

approximately 178 amendments made annually by transfer agents to their Form TA-1 as required by Rule 17Ac2-1(c) to address information that has become inaccurate, misleading, or incomplete and approximately 8 new applications by transfer agents for registration on Form TA-1 as required by Rule 17Ac2-1(a). Based on past submissions, the staff estimates that on average approximately twelve hours are required for initial completion of Form TA-1 and that on average one and one-half hours are required for an amendment to Form TA-1 by each such firm. Thus, the subtotal burden for new applications for registration filed on Form TA-1 each year is 96 hours (12 hours times 8 filers) and the subtotal burden for amendments to Form TA-1 filed each year is 267 hours (1.5 hours times 178 filers). The cumulative total is 363 burden hours per year (96 hours plus 267 hours).

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed 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.

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.

Please direct your written comments to: Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE, Washington, DC 20549, or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: February 26, 2018.

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

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

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

#### Extension:

Rule 12f-1, SEC File No. 270-139, OMB Control No. 3235-0128

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information provided for in Rule 12f-1 (17 CFR 240.12f-1), under the Securities Exchange Act of 1934 ("Act") (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 12f-1 ("Rule"), originally adopted in 1979 pursuant to Sections 12(f) and 23(a) of the Act, and as further modified in 1995 and 2005, sets forth the requirements for filing an exchange application to reinstate unlisted trading privileges ("UTP") in a security in which UTP has been suspended by the Commission pursuant to Section 12(f)(2)(A) of the Act. Under Rule 12f-1, an exchange must submit one copy of an application for reinstatement of UTP to the Commission that contains specified information, as set forth in the Rule. The application for reinstatement, pursuant to the Rule, must provide the name of the issuer, the title of the security, the name of each national securities exchange, if any, on which the security is listed or admitted to unlisted trading privileges, whether transaction information concerning the security is reported pursuant to an effective transaction reporting plan contemplated by Rule 601 of Regulation NMS, the date of the Commission's suspension of unlisted trading privileges in the security on the exchange, and any other pertinent information related to whether the reinstatement of UTP in the subject security is consistent with the maintenance of fair and orderly markets and the protection of investors. Rule 12f-1 further requires a national securities exchange seeking to reinstate its ability to extend unlisted trading privileges in a security to indicate that it has provided a copy of such application to the issuer of the security, as well as to any other national

securities exchange on which the security is listed or admitted to unlisted trading privileges.

The information required by Rule 12f-1 enables the Commission to make the necessary findings under the Act prior to granting applications to reinstate unlisted trading privileges. This information is also made available to members of the public who may wish to comment upon the applications. Without the Rule, the Commission would be unable to fulfill these statutory responsibilities.

There are currently 21 national securities exchanges subject to Rule 12f-1. The burden of complying with Rule 12f-1 arises when a potential respondent seeks to reinstate its ability to extend unlisted trading privileges to any security for which unlisted trading privileges have been suspended by the Commission, pursuant to Section 12(f)(2)(A) of the Act. The staff estimates that each application would require approximately one hour to complete. Thus each potential respondent would incur on average one burden hour in complying with the Rule.

The Commission staff estimates that there could be as many as 21 responses annually for an aggregate hour burden for all respondents of 21 hours (21 responses × 1 hour per response). Each respondent's related internal cost of compliance for Rule 12f-1 would be \$221.00, or, the cost of one hour of professional work of a paralegal needed to complete the application. The total annual cost of compliance for all potential respondents, therefore, is \$4,641 (21 responses × \$221.00 per response).

Compliance with Rule 12f-1 is mandatory. Rule 12f-1 does not have a record retention requirement *per se*. However, responses made pursuant to Rule 12f-1 are subject to the recordkeeping requirements of Rules 17a-3 and 17a-4 of the Act. Information received in response to Rule 12f-1 shall not be kept confidential; the information collected is public information.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed 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.

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Dated: February 26, 2018.

**Eduardo A. Aleman,**  
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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82779; File No. SR-FICC-2018-801]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Advance Notice Filing of Proposed Changes to the Method of Calculating Netting Members' Margin in the Government Securities Division Rulebook

February 26, 2018.

Pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")<sup>1</sup> and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 as amended ("Act"),<sup>2</sup> notice is hereby given that on January 12, 2018, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the advance notice SR-FICC-2018-801 ("Advance Notice") as described in Items I, II and III below, which Items have been prepared by the clearing agency.<sup>3</sup> The Commission is publishing this notice to solicit comments on the Advance Notice from interested persons.

