

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2015-29, and should be submitted on or before April 27, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>78</sup>

**Brent J. Fields,**  
Secretary.

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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 17f-6, SEC File No. 270-392, OMB Control No. 3235-0447.

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") 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-6 (17 CFR 270.17f-6) under the Investment Company Act of 1940 (15 U.S.C. 80a) permits registered investment companies ("funds") to maintain assets (*i.e.*, margin) with

futures commission merchants ("FCMs") in connection with commodity transactions effected on both domestic and foreign exchanges. Prior to the rule's adoption, funds generally were required to maintain these assets in special accounts with a custodian bank.

The rule requires a written contract that contains certain provisions designed to ensure important safeguards and other benefits relating to the custody of fund assets by FCMs. To protect fund assets, the contract must require that FCMs comply with the segregation or secured amount requirements of the Commodity Exchange Act ("CEA") and the rules under that statute. The contract also must contain a requirement that FCMs obtain an acknowledgment from any clearing organization that the fund's assets are held on behalf of the FCM's customers according to CEA provisions.

Because rule 17f-6 does not impose any ongoing obligations on funds or FCMs, Commission staff estimates there are no costs related to *existing* contracts between funds and FCMs. This estimate does not include the time required by an FCM to comply with the rule's contract requirements because, to the extent that complying with the contract provisions could be considered "collections of information," the burden hours for compliance are already included in other PRA submissions.<sup>1</sup>

Thus, Commission staff estimates that any burden of the rule would be borne by funds and FCMs entering into *new* contracts pursuant to the rule. Commission staff estimates that approximately 291 fund complexes and 965 funds currently effect commodities transactions and could deposit margin with FCMs in connection with those transactions pursuant to rule 17f-6.<sup>2</sup> Staff further estimates that of this number, 29 fund complexes and 97 funds enter into new contracts with FCMs each year.<sup>3</sup>

<sup>1</sup> The rule requires a contract with the FCM to contain two provisions requiring the FCM to comply with existing requirements under the CEA and rules adopted thereunder. Thus, to the extent these provisions could be considered collections of information, the hours required for compliance would be included in the collection of information burden hours submitted by the CFTC for its rules.

<sup>2</sup> This estimate is based on the number of funds that reported on Form N-SAR from June 1, 2014–November 30, 2014, in response to items (b) through (i) of question 70, that they engaged in futures and commodity option transactions.

<sup>3</sup> These estimates are based on the assumption that 10% of fund complexes and funds enter into new FCM contracts each year. This assumption encompasses fund complexes and funds that enter into FCM contracts for the first time, as well as fund complexes and fund that change the FCM with whom they maintain margin accounts for commodities transactions.

Based on conversations with fund representatives, Commission staff understands that fund complexes typically enter into contracts with FCMs on behalf of all funds in the fund complex that engage in commodities transactions. Funds covered by the contract are typically listed in an attachment, which may be amended to encompass new funds. Commission staff estimates that the burden for a fund complex to enter into a contract with an FCM that contains the contract requirements of rule 17f-6 is one hour, and further estimates that the burden to add a fund to an existing contract between a fund complex and an FCM is 6 minutes.

Accordingly, Commission staff estimates that funds and FCMs spend 39 burden hours annually complying with the information collection requirements of rule 17f-6.<sup>4</sup> At \$380 per hour of professional (attorney) time, Commission staff estimates that the annual dollar cost for the 39 hours is \$14,820.<sup>5</sup> These estimates are made solely for the purposes of the Paperwork Reduction Act, and are not derived from a comprehensive or even a representative survey or study of the costs of Commission rules and forms.

Compliance with the collection of information requirements of the rule is necessary to obtain the benefit of relying on the rule. 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 after this publication.

<sup>4</sup> This estimate is based upon the following calculation: (29 fund complexes × 1 hour) + (97 funds × 0.1 hours) = 39 hours.

<sup>5</sup> The \$380 per hour figure for an attorney is from SIFMA's *Management & Professional Earnings in the Securities Industry 2013*, modified by Commission staff to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

<sup>78</sup> 17 CFR 200.30-3(a)(12).

