

Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 18a–2 (17 CFR 240.18a–2), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (“Exchange Act”).

Rule 18a–2 establishes capital requirements for nonbank major security-based swap participants that are also not registered as broker-dealers (“nonbank MSBSPs”). In particular, a nonbank MSBSP is required at all times to have and maintain positive tangible net worth.

Under Rule 18a–2, nonbank MSBSPs also need to comply with Exchange Act Rule 15c3–4 (17 CFR 240.15c3–4), which requires OTC derivatives dealers and other firms subject to its provisions to establish, document, and maintain a system of internal risk management controls to assist the firm in managing the risk associated with its business activities, including market, credit, leverage, liquidity, legal, and operational risks.

The staff previously estimated that 5 or fewer nonbank entities would register with the Commission as MSBSPs. The staff continues to estimate that 5 or fewer nonbank entities will register with the Commission as MSBSPs, although currently no such entities have registered. These nonbank MSBSPs will be required to establish, document, and regularly review and update risk management control systems with respect to market, credit, leverage, liquidity, legal and operational risks. Based on similar estimates for OTC derivatives dealers, the Commission staff believes that each nonbank MSBSP will spend approximately 2,000 hours to implement its risk management control system, resulting in a one-time industry-wide hour burden of approximately 10,000 recordkeeping hours, or approximately 3,333 hours per year when annualized over 3 years.¹

Based on similar estimates for OTC derivatives dealers, the staff further estimates that each of these firms will spend approximately 250 hours per year reviewing and updating its risk management control systems, resulting in an ongoing annual industry-wide hour burden of approximately 1,250 recordkeeping hours per year.²

Taken together, the total industry-wide recordkeeping hour burden is approximately 4,583 hours per year.³

Because nonbank MSBSPs may not initially have the systems or expertise internally to meet the risk management requirements of Rule 18a–2, these firms will likely hire an outside risk management consultant to assist them in implementing their risk management systems. The staff estimates that each firm will hire an outside management consultant for approximately 200 hours at a cost of approximately \$400 per hour, for a one-time external management consulting cost of approximately \$80,000 per respondent, and a total one-time industry management consulting cost of approximately \$400,000, or approximately \$133,333 per year⁴ when annualized over 3 years.

Nonbank MSBSPs may incur start-up costs to comply with Rule 18a–2, including information technology costs. The information technology systems of a nonbank MSBSP may be in varying stages of readiness to enable these firms to meet the requirements of Rule 18a–2, so the cost of modifying their information technology systems could vary significantly among firms. Based on estimates for similar collections of information,⁵ the Commission staff expects that each nonbank MSBSP will spend an average of approximately \$16,000 for one-time initial hardware and software external expenses, for a total one-time industry-wide external information technology cost of approximately \$80,000, or approximately \$26,667 per year⁶ when annualized over 3 years. Based on the estimates for these similar collections of information, the average ongoing external cost to meet the information technology requirements of Rule 18a–2 will be approximately \$20,500 per nonbank MSBSP. This will result in an ongoing annual industry-wide external information technology cost of approximately \$102,500.⁷ Taken together, the total industry-wide information technology related cost burden is approximately \$129,167 per year.⁸

Therefore, the total industry-wide recordkeeping cost burden is

⁴ 5 MSBSPs × 200 hours × \$400/hour = \$400,000. Annualized over three years, this industry-wide burden is approximately \$133,333 per year (\$400,000/3 years = \$133,333.33 rounded down to \$133,333).

⁵ See *Risk Management Controls for Broker or Dealers with Market Access*, Exchange Act Release No. 6321 (Nov. 3, 2010), 75 FR 69792, 69814 (Nov. 15, 2010).

⁶ 5 MSBSPs × \$16,000/3 years = \$26,666.666, rounded up to \$26,667.

⁷ 5 MSBSP × \$20,500 = \$102,500.

⁸ \$80,000/3 years + \$102,500 = \$129,166.667 rounded up to \$129,167.

approximately \$262,500 per year (\$133,333 + \$129,167 = \$262,500).

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 view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent by October 3, 2022 to (i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 29, 2022.

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–42, OMB Control No. 3235–0047]

**Submission for OMB Review;
Comment Request; Extension: Rule 204–3**

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 a request for extension of the previously approved collection of information discussed below.

The title for the collection of information is “Rule 204–3 (17 CFR 275.204–3) under the Investment Advisers Act of 1940.” (15 U.S.C. 80b). Rule 204–3, the “brochure rule,” requires advisers to deliver their brochures and brochure supplements at the start of an advisory relationship and to deliver annually thereafter the full updated brochures or a summary of material changes to their brochures. The rule also requires that advisers deliver amended brochures or brochure

¹ 5 MSBSPs × 2,000 hours = 10,000 hours. This one-time burden annualized over a 3-year period is approximately 3,333 hours industry-wide (10,000 hours/3 = 3,333.33 rounded down to 3,333).