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> On January 12, 2018, FICC also filed a proposed rule change (SR-FICC-2018-001) with the Commission pursuant to Section 19(b)(1) of the Act, 15 U.S.C. 78s(b)(1), and Rule 19b-4, 17 CFR 240.19b-4, seeking approval of changes to its rules necessary to implement the proposal. A copy of the proposed rule change is available at <http://www.dtcc.com/legal/sec-rule-filings.aspx>.

### I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

This Advance Notice consists of amendments to FICC's Government Securities Division ("GSD") Rulebook (the "GSD Rules")<sup>4</sup> in order to propose changes to GSD's method of calculating Netting Members' margin, referred to in the GSD Rules as the Required Fund Deposit amount.<sup>5</sup> Specifically, FICC is proposing to (1) change its method of calculating the VaR Charge component, (2) add a new component referred to as the "Blackout Period Exposure Adjustment" (as defined in Item II.(B)I below), (3) eliminate the Blackout Period Exposure Charge and the Coverage Charge components, (4) amend the Backtesting Charge component to (i) include the backtesting deficiencies of certain GCF Counterparties during the Blackout Period<sup>6</sup> and (ii) give GSD the ability to assess the Backtesting Charge on an intraday basis for all Netting Members, and (5) amend the calculation for determining the Excess Capital Premium for Broker Netting Members, Inter-Dealer Broker Netting Members and Dealer Netting Members. In addition, FICC is proposing to provide transparency with respect to GSD's existing authority to calculate and assess Intraday Supplemental Fund Deposit amounts.<sup>7</sup>

FICC has also provided the following documentation to the Commission:

1. Backtesting results that reflect FICC's comparison of the aggregate Clearing Fund requirement ("CFR") under GSD's current methodology and the aggregate CFR under the proposed methodology (as listed in the first paragraph above) to historical returns of end-of-day snapshots of each Netting Member's portfolio for the period May 2016 through October 2017. The CFR backtesting results under the proposed methodology were calculated in two ways for end-of-day portfolios: One set of results included the proposed Blackout Period Exposure Adjustment and the other set of results excluded the

<sup>4</sup> Available at DTCC's website, [www.dtcc.com/legal/rules-and-procedures.aspx](http://www.dtcc.com/legal/rules-and-procedures.aspx). Capitalized terms used herein and not defined shall have the meaning assigned to such terms in the GSD Rules.

<sup>5</sup> *Id.* at GSD Rules 1 and 4.

<sup>6</sup> As further discussed in Item II.(B)I. below, the proposed Backtesting Charge would consider a GCF Counterparty's backtesting deficiencies that are attributable to GCF Repo Transactions collateralized with mortgage-backed securities during the Blackout Period.

<sup>7</sup> Pursuant to the GSD Rules, FICC has the existing authority and discretion to calculate an additional amount on an intraday basis in the form of an Intraday Supplemental Clearing Fund Deposit. See GSD Rules 1 and 4, Section 2a, *supra* note 4.

proposed Blackout Period Exposure Adjustment.

2. An impact study that shows the portfolio level VaR Charge under the proposed methodology for the period January 3, 2013 through December 30, 2016,<sup>8</sup> and

3. An impact study that shows the aggregate Required Fund Deposit amount by Netting Member for the period May 1, 2017 through November 30, 2017.

4. The GSD Initial Margin Model (the "QRM Methodology") which would reflect the proposed methodology of the VaR Charge calculation and the proposed Blackout Period Exposure Adjustment.

FICC is requesting confidential treatment of the above-referenced backtesting results, impact studies and QRM Methodology, and has filed it separately with the Commission.<sup>9</sup>

### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the Advance Notice and discussed any comments it received on the Advance Notice. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A and B below, of the most significant aspects of such statements.

#### (A) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants, or Others

Written comments relating to the proposed rule changes have not been solicited or received. FICC will notify the Commission of any written comments received by FICC.

#### (B) Advance Notice Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

##### I. Description of the Change

The purpose of this filing is to amend the GSD Rules to propose changes to GSD's method of calculating Netting Members' margin, referred to in the GSD Rules as the Required Fund Deposit amount. Specifically, FICC is proposing to (1) change its method of calculating the VaR Charge component, (2) add the Blackout Period Exposure Adjustment

<sup>8</sup> This period includes market stress events such as the U.S. presidential election, United Kingdom's vote to leave the European Union, and the 2013 spike in U.S. Treasury yields which resulted from the Federal Reserve's plans to reduce its balance sheet purchases.

<sup>9</sup> See 17 CFR 240-24b-2.