

component of Rule 3110(c), the proposed rule change is intended to provide firms a temporary regulatory option to conduct inspections of offices and locations remotely during the second half of calendar year 2022. This temporary proposed supplementary material does not relieve firms from meeting the core regulatory obligation to establish and maintain a system to supervise the activities of each associated person that is reasonably designed to achieve compliance with applicable securities laws and regulations, and with applicable FINRA rules that directly serve investor protection. In a time when faced with ongoing challenges resulting from the COVID-19 pandemic and the emergence of new variants, FINRA believes that the proposed rule change provides sensibly tailored relief that will afford firms the ability to assess when and how to implement their work re-entry plans as measured against the health and safety of their personnel, while continuing to serve and promote the protection of investors and the public interest.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The potential economic impacts of Rule 3110.17 as described in File No. SR-FINRA-2020-040 continue to have applicability to the proposed rule change herein. The proposed rule change would extend the temporary relief to include calendar year 2022 inspection obligations through December 31, 2022 within the scope of the supplementary material without making substantive changes to the other aspects of the provision. FINRA believes that the proposed temporary extension would afford firms the time needed to determine when and how to effectively and safely implement their work re-entry plans, which must take into account multiple factors, including local health and safety conditions, without diminishing investor protection.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect

the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and Rule 19b-4(f)(6) thereunder.<sup>18</sup>

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

#### **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-FINRA-2022-001 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should refer to File Number SR-FINRA-2022-001. 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

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2022-001 and should be submitted on or before February 16, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-94010; File No. SR-CboeBZX-2021-078]

#### **Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Introduce a New Data Product To Be Known as the Short Volume Report**

January 20, 2022.

On November 17, 2021, 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")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rule 11.22(f) to introduce a new data product to be known as the Short Volume Report. The proposed rule change was published in the **Federal Register** on December 7, 2021.<sup>3</sup>

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up

<sup>19</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. 93688 (December 1, 2021), 86 FR 69319. Comments received on the proposal are available on the Commission's website at: <https://www.sec.gov/comments/sr-cboebzx-2021-078/sr-cboebzx2021078.htm>.

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

to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission will either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is January 21, 2022. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates March 7, 2022 as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-CboeBZX-2021-078).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94013; File No. SR-FINRA-2021-010]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend the Requirements for Covered Agency Transactions Under FINRA Rule 4210 (Margin Requirements) as Approved Pursuant to SR-FINRA-2015-036

January 20, 2022.

#### I. Introduction

On May 7, 2021, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“Commission” or “SEC”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”) <sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule

change to amend the requirements for covered agency transactions under FINRA Rule 4210.<sup>3</sup> The proposed rule change was published for comment in the **Federal Register** on May 25, 2021.<sup>4</sup> The Commission received comments in response to the Notice.<sup>5</sup> On June 30, 2021, FINRA extended the time period in which the Commission must approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to August 23, 2021.<sup>6</sup> On August 9, 2021, FINRA responded to the comments and submitted Amendment No. 1 to the proposed rule change.<sup>7</sup> The Commission subsequently issued an Order Instituting Proceedings (“OIP”) to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.<sup>8</sup> The Commission received additional comment letters in response to the OIP.<sup>9</sup> On September 16, 2021, FINRA responded to these additional comment letters.<sup>10</sup> On October 26, 2021, FINRA extended the time period in which the Commission must approve or disapprove the proposed rule change to January 20, 2022.<sup>11</sup> This order approves the proposed rule change, as modified by Amendment No. 1.

<sup>3</sup> The full text of the proposed rule change and the exhibits filed by FINRA (collectively referred to as the “Proposal”) are available at: <https://www.finra.org/sites/default/files/2021-05/sr-finra-2021-010.pdf>.

<sup>4</sup> See Exchange Act Release No. 91937 (May 19, 2021), 86 FR 28167 (“Notice”).

<sup>5</sup> Comments received on the Notice are available at: <https://www.sec.gov/comments/sr-finra-2021-010/srfinra2021010.htm>.

<sup>6</sup> See Extension No. 1, available at: <https://www.finra.org/sites/default/files/2021-06/SR-FINRA-2021-010-extension1.pdf>.

<sup>7</sup> See Amendment No. 1 to the proposed rule change, dated August 9, 2021 (“Amendment No. 1”). The full text of Amendment No. 1 is available on the Commission’s website at: <https://www.sec.gov/comments/sr-finra-2021-010/srfinra2021010-9147461-247526.pdf>.

<sup>8</sup> See Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, to Amend the Requirements for Covered Agency Transactions under FINRA Rule 4210 (Margin Requirements) as Approved Pursuant to SR-FINRA-2015-036, Exchange Act Release No. 92713 (Aug. 20, 2021), 86 FR 47655 (Aug. 26, 2021).

<sup>9</sup> Comments received on the OIP are available on the Commission’s website at: <https://www.sec.gov/comments/sr-finra-2021-010/srfinra2021010.htm>.

<sup>10</sup> See Letter to Vanessa Countryman, Secretary, Commission, from Adam Arkel, Associate General Counsel, Office of General Counsel, FINRA (Sep. 16, 2021) (“FINRA Letter”), available at: <https://www.sec.gov/comments/sr-finra-2021-010/srfinra2021010-9244962-250787.pdf>.

<sup>11</sup> See Extension No. 2, available at: <https://www.finra.org/sites/default/files/2021-10/sr-finra-2021-010-extension2.pdf>.

## II. Description of the Proposed Rule Change

### A. Summary of Proposed Amendments

FINRA has proposed revisions to the Covered Agency Transaction <sup>12</sup> requirements as approved pursuant to SR-FINRA-2015-036.<sup>13</sup> Broadly, FINRA has proposed:

- To eliminate the two percent maintenance margin requirement that applies to non-exempt <sup>14</sup> accounts pursuant to paragraph (e)(2)(H)(ii) under FINRA Rule 4210. This would eliminate the need for members to distinguish exempt account customers from other customers (“non-exempt accounts”) for purposes of Covered Agency Transaction margin. As such, without regard to a counterparty’s exempt or non-exempt account status, members would collect margin for each counterparty’s excess mark to market loss, as discussed in further detail

<sup>12</sup> Covered Agency Transactions are: (1) To Be Announced (“TBA”) transactions, inclusive of adjustable rate mortgage (“ARM”) transactions; (2) Specified Pool Transactions; and (3) transactions in Collateralized Mortgage Obligations (“CMOs”), issued in conformity with a program of an agency or Government-Sponsored Enterprise (“GSE”), with forward settlement dates transactions”). The proposed rule change would re-designate the current definition of Covered Agency Transactions, as set forth in paragraph (e)(2)(H)(i)c., as paragraph (e)(2)(H)(i)b., without any change. See Exhibit 5 to the Proposal. See also Notice, 86 FR 28161-62.

<sup>13</sup> See Exchange Act Release No. 78081 (June 15, 2016), 81 FR 40364 (June 21, 2016) (Notice of Filing of Amendment No. 3 and Order Granting Accelerated Approval to a Proposed Rule Change to Amend FINRA Rule 4210 (Margin Requirements) to Establish Margin Requirements for the TBA Market, as Modified by Amendment Nos. 1, 2, and 3; File No. SR-FINRA-2015-036) (approving SR-FINRA-2015-036, referred to as the “2016 Approval Order”). The rule text as approved in the 2016 Approval Order is referred to in this order as the “current rule” or “original rulemaking.” The proposed rule change, as described in Section II.A. and B., is excerpted, in part, from the Notice, which was substantially prepared by FINRA.

<sup>14</sup> The term “exempt account” is defined under FINRA Rule 4210(a)(13). Broadly, an exempt account means a FINRA member, non-FINRA member registered broker-dealer, account that is a “designated account” under FINRA Rule 4210(a)(4) (specifically, a bank as defined under Exchange Act Section 3(a)(6), a savings association as defined under Section 3(b) of the Federal Deposit Insurance Act, the deposits of which are insured by the Federal Deposit Insurance Corporation, an insurance company as defined under Section 2(a)(17) of the Investment Company Act, an investment company registered with the Commission under the Investment Company Act, a state or political subdivision thereof, or a pension plan or profit sharing plan subject to the Employee Retirement Income Security Act or of an agency of the United States or of a state or political subdivision thereof), and any person that has a net worth of at least \$45 million and financial assets of at least \$40 million for purposes of paragraphs (e)(2)(F), (e)(2)(G) and (e)(2)(H) of the rule, as set forth under paragraph (a)(13)(B)(i) of FINRA Rule 4210, and meets specified conditions as set forth under paragraph (a)(13)(B)(ii). See Notice, 86 FR 28163, n.18.

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 200.30-3(a)(31).

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

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