

N-17f-1 with the Commission 3 times each year, for a total of 12 responses annually.<sup>2</sup> The total annual hour burden for Form N-17f-1 is therefore estimated to be approximately 18 hours.<sup>3</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collections of information required by Form N-17f-1 is mandatory for funds that place their assets in the custody of a national securities exchange member. Responses will not be 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 Commission requests written comments on: (a) Whether the collections of information are 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 burdens 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 of this publication.

Please direct your written comments to Thomas Bayer, 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: July 21, 2014.

**Kevin M. O'Neill,**  
Deputy 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-1. SEC File No. 270-236, OMB Control No. 3235-0222.

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 (the "Commission") is soliciting comments on the collections of information summarized below. The Commission plans to submit these existing collections of information to the Office of Management and Budget for extension and approval.

Rule 17f-1 (17 CFR 270.17f-1) under the Investment Company Act of 1940 (the "Act") (15 U.S.C. 80a) is entitled: "Custody of Securities with Members of National Securities Exchanges." Rule 17f-1 provides that any registered management investment company ("fund") that wishes to place its assets in the custody of a national securities exchange member may do so only under a written contract that must be ratified initially and approved annually by a majority of the fund's board of directors. The written contract also must contain certain specified provisions. In addition, the rule requires an independent public accountant to examine the fund's assets in the custody of the exchange member at least three times during the fund's fiscal year. The rule requires the written contract and the certificate of each examination to be transmitted to the Commission. The purpose of the rule is to ensure the safekeeping of fund assets.

Commission staff estimates that each fund makes 1 response and spends an average of 3.5 hours annually in complying with the rule's requirements. Commission staff estimates that on an annual basis it takes: (i) 0.5 hours for the board of directors<sup>1</sup> to review and ratify the custodial contracts; and (ii) 3 hours for the fund's controller to assist the fund's independent public auditors in verifying the fund's assets.

Approximately 4 funds rely on the rule annually, with a total of 4 responses.<sup>2</sup> Thus, the total annual hour burden for Rule 17f-1 is approximately 14 hours.<sup>3</sup>

<sup>1</sup> Estimates of the number of hours are based on conversations with representatives of mutual funds that comply with the rule. The actual number of hours may vary significantly depending on individual fund assets. The hour burden for Rule 17f-1 does not include preparing the custody contract because that would be part of customary and usual business practice.

<sup>2</sup> Based on a review of Form N-17f-1 filings in over the last three years, the Commission staff estimates that an average of 4 funds rely on Rule 17f-1 each year.

<sup>3</sup> This estimate is based on the following calculation: (4 respondents × 3.5 hours = 14 hours). The annual burden for Rule 17f-1 does not include

Funds that rely on Rule 17f-1 generally use outside counsel to prepare the custodial contract for the board's review and to transmit the contract to the Commission. Commission staff estimates the cost of outside counsel to perform these tasks for a fund each year is \$800.<sup>4</sup> Funds also must have an independent public accountant verify the fund's assets three times each year and prepare the certificate of examination. Commission staff estimates the annual cost for an independent public accountant to perform this service is \$8,500.<sup>5</sup> Therefore, the total annual cost burden for a fund that relies on Rule 17f-1 would be approximately \$9,300.<sup>6</sup> As noted above, the staff estimates that 4 funds rely on Rule 17f-1 each year, for an estimated total annualized cost burden of \$37,200.<sup>7</sup>

The estimate of average burden hours is made solely for the purposes of the Paperwork Reduction Act, and is not derived from a comprehensive or even a representative survey or study of the costs of Commission rules. Compliance with the collections of information required by Rule 17f-1 is mandatory for funds that place their assets in the custody of a national securities exchange member. Responses will not be 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 Commission requests written comments on: (a) Whether the collections of information are 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 burdens 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

time spent preparing Form N-17f-1. The burden for Form N-17f-1 is included in a separate collection of information.

<sup>4</sup> This estimate is based on the following calculation: (2 hours of outside counsel time × \$400 = \$800). The staff has estimated the average cost of outside counsel at \$400 per hour, based on information received from funds, fund intermediaries, and their counsel.

