 6(b)(7) of the Act⁴³ or raises any new or novel concerns not previously contemplated by the Commission.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their data, views, and arguments with respect to the issues identified above, including the issues raised by commenters and the Exchange's response, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposed rule change, as modified by Amendment Nos. 1, 2, and 3, is consistent with Sections 6(b)(5), 6(b)(7), or any other provision of the Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of data, views, and arguments, the Commission will consider, pursuant to Rule 19b–4 under the Act,⁴⁴ any request for an opportunity to make an oral presentation.⁴⁵

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change, as modified by Amendment Nos. 1, 2, and 3, should be approved or disapproved by April 10, 2026. Any person who wishes to file a rebuttal to any other person's

⁴³ 15 U.S.C. 78f(b)(5), (b)(7).

⁴⁴ 17 CFR 240.19b–4.

⁴⁵ Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Public Law 94–29 (June 4, 1975), grants to the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

submission must file that rebuttal by April 24, 2026. The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change.

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSEAMER-2025-72 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-NYSEAMER-2025-72. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSEAMER-2025-72 and should be submitted by April 10, 2026. Rebuttal comments should be submitted by April 24, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2026-05479 Filed 3-19-26; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0562]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Rule 17d-1

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

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 ("Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information discussed below.

Section 17(d) (15 U.S.C. 80a-17(d)) of the Investment Company Act of 1940 (15 U.S.C. 80a *et seq.*) (the "Act") prohibits first- and second-tier affiliates of a fund, the fund's principal underwriters, and affiliated persons of the fund's principal underwriters, acting as principal, to effect any transaction in which the fund or a company controlled by the fund is a joint or a joint and several participant in contravention of the Commission's rules. Rule 17d-1 (17 CFR 270.17d-1) prohibits an affiliated person of or principal underwriter for any fund (a "first-tier affiliate"), or any affiliated person of such person or underwriter (a "second-tier affiliate"), acting as principal, from participating in or effecting any transaction in connection with a joint enterprise or other joint arrangement in which the fund is a participant, unless prior to entering into the enterprise or arrangement "an application regarding [the transaction] has been filed with the Commission and has been granted by an order." In reviewing the proposed affiliated transaction, the rule provides that the Commission will consider whether the proposal is (i) consistent with the provisions, policies, and purposes of the Act, and (ii) on a basis different from or less advantageous than that of other participants in determining whether to grant an exemptive application for a proposed joint enterprise, joint arrangement, or profit-sharing plan.

Rule 17d-1 also contains a number of exceptions to the requirement that a fund must obtain Commission approval prior to entering into joint transactions or arrangements with affiliates. For example, funds do not have to obtain Commission approval for certain

employee compensation plans, certain tax-deferred employee benefit plans, certain transactions involving small business investment companies, the receipt of securities or cash by certain affiliates pursuant to a plan of reorganization, certain arrangements regarding liability insurance policies and transactions with "portfolio affiliates" (companies that are affiliated with the fund solely as a result of the fund (or an affiliated fund) controlling them or owning more than five percent of their voting securities) so long as certain other affiliated persons of the fund (e.g., the fund's adviser, persons controlling the fund, and persons under common control with the fund) are not parties to the transaction and do not have a "financial interest" in a party to the transaction. The rule excludes from the definition of "financial interest" any interest that the fund's board of directors (including a majority of the directors who are not interested persons of the fund) finds to be not material, as long as the board records the basis for its finding in their meeting minutes.

Thus, the rule contains two filing and recordkeeping requirements that constitute collections of information. First, rule 17d-1 requires funds that wish to engage in a joint transaction or arrangement with affiliates to meet the procedural requirements for obtaining exemptive relief from the rule's prohibition on joint transactions or arrangements involving first- or second-tier affiliates. Second, rule 17d-1 permits a portfolio affiliate to enter into a joint transaction or arrangement with the fund if a prohibited participant has a financial interest that the fund's board determines is not material and records the basis for this finding in their meeting minutes. These requirements of rule 17d-1 are designed to prevent fund insiders from managing funds for their own benefit, rather than for the benefit of the funds' shareholders.

Based on an analysis of past filings, Commission staff estimates that 71 funds file applications under section 17(d) and rule 17d-1 per year. The staff understands that funds that file an application generally obtain assistance from outside counsel to prepare the application. The cost burden of using outside counsel is discussed below. The Commission staff estimates that each applicant will spend an average of 75 hours to comply with the Commission's applications process. The Commission staff therefore estimates the annual burden hours per year for all funds under rule 17d-1's application process to be 5,325 hours at a cost of

⁴⁶ 17 CFR 200.30-3(a)(57).