

Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: *Shagufta Ahmed@omb.eop.gov*; and (ii) 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*. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 26, 2016.

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2016-10368 Filed 5-3-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-10074; 34-77743; File No. 265-27]

### SEC Advisory Committee on Small and Emerging Companies

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of meeting.

**SUMMARY:** The Securities and Exchange Commission Advisory Committee on Small and Emerging Companies is providing notice that it will hold a public meeting on Wednesday, May 18, 2016, in Multi-Purpose Room LL-006 at the Commission's headquarters, 100 F Street NE., Washington, DC. The meeting will begin at 9:30 a.m. (EDT) and will be open to the public. The meeting will be webcast on the Commission's Web site at *www.sec.gov*. Persons needing special accommodations to take part because of a disability should notify the contact person listed below. The public is invited to submit written statements to the Committee. The agenda for the meeting includes matters relating to rules and regulations affecting small and emerging companies under the federal securities laws.

**DATES:** The public meeting will be held on Wednesday, May 18, 2016. Written statements should be received on or before May 16, 2016.

**ADDRESSES:** The meeting will be held at the Commission's headquarters, 100 F Street NE., Washington, DC. Written statements may be submitted by any of the following methods:

#### *Electronic Statements*

- Use the Commission's Internet submission form (*http://www.sec.gov/info/smallbus/acsec.shtml*); or

- Send an email message to *rule-comments@sec.gov*. Please include File Number 265-27 on the subject line; or *Paper Statements*

- Send paper statements to Brent J. Fields, Federal Advisory Committee Management Officer, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File No. 265-27. This file number should be included on the subject line if email is used. To help us process and review your statement more efficiently, please use only one method. The Commission will post all statements on the Advisory Committee's Web site (*http://www.sec.gov/spotlight/acsec-spotlight.shtml*).

Statements also 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. All statements received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

**FOR FURTHER INFORMATION CONTACT:** Julie Z. Davis, Senior Special Counsel, at (202) 551-3460, Office of Small Business Policy, Division of Corporation Finance, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-3628.

**SUPPLEMENTARY INFORMATION:** In accordance with Section 10(a) of the Federal Advisory Committee Act, 5 U.S.C.—App. 1, and the regulations thereunder, Keith Higgins, Designated Federal Officer of the Committee, has ordered publication of this notice.

Dated: April 29, 2016.

**Brent J. Fields,**

*Committee Management Officer.*

[FR Doc. 2016-10406 Filed 5-3-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No 34-77744; File No. SR-MSRB-2016-04]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Order Granting Approval of a Proposed Rule Change Consisting of Proposed Amendments to Rules G-12 and G-15 To Define Regular-Way Settlement for Municipal Securities Transactions as Occurring on a Two-Day Settlement Cycle and Technical Conforming Amendments

April 29, 2016.

#### I. Introduction

On March 1, 2016, the Municipal Securities Rulemaking Board (the "MSRB" or "Board") filed with the Securities and Exchange Commission (the "SEC" or "Commission"), 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> a proposed rule change consisting of proposed amendments to the MSRB Rules G-12 and G-15 to define regular-way settlement for municipal securities transactions as occurring on a two-day settlement cycle and technical conforming amendments (the "proposed rule change").

The proposed rule change was published for comment in the **Federal Register** on March 18, 2016.<sup>3</sup> The Commission received four comment letters on the proposed rule change.<sup>4</sup> This order approves the proposed rule change.

#### II. Description of the Proposed Rule Change

The MSRB's proposed rule change consists of proposed amendments to Rule G-12, on uniform practice, and Rule G-15, on confirmation, clearance, settlement and other uniform practice requirements with respect to transactions with customers, to define

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

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

<sup>3</sup> Securities Exchange Act Release No. 77364 (Mar. 14, 2016), 81 FR 14906 (Mar. 18, 2016) (the "Notice of Filing").

<sup>4</sup> See Letters from Martin A. Burns, Chief Industry Operations Officer, Investment Company Institute ("ICI"), dated April 4, 2016 ("ICI Letter"); Michael Nicholas, Chief Executive Office, Bond Dealers of America ("BDA"), dated April 8, 2016 ("BDA Letter"); Leslie M. Norwood, Managing Director and Associate General Counsel, Securities Industry Financial Markets Association ("SIFMA"), dated April 8, 2016 ("SIFMA Letter"); David T. Bellaire, Executive Vice President & General Counsel, Financial Services Institute ("FSI"), dated April 8, 2016 ("FSI Letter" and, together with the BDA Letter, the ICI Letter, and the SIFMA Letter, the "Comment Letters").

regular-way settlement for municipal securities transactions as occurring on a two-day settlement cycle (“T+2”) and technical conforming amendments.<sup>5</sup> According to the MSRB, following the financial crisis in 2008, regulators implemented additional rules and regulations designed to reduce risk in the markets, achieve greater transparency and improve efficiency in the financial industry.<sup>6</sup> Consistent with those goals, the MSRB stated that the securities industry launched a voluntary initiative to shorten the settlement cycle for securities transactions to reduce counterparty risk, decrease clearing capital requirements, reduce liquidity demands, and harmonize the settlement cycle globally.<sup>7</sup>

The MSRB has identified two MSRB rules—G-12(b)(ii)(B)-(D) and Rule G-15(b)(ii)(B)-(C)—essential to facilitate the move to T+2.<sup>8</sup> As stated by the MSRB, these rules currently define regular-way settlement as occurring on a three day settlement cycle (“T+3”).<sup>9</sup> The MSRB, therefore, proposes to amend Rules G-12(b)(ii)(B)-(D) and G-15(b)(ii)(B)-(C) to define regular-way settlement as occurring on T+2, and to make certain technical conforming amendments to MSRB Rules G-12(b)(i)(B), G-15(b)(i)(B), and G-15(g)(ii)(B).<sup>10</sup>

According to the MSRB, the migration to T+2 will provide significant benefits to the financial industry broadly.<sup>11</sup> The MSRB stated that the benefits to the industry include the mitigation of counterparty risk, a decrease in margin requirements for National Securities Clearing Corporation’s (“NSCC”) clearing members, a reduction in procyclical margin and liquidity demands especially during periods of market volatility, and an increase in global settlement harmonization by aligning the U.S. markets with other major markets, such as the European Union.<sup>12</sup> The MSRB also asserted that by shortening the time between trade and execution and settlement by one business day (from T+3 to T+2), the risk of counterparty default and the capital required to mitigate this risk would be reduced.<sup>13</sup> In the MSRB’s view, the likely costs of the proposed rule change, including the changes in processes and technology as well as behavioral modifications by the industry and

investors, are justified by the likely benefits associated with transitioning to T+2.<sup>14</sup>

#### *Proposed Amendments to MSRB Rules G-12(b)(ii)(B)-(D) and G-15(b)(ii)(B)-(C)*

According to the MSRB, Rule G-12 establishes uniform industry practices for processing, clearance and settlement of transactions in municipal securities between a broker, dealer or municipal securities dealer and any other broker, dealer or municipal securities dealer.<sup>15</sup> Specifically, the MSRB noted that Rule G-12(b)(ii) defines “regular way” settlement as occurring on a T+3 basis.<sup>16</sup> As proposed by the MSRB, the proposed rule change would amend Rule G-12(b)(ii)(B)-(D) to define “regular way” settlement as occurring on a T+2 basis.<sup>17</sup>

According to the MSRB, Rule G-15 requires municipal securities brokers and municipal securities dealers to provide customers with written confirmations of transactions, containing specified information; and prescribes certain uniform practice procedures for dealers that transact municipal securities business with customers.<sup>18</sup> Specifically, the MSRB noted that Rule G-15(b)(ii) defines “regular way” settlement as occurring on a T+3 basis.<sup>19</sup> As proposed by the MSRB, the proposed rule change would amend Rule G-15(b)(ii)(B)-(C) to define “regular way” settlement as occurring on a T+2 basis.<sup>20</sup>

#### *Technical Conforming Amendments*

The MSRB has proposed technical conforming amendments to Rules G-12(b)(i)(B), G-15(b)(i)(B) and G-15(g)(ii)(B).<sup>21</sup> As proposed by the MSRB, Rules G-12(b)(i)(B) and G-15(b)(i)(B) would both be revised by replacing the reference to “National Association of Securities Dealers, Inc.” with the “Financial Industry Regulatory Authority.”<sup>22</sup> Similarly, the MSRB proposes to amend Rule G-15(g)(ii)(B) to replace the reference to “NASD Conduct Rule 2260(g),” which is retired, and replace it with the current relevant rule cite “FINRA Rule 2251(g).”<sup>23</sup>

#### *Compliance Date*

The MSRB has stated that the compliance date of the proposed rule change will be announced by the MSRB

in a notice published on the MSRB Web site, which date would correspond with the industry’s transition to a T+2 regular-way settlement, which would include amendments by the SEC to Exchange Act Rule 15c6-1(a).<sup>24</sup>

### **III. Summary of Comments Received**

As noted previously, the Commission received four comment letters on the proposed rule change.<sup>25</sup> The commenters generally support the proposed rule change. The SIFMA Letter, ICI Letter, FSI Letter, and BDA Letter, each, expressed general support for the proposed rule change.<sup>26</sup> In its comment letter, however, BDA expressed concern with respect to the impact the proposed rule change will have on certain retail investors who purchase securities by written check.<sup>27</sup> BDA made a substantially similar comment in its response to the MSRB’s Request for Comment on Changes to MSRB Rules to Facilitate Shortening the Securities Settlement Cycle, published on November 10, 2015 (the “Request for Comment”), which the MSRB addressed in the Notice of Filing.<sup>28</sup> The MSRB stated in the Notice of Filing that it believes that the vast majority of firms have access to technology that would enable their clients to deliver funds in order to settle their municipal securities trades on a T+2 basis, and firms should encourage their customers to leverage electronic funds payment to streamline processing.

The BDA Letter and the SIFMA Letter each addressed the impact of the proposed rule change on MSRB Rule G-32.<sup>29</sup> BDA expressed its desire that the MSRB leave Rule G-32 unchanged,<sup>30</sup> while SIFMA expressed its belief that the proposed rule change provided “an opportune time to revise customer disclosure requirements of brokers, dealers, and municipal securities dealers” under Rule G-32 but stated that such considerations should not impede progress of the proposed rule change.<sup>31</sup> Both BDA and SIFMA made substantially similar comments in their responses to the Request for Comment, which the MSRB noted in the Notice of Filing and stated that it may consider suggested clarifications in the future.<sup>32</sup>

The FSI Letter also expressed general support and agreement with the

<sup>5</sup> See *supra* note 3.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> See *supra* note 4.

<sup>26</sup> See SIFMA Letter; BDA Letter; ICI Letter; and FSI Letter.

<sup>27</sup> See BDA Letter.

<sup>28</sup> See *supra* note 3.

<sup>29</sup> See BDA Letter; See SIFMA Letter.

<sup>30</sup> See BDA Letter.

<sup>31</sup> See SIFMA Letter.

<sup>32</sup> See *supra* note 3.

proposed rule change, and noted interest in seeing the MSRB coordinate with other regulators and market participants to educate investors and other market participants about the effects of shortening the settlement cycle to T+2.<sup>33</sup> The MSRB stated that it expects to coordinate implementation of a T+2 regular-way settlement cycle for municipal securities transactions with other regulators.<sup>34</sup>

#### IV. Discussion and Commission Findings

The Commission has carefully considered the proposed rule change as well as the comments received. The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the MSRB.

In particular, the Commission finds that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act,<sup>35</sup> which requires, among other things, that the rules of the MSRB be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest. The Commission believes that the proposed rule change is consistent with Section 15B(b)(2)(C) of the Act because the proposed rule change is reasonably designed to remove impediments to, and perfect the mechanism of, a free and open market in municipal securities by shortening the time between trade execution and settlement by one business day. According to the MSRB, the benefits of the proposed rule change will enhance the overall efficiency of the securities markets, promote financial stability, and better align U.S. securities markets with global markets.

In approving the proposed rule change, the Commission has also considered the proposed rule change's impact on efficiency, competition, and capital formation.<sup>36</sup> The Commission does not believe that the proposed rule

change would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

For the reasons noted above, the Commission believes that the proposed rule change is consistent with the Act.

#### V. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>37</sup> that the proposed rule change (SR-MSRB-2016-04) be, and hereby is, approved.

For the Commission, pursuant to delegated authority.<sup>38</sup>

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2016-10437 Filed 5-3-16; 8:45 am]

**BILLING CODE 8011-01-P**

#### 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 0-2, SEC File No. 270-572, OMB Control No. 3235-0636.

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

Several sections of the Investment Company Act of 1940 ("Act" or "Investment Company Act")<sup>1</sup> give the Commission the authority to issue orders granting exemptions from the Act's provisions. The section that grants broadest authority is section 6(c), which provides the Commission with authority to conditionally or unconditionally exempt persons, securities or transactions from any provision of the Investment Company Act, or the rules or regulations thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.<sup>2</sup>

Rule 0-2 under the Investment Company Act,<sup>3</sup> entitled "General Requirements of Papers and Applications," prescribes general instructions for filing an application seeking exemptive relief with the Commission for which a form is not specifically prescribed. Rule 0-2 requires that each application filed with the commission have (a) a statement of authorization to file and sign the application on behalf of the applicant, (b) a verification of application and statements of fact, (c) a brief statement of the grounds for application, and (d) the name and address of each applicant and of any person to whom questions should be directed. The Commission uses the information required by rule 0-2 to decide whether the applicant should be deemed to be entitled to the action requested by the application.

Applicants for orders can include registered investment companies, affiliated persons of registered investment companies, and issuers seeking to avoid investment company status, among other entities. Commission staff estimates that it receives approximately 184 applications per year under the Act. Although each application typically is submitted on behalf of multiple entities, the entities in the vast majority of cases are related companies and are treated as a single respondent for purposes of this analysis.

The time to prepare an application depends on the complexity and/or novelty of the issues covered by the application. We estimate that the Commission receives 25 of the most time-consuming applications annually, 125 applications of medium difficulty, and 34 of the least difficult applications. Based on conversations with applicants, we estimate that in-house counsel would spend from ten to fifty hours helping to draft and review an application. We estimate a total annual hour burden to all respondents of 5,340 hours [(50 hours × 25 applications) + (30 hours × 125 applications) + (10 hours × 34 applications)].

Much of the work of preparing an application is performed by outside counsel. The cost outside counsel charges applicants depends on the complexity of the issues covered by the application and the time required for preparation. Based on conversations with attorneys who serve as outside counsel, the cost ranges from approximately \$10,000 for preparing a well-precedented, routine application to approximately \$150,000 to prepare a complex and/or novel application. This distribution gives a total estimated

<sup>33</sup> See FSI Letter.

<sup>34</sup> See *supra* note 3.

<sup>35</sup> 15 U.S.C. 78o-4(b)(2)(C).

<sup>36</sup> 15 U.S.C. 78c(f).

<sup>37</sup> 15 U.S.C. 78s(b)(2).

<sup>38</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 80a-1 *et seq.*

<sup>2</sup> 15 U.S.C. 80a-6(c).

<sup>3</sup> 17 CFR 270.0-2.