

enhancements to the CRRM would improve FICC's member credit risk evaluation process by (1) expanding the CRRM's credit rating capability and thereby providing more comprehensive credit risk coverage of FICC membership, (2) enabling the CRRM to generate more consistent and comprehensive credit ratings for members and thereby reducing the need and frequency for manual downgrades and (3) enabling the CRRM to generate credit ratings for members that are more reflective of the members' default risk. However, FICC recognizes that any change to its member credit risk evaluation process, such as the proposed rule change, may impose a burden on competition in terms of potential impact on members' credit ratings and their Clearing Fund deposits. Nevertheless, FICC believes that any burden on competition derived from the proposed rule change would be necessary and appropriate in furtherance of the Act because the proposed enhancements to the CRRM would help improve FICC's membership monitoring process and thus better enable FICC to safeguard the securities and funds which are in its custody or control or for which it is responsible. Furthermore, the proposed enhancements to the CRRM would also assist FICC in identifying, measuring, monitoring and managing risks that arise in or are born by FICC. As such, FICC does not believe the proposed enhancements to the CRRM would impose any burden on competition that is not necessary or appropriate in furtherance of the Act.

FICC does not believe that the proposed rule changes to (1) GSD Rule 1 (Definitions of Credit Risk Rating Matrix and Watch List), GSD Rule 3 (Sections 7 and 12), GSD Rules 5, 11 and 18 and (2) MBSD Rule 1 (Definitions of Credit Risk Rating Matrix and Watch List) and MBSD Rule 3 (Sections 6 and 11) that are unrelated to the proposed CRRM enhancements would have any impact on competition because each of such proposed rule changes is designed to provide additional specificity, clarity and transparency in the Rules regarding FICC's current ongoing membership monitoring process by expressly providing in the Rules FICC's current practices with respect to such process. As such, these proposed rule changes would not impact FICC members or impose any burden on competition.

*(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

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

**III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

**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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FICC-2017-006 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

All submissions should refer to File Number SR-FICC-2017-006. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent 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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of FICC and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-FICC-2017-006 and should be submitted on or before May 2, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Eduardo A. Aleman,**

*Assistant 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 15c2-11, SEC File No. 270-196, OMB Control No. 3235-0202

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 15c2-11, (17 CFR 240.15c2-11), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) ("Exchange Act"). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 15c2-11 under the Securities Exchange Act regulates the initiation or resumption of quotations in a quotation

<sup>24</sup> 17 CFR 200.30-3(a)(12).

medium by a broker-dealer for over-the-counter ("OTC") securities. The Rule was designed primarily to prevent certain manipulative and fraudulent trading schemes that had arisen in connection with the distribution and trading of unregistered securities issued by shell companies or other companies having outstanding but infrequently traded securities. Subject to certain exceptions, the Rule prohibits broker-dealers from publishing a quotation for a security, or submitting a quotation for publication, in a quotation medium unless they have reviewed specified information concerning the security and the issuer.

Based on information provided by Financial Industry Regulatory Authority, Inc. ("FINRA"), in the 2016 calendar year, FINRA received approximately 461 applications from broker-dealers to initiate or resume publication of quotations of covered OTC securities on the OTC Bulletin Board and/or OTC Link or other quotation mediums. We estimate that (i) 195 of the covered OTC securities were issued by reporting issuers, while the other 266 were issued by non-reporting issuers, and (ii) it will take a broker-dealer about 4 hours to review, record and retain the information pertaining to a reporting issuer, and about 8 hours to review, record and retain the information pertaining to a non-reporting issuer.

We therefore estimate that broker-dealers who initiate or resume publication of quotations for covered OTC securities of reporting issuers will require 780 hours ( $195 \times 4$ ) to review, record and retain the information required by the Rule. We estimate that broker-dealers who initiate or resume publication of quotations for covered OTC securities of non-reporting issuers will require 2,128 hours ( $266 \times 8$ ) to review, record and retain the information required by the Rule. Thus, we estimate the total annual burden hours for broker-dealers to initiate or resume publication of quotations of covered OTC securities to be 2908 hours ( $780 + 2,128$ ). The Commission believes that compliance costs for these 2,908 hours would be borne by internal staff working at a rate of \$57 per hour.<sup>1</sup>

Subject to certain exceptions, the Rule prohibits broker-dealers from publishing a quotation for a security, or submitting a quotation for publication, in a quotation medium unless they have

reviewed specified information concerning the security and the issuer. The broker-dealer must also make the information reasonably available upon request to any person expressing an interest in a proposed transaction in the security with such broker or dealer. The collection of information that is submitted to FINRA for review and approval is currently not available to the public from FINRA.

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 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: April 6, 2017.

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

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80381; File No. SR-NSCC-2017-002]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Enhance the Credit Risk Rating Matrix and Make Other Changes

April 5, 2017.

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 22, 2017, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change 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 proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to NSCC's Rules and Procedures ("Rules").<sup>4</sup> The proposed rule change would amend the Rules in order to (i) enhance the matrix (hereinafter referred to as the "Credit Risk Rating Matrix" or "CRRM")<sup>5</sup> developed by NSCC to evaluate the risks posed by certain Members ("CRRM-Rated Members") to NSCC and its Members from providing services to these CRRM-Rated Members and (ii) make other amendments to the Rules to provide more transparency and clarity regarding NSCC's current ongoing membership monitoring process.

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

<sup>3</sup> On March 22, 2017, NSCC filed this proposed rule change as an advance notice (SR-NSCC-2017-801) with the Commission 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, 12 U.S.C. 5465(e)(1), and Rule 19b-4(n)(1)(i) of the Act, 17 CFR 240.19b-4(n)(1)(i). A copy of the advance notice is available at <http://www.dtcc.com/legal/sec-rule-filings.aspx>.

<sup>4</sup> Capitalized terms not defined herein are defined in the Rules, available at [http://www.dtcc.com/~media/Files/Downloads/legal/rules/nsc\\_rules.pdf](http://www.dtcc.com/~media/Files/Downloads/legal/rules/nsc_rules.pdf).

<sup>5</sup> The proposed rule changes with respect to the enhancement of the CRRM are reflected in the inclusion of (i) qualitative factors and examples thereof in the proposed new definition for "Credit Risk Rating Matrix" in Rule 1 and (ii) Members that are foreign banks or trust companies that have audited financial data that is publicly available in Section 4(b)(i) of Rule 2B.

<sup>1</sup> \$57 per hour figure for a General Clerk is from SIFMA's Office Salaries in the Securities Industry 2013, modified by Commission staff to account for an 1,800-hourwork-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

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

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