² 5 MSBSPs × 250 hours/year = 1,250 hours/year.

³ 2,000 hours/3 years = 3,333.33 + 1,250 hours = 4,583.33 hours rounded down to 4,583.

supplements (or just a statement describing the amendments) to clients only when disciplinary information in the brochures or supplements becomes materially inaccurate.

The brochure assists the client in determining whether to retain, or continue employing, the adviser. The information that rule 204–3 requires to be contained in the brochure is also used by the Commission and staff in its enforcement, regulatory, and examination programs. This collection of information is found at 17 CFR 275.204–3 and is mandatory.

The respondents to this information collection are certain investment advisers registered with the Commission. The Commission has estimated that compliance with rule 204–3 imposes a burden of approximately 3.9 hours annually based on advisers having a median of 92 clients each. Our latest data indicate that there were 14,777 advisers registered with the Commission as of March 31, 2022. Based on this figure, the Commission estimates a total annual burden of 57,589 hours for this collection of information.

Rule 204–3 does not require recordkeeping or record retention. The collection of information requirements under the rule are mandatory. The information collected pursuant to the rule is not filed with the Commission, but rather takes the form of disclosures to clients and prospective clients. Accordingly, these disclosures are not 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.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice by October 3, 2022 to (i) MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 29, 2022.

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–176, OMB Control No. 3235–0311]

Submission for OMB Review; Comment Request; Extension: Rule 7d–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. 3501–3520), the Securities and Exchange Commission (the “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 7(d) of the Investment Company Act of 1940 (15 U.S.C. 80a–7(d)) (the “Act” or “Investment Company Act”) requires an investment company (“fund”) organized outside the United States (“foreign fund”) to obtain an order from the Commission allowing the fund to register under the Act before making a public offering of its securities through the United States mail or any means of interstate commerce. The Commission may issue an order only if it finds that it is both legally and practically feasible effectively to enforce the provisions of the Act against the foreign fund, and that the registration of the fund is consistent with the public interest and protection of investors.

Rule 7d–1 (17 CFR 270.7d–1) under the Act, which was adopted in 1954, specifies the conditions under which a Canadian management investment company (“Canadian fund”) may request an order from the Commission permitting it to register under the Act. Although rule 7d–1 by its terms applies only to Canadian funds, other foreign funds generally have agreed to comply with the requirements of rule 7d–1 as a prerequisite to receiving an order permitting the foreign fund’s registration under the Act.

The rule requires a Canadian fund proposing to register under the Act to file an application with the Commission that contains various undertakings and agreements of the fund. The requirement for the Canadian fund to file an application is a collection of information under the Paperwork Reduction Act. Certain of the undertakings and agreements, in turn, impose the following additional information collection requirements:

(1) the fund must file with the Commission agreements between the fund and its

directors, officers, and service providers requiring them to comply with the fund’s charter and bylaws, the Act, and certain other obligations relating to the undertakings and agreements in the application;

(2) the fund and each of its directors, officers, and investment advisers that is not a U.S. resident, must file with the Commission an irrevocable designation of the fund’s custodian in the United States as agent for service of process;

(3) the fund’s charter and bylaws must provide that (a) the fund will comply with certain provisions of the Act applicable to all funds, (b) the fund will maintain originals or copies of its books and records in the United States, and (c) the fund’s contracts with its custodian, investment adviser, and principal underwriter, will contain certain terms, including a requirement that the adviser maintain originals or copies of pertinent records in the United States;

(4) the fund’s contracts with service providers will require that the provider perform the contract in accordance with the Act, the Securities Act of 1933 (15 U.S.C. 77a), and the Securities Exchange Act of 1934 (15 U.S.C. 78a), as applicable; and

(5) the fund must file, and periodically revise, a list of persons affiliated with the fund or its adviser or underwriter.

As noted above, under section 7(d) of the Act the Commission may issue an order permitting a foreign fund’s registration only if the Commission finds that “by reason of special circumstances or arrangements, it is both legally and practically feasible effectively to enforce the provisions of the (Act).” The information collection requirements are necessary to ensure that the substantive provisions of the Act may be enforced as a matter of contract right in the United States or Canada by the fund’s shareholders or by the Commission.

Rule 7d–1 also contains certain information collection requirements that are associated with other provisions of the Act. These requirements are applicable to all registered funds and are outside the scope of this request.

The Commission believes that one foreign fund is registered under rule 7d–1 and currently active. Apart from requirements under the Act applicable to all registered funds, rule 7d–1 imposes ongoing burdens to maintain records in the United States, and to update, as necessary, certain fund agreements, designations of the fund’s custodian as service agent, and the fund’s list of affiliated persons. The Commission staff estimates that each year under the rule, the active registrant and its directors, officers, and service providers engage in the following collections of information and associated burden hours: