

example, in amending the Board TOR to specifically require the Board to annually approve the adoption of the LCH Group Risk Governance Framework and a number of LCH SA-specific policies, the proposed rule change should clarify this responsibility of the Board. Similarly, by amending the Board TOR to require that the Board take into account certain factors from an existing LCH Group policy (which has been adopted by LCH SA) prior to issuing a report to the LCH SA shareholders to recommend a dividend, the proposed rule change should clarify the factors the Board must consider when exercising this responsibility. Finally, in making the Board responsible for reviewing and approving the Nomination Committee TOR, Risk Committee TOR, Remuneration Committee TOR, Audit Committee TOR, and TSR Committee TOR annually, the proposed rule change should clarify the Board's responsibility with respect to these terms of reference.

The Commission likewise believes a number of the changes discussed above should establish clear and direct lines of responsibility for committees of the Board. In adding a reference to the TSR Committee in the Board TOR and adopting the TSR Committee TOR, the proposed rule change would establish the TSR Committee and should clearly assign the TSR Committee certain responsibilities and duties, as discussed in Part II.G above. Similarly, the proposed rule change should clearly assign the Nomination Committee certain responsibilities and duties, as specified in the Nomination Committee TOR discussed in Part II.C above. Finally, the proposed rule change should clarify the Audit Committee's responsibilities by updating references to recognize that LCH SA has more than one external auditor, requiring consideration of the auditor appointed by LSEG in respect of the wider LSEG Group when making recommendations to the Board regarding external auditors for LCH SA, and requiring review of LCH SA's annual audit plan in certain circumstances, as discussed in Part II.E above.

#### iv. Rule 17Ad-22(e)(2)(vi)

Rule 17Ad-22(e)(2)(vi) requires that LCH SA establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for governance arrangements that consider the interests of participants' customers, securities issuers and holders, and other relevant stakeholders of LCH SA.<sup>35</sup>

As discussed above, the proposed rule change would make a number of changes to ensure representation of the interests of LCH Group and LSEG. For example, the proposed rule change would establish in the Board TOR certain representation, consent, and consultation rights similar to what LSEG has in the Relationship Agreement, including representation on the Board and certain Board committees and rights to consent with respect to certain actions of the Board and amendment to the Board TOR, as discussed in Part II.B above. Similarly, with respect to Board committees, as discussed in Part II.C through II.F above, the proposed rule change would grant LSEG representation and the right to consent to certain amendments to the terms of reference. Moreover, the proposed rule change would give the LCH Group CEO the right to attend Remuneration Committee meetings as an observer and would require the CEO of LCH SA to consult with LCH Group prior to taking certain actions, as discussed in Part II.B above. The proposed rule change would also authorize LCH SA's sharing of information with LCH Group and LSEG and would add provisions to resolve possible conflicts of interest among the companies, as discussed in Part II.B above. The Commission believes that all of these changes, taken together, should help to ensure LCH SA's consideration of the interests of LSEG and LCH Group, which as discussed above, are LCH SA's indirect and direct majority shareholders.

Similarly, the Commission believes that, in providing Euronext the right to propose at least one of the director to the Board so long as certain contractual agreements remain in force, as discussed in Part II.B above, the proposed rule change should help to ensure LCH SA's consideration of the interests of Euronext, which as discussed above, is a stakeholder in LCH SA.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(2)(i), (iv), (v), and (vi).<sup>36</sup>

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Sections 17A(b)(3)(C)<sup>37</sup> and 17A(b)(3)(F) of the Act<sup>38</sup> and Rule

17Ad-22(e)(2)(i), (iv), (v), and (vi) thereunder.<sup>39</sup>

It is therefore ordered pursuant to Section 19(b)(2) of the Act<sup>40</sup> that the proposed rule change, as modified by Amendment No. 1 (SR-LCH-SA-2020-003), be, and hereby is, approved.<sup>41</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>42</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89795; File No. SR-CboeBZX-2020-003]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Withdrawal of a Proposed Rule Change, as Modified by Amendment No. 3, To List and Trade Shares of the -1x Short VIX Futures ETF Under BZX Rule 14.11(f)(4), Trust Issued Receipts

September 9, 2020.

On January 3, 2020, Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") filed with the Securities and Exchange Commission ("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 to list and trade shares of the -1x Short VIX Futures ETF, a series of VS Trust, under BZX Rule 14.11(f)(4) (Trust Issued Receipts). The proposed rule change was published for comment in the **Federal Register** on January 23, 2020.<sup>3</sup> On February 25, 2020, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On March 24,

<sup>39</sup> 17 CFR 240.17Ad-22(e)(2)(i), (iv), (v), (vi).

<sup>40</sup> 15 U.S.C. 78s(b)(2).

<sup>41</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>42</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 87992 (January 16, 2020), 85 FR 4023. Comments on the proposed rule change are available at: <https://www.sec.gov/comments/sr-cboebzx-2020-003/sr-cboebzx2020003.htm>.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 88276, 85 FR 12353 (March 2, 2020). The Commission

<sup>35</sup> 17 CFR 240.17Ad-22(e)(2)(vi).

