

We estimate a total of 1,093,356 potential demonstrations in accordance with Rule 204(a)(1) across all broker-dealer participants per year (132 participants checking for compliance once per day on 33 securities, multiplied by 251 trading days in 2017). The total approximate estimated annual burden hour per year will be approximately 174,937 burden hours (1,093,356 multiplied by 0.16 hours/documentation).

III. Pre-Borrow Notification Requirement: As of December 5, 2017, there were 132 participants of NSCC that were registered as broker-dealers. If a participant of a registered clearing agency has a fail to deliver position in an equity security, the participant must determine whether or not the fail to deliver position was closed out in accordance with Rule 204(a). We estimate that a participant of a registered clearing agency will have to make such determination with respect to approximately 52 equity securities per day.<sup>4</sup> We estimate a total of 1,722,864 potential notifications in accordance with Rule 204(c) across all participants per year (132 broker-dealer participants notifying broker-dealers once per day on 52 securities, multiplied by 251 trading days in 2017). The total estimated annual burden hours per year will be approximately 275,658 burden hours (1,722,864 multiplied by 0.16 hours/documentation).

IV. Certification Requirement: As of December 31, 2017, there were 3,893 registered broker-dealers. Each of these broker-dealers may clear trades through a participant of a registered clearing agency. If the broker-dealer determines that it has not incurred a fail to deliver position on settlement date for a long or short sale in an equity security for which the participant has a fail to deliver position at a registered clearing agency or has purchased or borrowed securities in accordance with the pre-fail credit provision of Rule 204(e), we estimate that a broker-dealer could have to make such determination with respect to approximately 1.76 securities per day.<sup>5</sup> We estimate that registered broker-dealers could have to certify to the participant that it has not incurred a fail to deliver position on settlement date for a long or short sale in an equity security for which the participant has a fail to deliver position at a registered clearing agency or, alternatively, that it

is in compliance with the requirements set forth in the pre-fail credit provision of Rule 204(e), 1,719,772 times per year (3,893 registered broker-dealers certifying once per day on 1.76 securities, multiplied by 251 trading days in 2017). The total approximate estimated annual burden hour per year will be approximately 275,164 burden hours (1,719,772 multiplied by 0.16 hours/certification).

V. Pre-Fail Credit Demonstration Requirement: As of December 31, 2017, there were 3,893 registered broker-dealers. If a broker-dealer purchased or borrowed securities in accordance with the conditions specified in Rule 204(e) and determined that it had a net long position or net flat position on the settlement day for which the broker-dealer is claiming pre-fail credit, we estimate that a broker-dealer could have to make such determination with respect to approximately 1.76 securities per day.<sup>6</sup> We estimate that registered broker-dealers could have to demonstrate on its books and records that it has a net long position or net flat position on the settlement day for which the broker-dealer is claiming pre-fail credit, 1,719,772 times per year (3,893 registered broker-dealers checking for compliance once per day on 1.76 equity securities, multiplied by 251 trading days in 2017). The total approximate estimated annual burden hours per year will be 275,164 burden hours (1,719,772 multiplied by 0.16 hours/demonstration).

The total aggregate annual burden for the collection of information undertaken pursuant to all five provisions is thus 1,276,087 hours per year (275,164 + 174,937 + 275,658 + 275,164 + 275,164). An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may review background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Lindsay.M.Abate@omb.eop.gov](mailto:Lindsay.M.Abate@omb.eop.gov); and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must

be submitted to OMB within 30 days of this notice.

Dated: November 6, 2018.

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-24577 Filed 11-8-18; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

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

Extension:

Rule 2a-7, SEC File No. 270-258, OMB Control No. 3235-0268

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 2a-7 (17 CFR 270.2a-7) under the Investment Company Act of 1940 (15 U.S.C. 80a) (the "Act") governs money market funds. Money market funds are open-end management investment companies that differ from other open-end management investment companies in that they seek to maintain a stable price per share, usually \$1.00. The rule exempts money market funds from the valuation requirements of the Act, and, subject to certain risk-limiting conditions, permits money market funds to use the "amortized cost method" of asset valuation or the "penny-rounding method" of share pricing.