<sup>5</sup> This estimate is based on information received from fund representatives estimating the aggregate annual cost of an independent public accountant's periodic verification of assets and preparation of the certificate of examination.

<sup>6</sup> This estimate is based on the following calculation: (\$800 + \$8,500 = \$9,300).

<sup>7</sup> This estimate is based on the following calculation: (4 funds × \$9,300 = \$37,200).

other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Thomas Bayer, 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: July 21, 2014.

**Kevin M. O'Neill,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72646; File No. SR-BATS-2014-027]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.9, 11.12, 11.18, 21.1 and 21.7 of BATS Exchange, Inc.

July 21, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 9, 2014, BATS Exchange, Inc. (the "Exchange" or "BATS") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend Rule 11.9 to add certain functionality to the Exchange's cash equities trading platform ("BATS Equities"), to add additional detail regarding existing functionality in place on BATS Equities, and to correct certain typographical errors. The Exchange also

proposes to make related changes to Rule 11.12 and to eliminate obsolete language and correct certain typographical errors in Rule 11.18, all such rules applicable to BATS Equities. Consistent with its practice of offering similar functionality for the Exchange's equity options trading platform ("BATS Options") as it does for BATS Equities, the Exchange proposes to amend Rule 21.1 to add similar functionality to BATS Options, to add additional detail regarding existing functionality in place on BATS Options, and to conform descriptions where possible between BATS Equities and BATS Options. Finally, the Exchange proposes to make related changes to Rule 21.7.

The text of the proposed rule change is available at the Exchange's Web site at <http://www.bats trading.com>, at the principal office of the Exchange, 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, the Exchange 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 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

Earlier this year, the Exchange and its affiliate BATS Y-Exchange, Inc. ("BYX") received approval to affect a merger (the "Merger") of the Exchange's parent company, BATS Global Markets, Inc., with Direct Edge Holdings LLC, the indirect parent of EDGX Exchange, Inc. ("EDGX") and EDGA Exchange, Inc. ("EDGA"), and together with BZX, BYX and EDGX, the "BGM Affiliated Exchanges").<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. Thus, many of the proposals set forth below are intended to add certain system functionality currently

offered by EDGA and/or EDGX in order to provide a consistent technology offering for users of the BGM Affiliated Exchanges. In the context of such alignment, the Exchange is also seeking to improve the transparency and understandability of its rules, and has therefore proposed various corrective and clarifying changes, as described below. Finally, as noted above, BATS Equities and BATS Options offer much of the same functionality, and thus, in adding functionality and modifying rule text related to BATS Equities, the Exchange also wishes to do the same for BATS Options.

The specific proposals set forth in more detail below include: (i) The addition of Fill-or-Kill functionality for both BATS Equities and BATS Options; (ii) the addition of a new replenishment option with respect to Reserve Orders as well as additional detail regarding the existing functionality of Reserve Orders for both BATS Equities and BATS Options; (iii) the addition of rule text regarding Minimum Quantity functionality for BATS Equities and additional detail in the BATS Options description of Minimum Quantity functionality; (iv) the addition of Stop Orders and Stop Limit Orders for both BATS Equities and BATS Options; and (v) various corrections to typographical errors in Exchange rules, elimination of obsolete language in Rule 11.18 as well as the addition of detail to the routing portion of Rule 11.18.

##### Fill-or-Kill ("FOK") Functionality BATS Equities

The Exchange proposes to add a Time-in-Force ("TIF") term of Fill-or-Kill ("FOK") to BATS Equities. BATS Equities currently offers five other TIF terms pursuant to Rule 11.9(b), including Immediate-or-Cancel ("IOC"). The Exchange proposes to add FOK as a sixth TIF option for BATS Equities, which would be numbered as 11.9(b)(6). As proposed, a FOK would be a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.

##### Example 1—FOK Executes

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User<sup>6</sup> submits a limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

<sup>6</sup> As defined in BATS Rule 1.5(cc), a User is "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3."