

developed based on discussions with Participants to enable them to bilaterally match and settle cash claim transactions at DTC.¹⁴ Pursuant to this proposed rule change, DTC is establishing an aggregate fee of \$3.50 per-matched claim. DTC believes the fee is equitably allocated because, as described above, the fee will be divided evenly between the two counterparties to a claim, such that each side of the claim will be charge \$1.75 per-matched claim, which reflects the counterparties' shared usage of the service in settling a claim.

DTC believes the fee is reasonable because, as described above, (i) it is consistent with DTC's cost plus low-margin markup pricing policy; (ii) it is expected to produce a four-year return on DTC's investment in developing ClaimConnect, compared to a higher fee that would produce a quicker return, while helping cover continued operating expenses for the service; (iii) it is structured so that both parties to a claim pay the same amount; (iv) it is structured to align charges for the service with actual usage of the service; and (v) it was set in consideration of a similar, existing fee (*i.e.*, the Adjustment Service Fee) but knowing that parties to a claim will not need to submit additional claims and pay additional ClaimConnect fees to reach agreement on a claim, given the service's validation and matching process.

(B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the ClaimConnect fee will have any impact on competition.

As described above, DTC believes that the proposed fee is equitable, reasonable, and on par with fees for other DTC services (*e.g.*, the Adjustment Service Fee) already used by Participants. As such, there is no expectation that this particular fee would cause any competitive advantages or disadvantages among Participants. Moreover, although there is no service in direct competition with ClaimConnect, Participants are able to settle their cash claims without using ClaimConnect, as they did prior to DTC establishing the service. As such, it will be up to Participants to decide whether settling claims via the ClaimConnect service is worth the cost. If a Participant concludes that the manner in which it was settling claims prior to ClaimConnect (*e.g.*, using internal/proprietary systems, a third-party software, or some combination thereof) is preferable (whether due to cost, functionality, or some other factor), then

the Participant can simply choose not to use ClaimConnect and continue to settle claims away from DTC. Given this optionality, DTC believes that the proposed fee should not place any Participants at a relative disadvantage compared to other Participants.

(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. DTC will notify the Commission of any written comments received by DTC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)¹⁵ of the Act and paragraph (f)¹⁶ of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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. Please include File Number SR-DTC-2020-020 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-DTC-2020-020. 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 website (<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 website 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 DTC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-DTC-2020-020 and should be submitted on or before January 25, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90802; File No. SR-CboeBZX-2020-042]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Withdrawal of a Proposed Rule Change To Accommodate Exchange Listing and Trading of Options-Linked Securities

December 28, 2020.

On May 15, 2020, Cboe BZX Exchange, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to permit Exchange listing and trading of Options-Linked Securities. The proposed rule change was

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁴ See Approval Order, *supra* note 7.

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

published for comment in the **Federal Register** on June 3, 2020.³ On July 9, 2020, pursuant to Section 19(b)(2) of the Act,⁴ 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.⁵ On September 1, 2020, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change.⁷ On November 17, 2020, the Commission designated a longer period within which to issue an order approving or disapproving the proposed rule change.⁸ The Commission received no comment letters on the proposed rule change. On December 23, 2020, the Exchange withdrew the proposed rule change (SR-CboeBZX-2020-042).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90809; File No. SR-LTSE-2020-24]

Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Rule Series 11.600

December 28, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 18, 2020, Long-Term Stock Exchange, Inc. (“LTSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items

³ See Securities Exchange Act Release No. 88968 (May 28, 2020), 85 FR 34270.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 89267, 85 FR 42933 (July 15, 2020).

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Securities Exchange Act Release No. 89722, 85 FR 55337 (September 4, 2020).

⁸ See Securities Exchange Act Release No. 90444, 85 FR 74777 (November 23, 2020). The Commission designated January 29, 2021, as the date by which the Commission shall either approve or disapprove the proposed rule change.

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

have been prepared by the self-regulatory organization. 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

LTSE proposes a rule change to amend the Rule Series 11.600, the Exchange’s compliance rule (“Compliance Rule”) regarding the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”)³ to be consistent with a conditional exemption granted by the Commission from certain allocation reporting requirements set forth in Sections 6.4(d)(ii)(A)(1) and (2) of the CAT NMS Plan (“Allocation Exemption”).⁴

The text of the proposed rule change is available at the Exchange’s website at <https://longtermstockexchange.com/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement on 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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this proposed rule change is to amend the Rule Series 11.600 to be consistent with the Allocation Exemption. The Commission granted the relief conditioned upon the Participants’ adoption of Compliance Rules that implement the alternative approach to reporting allocations to the Central Repository described in the Allocation Exemption (referred to as the “Allocation Alternative”).

³ Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the Compliance Rule.

⁴ See Securities Exchange Act Rel. No. 90223 (October 19, 2020), 85 FR 67576 (October 23, 2020) (“Allocation Exemptive Order”).

(1) Request for Exemptive Relief

Pursuant to Section 6.4(d)(ii)(A) of the CAT NMS Plan, each Participant must, through its Compliance Rule, require its Industry Members to record and report to the Central Repository, if the order is executed, in whole or in part: (1) An Allocation Report;⁵ (2) the SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and the (3) CAT-Order-ID of any contra-side order(s). Accordingly, the Exchange and the other Participants implemented Compliance Rules that require their Industry Members that are executing brokers to submit to the Central Repository, among other things, Allocation Reports and the SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable.

On August 27, 2020, the Participants submitted to the Commission a request for an exemption from certain allocation reporting requirements set forth in Sections 6.4(d)(ii)(A)(1) and (2) of the CAT NMS Plan (“Exemption Request”).⁶ In the Exemption Request, the Participants requested that they be permitted to implement the Allocation Alternative, which, as noted above, is an alternative approach to reporting allocations to the Central Repository. Under the Allocation Alternative, any Industry Member that performs an allocation to a client account would be required under the Compliance Rule to submit an Allocation Report to the Central Repository when shares/contracts are allocated to a client account regardless of whether the Industry Member was involved in executing the underlying order(s). Under the Allocation Alternative, a “client account” would be any account that is not owned or controlled by the Industry Member.

In addition, under the Allocation Alternative, an “Allocation” would be defined as: (1) The placement of shares/contracts into the same account for which an order was originally placed; or (2) the placement of shares/contracts into an account based on allocation

⁵ Section 1.1 of the CAT NMS Plan defines an “Allocation Report” as “a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions.”

⁶ See Letter from the Participants to Vanessa Countryman, Secretary, Commission, dated August 27, 2020 (the “Exemption Request”).