Rule 2a-7 also imposes certain recordkeeping and reporting obligations on money market funds. The board of directors of a money market fund, in supervising the fund's operations, must establish written procedures designed to stabilize the fund's net asset value ("NAV"); establish written procedures to test periodically the ability of the fund to maintain a stable NAV based on certain hypothetical events ("stress testing"); review, revise, and approve written procedures to stress test a fund's portfolio; and create a report to the fund board documenting the results of stress testing. The board must also adopt guidelines and procedures relating to certain responsibilities it delegates to

of securities per participant per day is approximately 52 equity securities. 62.93% of 52 equity securities per trading day equals approximately 33 securities per day.

<sup>4</sup> See *supra* note 3.

<sup>5</sup> See *supra* note 1.

<sup>6</sup> See *supra* note 1.

the fund's investment adviser. These procedures and guidelines typically address various aspects of the fund's operations. The fund must maintain and preserve for six years a written copy of both these procedures and guidelines. The fund also must maintain and preserve for six years a written record of the board's considerations and actions taken in connection with the discharge of its responsibilities, to be included in the board's minutes, including determinations to impose any liquidity fees or temporary suspension of redemptions. In addition, the fund must maintain and preserve for three years written records of certain credit risk analyses, evaluations with respect to securities subject to demand features or guarantees, evaluations with respect to asset-backed securities not subject to guarantees, and determinations with respect to adjustable rate securities and asset-backed securities. If the board takes action with respect to defaulted securities, events of insolvency, or deviations in share price, the fund must file with the Commission an exhibit to Form N-CR describing the nature and circumstances of the action. If any portfolio security fails to meet certain eligibility standards under the rule, the fund also must identify those securities in an exhibit to Form N-CR. After certain events of default or insolvency relating to a portfolio security, the fund must notify the Commission of the event and the actions the fund intends to take in response to the situation.

A fund must also post certain periodic information on the its website including disclosure of portfolio holdings, disclosure of daily and weekly liquid assets and net shareholder flow, disclosure of daily current NAV, and disclosures of financial support received by the fund, the imposition and removal of liquidity fees, and the suspension and resumption of fund redemptions. Lastly, for funds that elect to be retail funds, they must create written policies and procedures reasonably designed to limit all beneficial owners of the fund to natural persons.

The recordkeeping requirements in rule 2a-7 are designed to enable Commission staff in its examinations of money market funds to determine compliance with the rule, as well as to ensure that money market funds have established procedures for collecting the information necessary to make adequate credit reviews of securities in their portfolios. The reporting requirements of rule 2a-7 are intended to assist Commission staff in overseeing money market funds and reduce the likelihood that a fund is unable to maintain a stable NAV.

Commission staff estimates that there are 433 money market funds (91 fund complexes), all of which are subject to rule 2a-7. Commission staff further estimates that there will be approximately 10 new money market funds established each year.

Commission staff estimates that rule 2a-7 contains the following collection of information requirements:

- Record of credit risk analyses, and determinations regarding adjustable rate securities, asset-backed securities, asset-backed securities not subject to guarantees, securities subject to a demand feature or guarantee, and counterparties to repurchase agreements. Commission staff estimates a total annual hour burden for 433 funds to be 294,440 hours.

- Establishment of written procedures designed to stabilize NAV and guidelines and procedures for board delegation of authority. Commission staff estimates a total annual hour burden for 10 new money market funds to be 155 hours.

- Board review of procedures and guidelines of any investment adviser or officers to whom the fund's board has delegated responsibility under rule 2a-7 and amendment of such procedures and guidelines. Commission staff estimates a total annual hour burden for 108 funds to be 540 hours.

- Records of the board's determination for imposing any liquidity fees or temporary suspension of redemptions. Commission staff estimates a total annual hour burden for 2 funds to be 14 hours.

- Establishment of written procedures to test periodically the ability of the fund to maintain a stable NAV per share based on certain hypothetical events ("stress testing"). Commission staff estimates a total annual hour burden for 10 new money market funds to be 220 hours.