<sup>36</sup> 17 CFR 240.17Ad-22(e)(2)(i), (iv), (v), (vi).

<sup>37</sup> 15 U.S.C. 78q-1(b)(3)(C).

<sup>38</sup> 15 U.S.C. 78q-1(b)(3)(F).

2020, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.<sup>6</sup> On April 13, 2020, the Exchange filed Amendment No. 2 to the proposed rule change, which replaced and superseded the proposed rule change, as modified by Amendment No. 1.<sup>7</sup> On April 22, 2020, the Commission noticed Amendment No. 2 to the proposed rule change and instituted proceedings pursuant to Section 19(b)(2)(B) of the Act<sup>8</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 2.<sup>9</sup> On July 13, 2020, the Commission designated a longer period within which to issue an order approving or disapproving the proposed rule change, as modified by Amendment No. 2.<sup>10</sup> On July 31, 2020, the Exchange filed Amendment No. 3 to the proposed rule change, which replaced and superseded the proposed rule change, as modified by Amendment No. 2.<sup>11</sup> On September 4, 2020, the Exchange withdrew the proposed rule change (SR-CboeBZX-2020-003).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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designated April 22, 2020 as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>6</sup> Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-cboebzx-2020-003/sr-cboebzx2020003-6993242-214730.pdf>.

<sup>7</sup> Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-cboebzx-2020-003/sr-cboebzx2020003-7098109-215773.pdf>.

<sup>8</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>9</sup> See Securities Exchange Act Release No. 88726, 85 FR 23581 (April 28, 2020).

<sup>10</sup> See Securities Exchange Act Release No. 89304, 85 FR 43622 (July 17, 2020). The Commission designated September 19, 2020, as the date by which the Commission shall either approve or disapprove the proposed rule change.

<sup>11</sup> Amendment No. 3 is available at: <https://www.sec.gov/comments/sr-cboebzx-2020-003/sr-cboebzx2020003-7570097-222225.pdf>.

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

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-89797; File No. SR-NYSEArca-2020-81]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Arca Equities Fees and Charges

September 9, 2020.

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 September 1, 2020, NYSE Arca, Inc. (“NYSE Arca” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the 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 Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Fees and Charges (“Fee Schedule”) to (1) eliminate an alternative method to qualify for the Tape B Tier 1 pricing tier, and (2) eliminate the Retail Order Step-Up Tier 1 pricing tier. The Exchange proposes to implement the fee changes effective September 1, 2020. The proposed rule change is available on the Exchange’s website at [www.nyse.com](http://www.nyse.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 self-regulatory organization 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.

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

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

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

##### 1. Purpose

The Exchange proposes to amend the Fee Schedule to (1) eliminate an alternative method to qualify for the Tape B Tier 1 pricing tier, and (2) eliminate the Retail Order Step-Up Tier 1 pricing tier. The Exchange proposes to implement the fee changes effective September 1, 2020.

ETP Holders<sup>3</sup> currently qualify for a Tape B Tier 1 credit of \$0.0030<sup>4</sup> per share when, on a daily basis, measured monthly, they directly execute providing volume in Tape B securities that is equal to at least 1.50% of Tape B US consolidated average daily volume (“US CADV”)<sup>5</sup> for the billing month.<sup>6</sup> In February 2020, the Exchange adopted an alternative method for ETP Holders to qualify for the Tape B Tier 1 credit.<sup>7</sup> In March 2020, the Exchange amended the percentage CADV requirement applicable under the alternative method.<sup>8</sup> Pursuant to the alternative method, an ETP Holder could qualify for the Tape B Tier 1 credit if the ETP Holder is affiliated with an OTP Holder or OTP Firm that provides an ADV of electronic posted executions for the account of a market maker in all issues on NYSE Arca Options (excluding mini options) of at least 0.55% of total Customer equity and ETF option ADV as reported by The Options Clearing Corporation (“OCC”) and the ETP Holder directly executes providing volume in Tape B securities during the billing month that is equal to

- at least 1.00% of US Tape B CADV for the billing month of March, April and May 2020

<sup>3</sup> All references to ETP Holders in connection with this proposed fee change include Market Makers.

<sup>4</sup> Under the Basic Rate, ETP Holders receive a credit of \$0.0020 per share for Tape B orders that provide liquidity to the Book.

<sup>5</sup> US CADV means United States Consolidated Average Daily Volume for transactions reported to the Consolidated Tape, excluding odd lots through January 31, 2014 (except for purposes of Lead Market Maker pricing), and excludes volume on days when the market closes early and on the date of the annual reconstitution of the Russell Investments Indexes. Transactions that are not reported to the Consolidated Tape are not included in US CADV. See Fee Schedule, footnote 3.

<sup>6</sup> See Securities Exchange Act Release No. 76084 (October 6, 2015), 80 FR 61529 (October 13, 2015) (SR-NYSEArca-2015-87).

<sup>7</sup> See Securities Exchange Act Release No. 88194 (February 13, 2020), 85 FR 9820 (February 20, 2020) (SR-NYSEArca-2020-12).

<sup>8</sup> See Securities Exchange Act Release No. 88436 (March 20, 2020), 85 FR 17112 (March 26, 2020) (SR-NYSEArca-2020-21).