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: March 31, 2015.

**Brent J. Fields,**

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74629; File No. SR-NASDAQ-2015-030]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ Rule 7001(c)

April 1, 2015.

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 March 26, 2015, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to modify NASDAQ Rule 7001(c) concerning market maker participant identifier<sup>3</sup> ("MPID") fees. The Exchange proposes to implement the proposed rule change on April 1, 2015.

The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com> at NASDAQ's principal office, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASDAQ included statements concerning the purpose of, and basis for,

the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

NASDAQ is proposing to increase the fee assessed under Rule 7001(c) for MPIDs. MPIDs are special alphabetical identifiers assigned to certain broker-dealers to identify the firms' transaction and quoting activity. NASDAQ administers the assignment of MPIDs, which may be requested by a broker-dealer for use on NASDAQ systems, reporting to the Financial Industry Regulatory Authority ("FINRA"), or a combination of the two. NASDAQ member firms must subscribe to at least one MPID upon gaining NASDAQ membership, but may also request additional MPIDs. Member firms are not assessed a fee for an MPID used exclusively for reporting information to facilities of FINRA, such as the FINRA/NASDAQ Trade Reporting Facility.

In December 2014, NASDAQ modified how the fee under Rule 7001(c) is assessed by reducing the fee, but applying the fee to all MPIDs subscribed.<sup>4</sup> The rule had previously provided that the first MPID subscribed was available at no cost. In making the change, the Exchange more closely aligned the fee assessed with the benefit provided and the costs incurred in offering an MPID, which includes regulatory oversight associated with each MPID. The Exchange is now proposing to modestly increase the fee assessed for subscription to an MPID from \$500 to \$550 per month.

##### 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup> in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,<sup>6</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or

controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

NASDAQ believes that the proposed change is reasonable because it has reviewed the impact of the prior change to the fee and is now proposing to modestly increase the fee to ensure that NASDAQ is able to realize a reasonable profit in addition to covering costs. The Exchange believes that it is reasonable to adjust fees from time to time so that it can continue to make a profit on the products and services it offers. Ensuring that its products and services provide the Exchange with a profit allows it continue to offer and enhance such products and services, such as MPIDs. Moreover, the Exchange notes that its membership fees will continue to remain substantially lower than the analogous fees assessed by the New York Stock Exchange for membership.<sup>7</sup> The Exchange believes that the proposed change is both an equitable allocation and is not designed to permit unfair discrimination between member firms because the fee is applied to all member firms equally based on the number of MPIDs subscribed.

#### B. Self-Regulatory Organization's Statement on Burden on Competition

NASDAQ does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.<sup>8</sup> NASDAQ does not believe that the proposed rule change places an unnecessary burden on competition because it is a modest fee increase that will allow NASDAQ to realize a reasonable profit in addition to covering costs. As noted above, NASDAQ's membership fees remain substantially lower than the analogous fees of the NYSE, and membership fees are subject to competition from other exchanges. Accordingly, if the changes proposed herein are unattractive to market participants, it is likely that NASDAQ will experience a decline in membership and/or order flow as a result.

<sup>7</sup> The Exchange believes that the New York Stock Exchange ("NYSE") Trading License Fee is analogous to membership fees of NASDAQ as they both provide access to the trading facilities of their respective exchanges. In this regard, NYSE assesses an annual fee of \$50,000 for the first license held by a member organization, and \$15,000 for each additional license. See [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE\\_Price\\_List.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf). By contrast, NASDAQ would assess the proposed monthly fee of \$550 per MPID (\$6,600 annually), an annual membership fee of \$3,000, and a monthly trading rights fee of \$1,000 (\$12,000 annually). See NASDAQ Rule 7001(a).

<sup>8</sup> 15 U.S.C. 78f(b)(8).

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

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

<sup>3</sup> When applied to a market maker, sometimes referred to as a "maker participant identifier."

<sup>4</sup> See Securities Exchange Act Release No. 73705 (December 1, 2015), 79 FR 72221 (December 5, 2014)(SR-NASDAQ-2014-118).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).