- Review, revise, and approve written procedures to stress test a fund's portfolio. Commission staff estimates a total annual hour burden for 91 fund complexes to be 1,092 hours.

- Reports to fund boards on the results of stress testing. Commission staff estimates a total annual hour burden for 91 fund complexes to be 4,550 hours.

- website disclosures of portfolio holdings, of daily and weekly liquid assets and net shareholder flow, of daily current NAV, and disclosures of financial support received by the fund, the imposition and removal of liquidity fees and the suspension and resumption of fund redemptions. Commission staff estimates a total annual hour burden for 433 funds to be 36,291 hours.

- For funds electing retail fund status, written policies and procedures limiting all beneficial owners of the fund to natural persons. Commission staff estimates a total annual hour burden for 2 funds to be 26 hours.

Thus, the Commission estimates the total annual burden of the rule's information collection requirements is 337,328 hours.<sup>1</sup>

The estimated total annual burden is being decreased from 632,725 hours to 337,328 hours. This net decrease of 295,397 hours<sup>2</sup> is attributable to a combination of factors, including a decrease in the number of money market funds and fund complexes, and updated information from money market funds regarding hourly burdens, including revised staff estimates of the burden hours required to comply with rule 2a-7 as a result of new information received from surveyed fund representatives.

Commission staff estimates that in addition to the burden hours described above, money market funds will incur costs to preserve records, as required under rule 2a-7.<sup>3</sup> These costs will vary significantly for individual funds, depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records.<sup>4</sup> Commission staff estimates that the amount an individual fund may spend ranges from \$100 per year to \$300,000. Based on a cost of \$0.0051295 per dollar of assets under management for small funds, \$0.0005041 per dollar assets under management for medium funds, and

<sup>1</sup> This estimate is based on the following calculation: 294,440 hours + 155 hours + 540 hours + 14 hours + 220 hours + 1,092 hours + 4,550 hours + 36,291 hours + 26 hours = 337,328 hours.

<sup>2</sup> This estimate is based on the following calculation: 632,725 hours - 337,328 hours = 295,397 hours.

<sup>3</sup> A significant portion of the recordkeeping burden involves organizing information that the funds already collect when initially purchasing securities. In addition, when a money market fund analyzes a security, the analysis need not be presented in any particular format. Money market funds therefore have a choice of methods for maintaining these records that vary in technical sophistication and formality (e.g. handwritten notes, computer disks, etc.). Accordingly, the cost of preparing these documents may vary significantly among individual funds. The burden hours associated with filing reports to the Commission as an exhibit to Form N-CR are included in the PRA burden estimate for that form.

<sup>4</sup> The vast majority of assets under management in individual money market funds range from approximately \$50 million to approximately \$144.7 billion. We further note that the assets under management figures were calculated based on net assets at the fund level and not the sum of the market values of the underlying funds.

\$0.0000009 per dollar of assets under management for large funds, the staff estimates compliance with the record storage requirements of rule 2a-7 costs the fund industry approximately \$35.31 million per year.<sup>5</sup>

Based on responses from individuals in the money market fund industry, the staff estimates that some of the largest fund complexes have created computer programs for maintaining and preserving compliance records for rule 2a-7. Based on a cost of \$0.0000132 per dollar of assets under management for large funds, the staff estimates that total annualized capital/startup costs range from \$0 for small funds to \$40.9 million for all large funds.<sup>6</sup> Commission staff further estimates that, even absent the requirements of rule 2a-7, money market funds would spend at least half of the amount for capital costs (\$20.45 million)<sup>7</sup> and for record preservation (\$17.65 million)<sup>8</sup> to establish and maintain these records and the systems for preserving them as a part of sound business practices to ensure diversification and minimal credit risk in a portfolio for a fund that seeks to maintain a stable price per share.

As a result, the estimated total annual cost is being decreased from \$92.9 million to \$38.11 million.<sup>9</sup> This net decrease of \$54.79 million<sup>10</sup> is attributable to a reduction in the number of money market mutual funds, updated information from money

<sup>5</sup> The staff estimated the annual cost of preserving the required books and records by identifying the annual costs incurred by several funds and then relating this total cost to the average net assets of these funds during the year. With a total of \$403.6 billion under management in small funds, \$60.4 billion under management in medium funds and \$3.1 trillion under management in large funds, the costs of preservation were estimated as follows:  $(0.0051295 \times \$403.6 \text{ billion}) + (0.0005041 \times \$60.4 \text{ billion}) + (0.0000009 \times \$3.1 \text{ trillion}) = \$35.31 \text{ million}$ . For purposes of this PRA submission, Commission staff used the following categories for fund sizes: (i) Small—money market funds with \$50 million or less in assets under management; (ii) medium—money market funds with more than \$50 million up to and including \$1 billion in assets under management; and (iii) large—money market funds with more than \$1 billion in assets under management.

<sup>6</sup> This estimate is based on the following calculation:  $\$0.0000132 \times \$3.1 \text{ trillion in assets under management for large funds} = \$40.9 \text{ million}$ .

<sup>7</sup> This estimate is based on the following calculation:  $\$40.9 \text{ million in capital costs}/2 = \$20.45 \text{ million}$ .

<sup>8</sup> This estimate is based on the following calculation:  $\$35.31 \text{ million in record preservation costs}/2 = \$17.65 \text{ million}$ .

<sup>9</sup> This estimate is based on the following calculation:  $\$35.31 \text{ million in record preservation costs} + \$40.9 \text{ million in capital costs} - \$17.65 \text{ million in record preservation costs absent rule 2a-7 requirements} - \$20.45 \text{ million in capital costs absent rule 2a-7 requirements} = \$38.11 \text{ million}$ .

<sup>10</sup> This estimate is based on the following calculation:  $\$92.9 \text{ million} - \$38.11 \text{ million} = \$54.79 \text{ million}$ .

market funds regarding assets under management, as well as deducting the \$38.1 million<sup>11</sup> in capital and preservation costs a money market fund would incur absent the requirements of rule 2a-7.

These estimates of burden hours and costs are made solely for the purposes of the Paperwork Reduction Act. The estimates are not derived from a comprehensive or even a representative survey or study of Commission rules.

The collections of information required by rule 2a-7 are necessary to obtain the benefits described above. Notices to the Commission 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 proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency'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 Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, C/O Candace Kenner, 100 F Street NE, Washington, DC 20549; or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: November 6, 2018.

**Eduardo A. Aleman,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

**TIME AND DATE:** Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and

<sup>11</sup> This estimate is based on the following calculation if rule 2a-7 compliance was not required for a money market fund:  $\$20.45 \text{ million in capital costs} + \$17.65 \text{ million in record preservation} = \$38.1 \text{ million}$ .

Exchange Commission staff will hold a public roundtable on Thursday, November 15, 2018 at 9:30 a.m.

**PLACE:** The roundtable will be held in the Auditorium at the Commission's headquarters, 100 F Street NE, Washington, DC.

**STATUS:** The meeting will begin at 9:30 a.m. and will be open to the public. Seating will be on a first-come, first-served basis. Doors will open at 9:00 a.m. Visitors will be subject to security checks. The meeting will be webcast on the Commission's website at [www.sec.gov](http://www.sec.gov).

**MATTERS TO BE CONSIDERED:** The Commission staff will host a roundtable on the proxy process. The roundtable is open to the public and the public is invited to submit written comments. This Sunshine Act notice is being issued because a majority of the Commission may attend the roundtable.

The agenda for the roundtable will focus on key aspects of the U.S. proxy system, including proxy voting mechanics and technology, the shareholder proposal process, and the role and regulation of proxy advisory firms.

**CONTACT PERSON FOR MORE INFORMATION:** For further information, please contact Brent J. Fields from the Office of the Secretary at (202) 551-5400.

Dated: November 6, 2018.

**Brent J. Fields,**  
Secretary.

[FR Doc. 2018-24632 Filed 11-7-18; 11:15 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84539; File No. SR-ISE-2018-88]

### Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend ISE Rule 2008(g), Pricing When Primary Market Does Not Open

November 5, 2018.

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 23, 2018, Nasdaq ISE, LLC ("ISE" or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is

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

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