

Periodic Auctions without negatively affecting their utility and therefore the Commission believes this proposal is consistent with the protection of investors and the public interest. The Commission believes that the new provision that allows a Periodic Auction Eligible Order entered with a minimum execution quantity to initiate a Periodic Auction upon entry only where a single contra-side Periodic Auction Order satisfies the specified minimum size clarifies the operation of Periodic Auctions and therefore is consistent with the protection of investors and the public interest. Lastly, the Commission finds that the Aggressive PAO Change is consistent with Section 6(b)(5) of the Act.<sup>31</sup> The Commission believes that this discrete change may incentivize entry of aggressively priced Periodic Auction Only Orders and should in this particular circumstance improve the opportunity for price improvement for incoming orders, which is consistent with the removal of impediments to and perfection of the mechanism of a free and open market and a national market system, the promotion of just and equitable principles of trade, and the protection of investors and the public interest.

### III. Solicitation of Comments on Amendment No. 2 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 is consistent with the Exchange 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-CboeBYX-2021-024 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-CboeBYX-2021-024. 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 the Exchange. 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-CboeBYX-2021-024, and should be submitted on or before February 16, 2022.

### IV. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 2, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 2 in the **Federal Register**. In Amendment No. 2, the Exchange proposed the Aggressive PAO Change in place of a clarification it sought in the original proposal. As discussed above, the Aggressive PAO Change is consistent with the requirements of the Act,<sup>32</sup> and does not raise novel regulatory issues. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>33</sup> to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

### V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>34</sup> that the proposed rule change, as modified by Amendment No. 2 (SR-CboeBYX-2021-

024), be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>35</sup>

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

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BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94016; File No. SR-LCH SA-2022-001]

### Self-Regulatory Organizations; LCH SA; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the New Swaption Standard Terms Supplement

January 20, 2022.

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 January 18, 2022, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by LCH SA. LCH SA filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4)(i) thereunder,<sup>4</sup> such that the proposed rule change was immediately effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

(a) Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), is proposing to amend its CDS Clearing Supplement (the “Clearing Supplement”) to incorporate new terms and to make conforming, clarifying, and clean-up changes intended to take into account the new iTraxx and CDX swaption documentation, to be published by the relevant Markit entity, updating swap curve references and model inputs to the relevant risk-free rates and making references to the new 2021 ISDA Interest Rate Derivatives Definitions

<sup>35</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> 15 U.S.C. 78s(b)(3)(A).

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

<sup>31</sup> As approved by the Approved Proposal, an immediate execution will occur where a Periodic Auction Only Order and Continuous Book Order are at the same price.

<sup>32</sup> See *supra* text following note 31.

<sup>33</sup> 15 U.S.C. 78s(b)(2).

<sup>34</sup> 15 U.S.C. 78s(b)(2).

published by the International Swaps and Derivatives Association, Inc. (“ISDA”) (the “Proposed Rule Change”).<sup>5</sup>

The text of the Proposed Rule Change has been annexed as Exhibit 5.

The launch of this initiative will be contingent upon LCH SA’s receipt of all necessary regulatory approvals, including the approval by the Commission of the proposed rule change described herein.

(b) Not applicable.

(c) Not applicable.

## II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, LCH SA 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. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

### A. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### (a) Purpose

The purpose of the Proposed Rule Change is to make the necessary amendments to the Clearing Supplement to take into account upcoming versions of the:

- iTraxx<sup>®</sup> Europe Untranchéd Transactions Swaption Standard Terms Supplement; and
- CDX Untranchéd Transactions Swaption Standard Terms Supplement, due to be published respectively by Markit Indices GmbH and Markit North America, Inc., in December 2021 and later in 2022 (together the “New Swaption STSs”).

Minimal changes have been made to the New Swaption STSs mainly in order to (i) update the model inputs to risk-free rates, and (ii) incorporate the new 2021 ISDA Interest Rate Derivatives Definitions.

The new amendments proposed to be made to Part C of the Clearing Supplement in order to take into account the New Swaption STSs have been replicated in Part B for consistency purposes.

#### (1) Proposed Amendments To Reflect the New Swaption STSs

In Part C of the Clearing Supplement, the definitions of “CDX Swaption Standard Terms Supplement” and “iTraxx<sup>®</sup> Swaption Standard Terms Supplement” as set out in Section 1.2 have been amended to refer to the latest version in force as published by the relevant Markit entity or any affiliate hereof. Similar changes have been made to the definition of “Index Swaption Cleared Transaction Confirmation”.

Consequently, Section 1.2 of Part C has been also amended to include the new defined term of “2021 Definitions” which mean the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA as the New Swaption STSs to be published in 2022 will refer to them instead of the 2006 Definitions. Therefore the defined term “ISDA Swap Transaction Definitions” has been also added in Section 1.2 of Part C to refer to the 2021 Definitions or the 2006 Definitions which are incorporated by reference in the Markit Standard Terms Supplement.

Any reference to the “2006 Definitions” in the Clearing Supplement has been replaced with a reference to the new defined term “ISDA Swap Transaction Definitions” so that depending on the version of the iTraxx<sup>®</sup> or CDX Swaption Standard Terms Supplement in force, either the 2006 Definitions or the 2021 Definitions will apply.

The definition of “Exercise Notice” in Section 1.2. of Part C has been amended to add a reference to the relevant provisions of the 2021 Definitions.

The new defined term “Markit Standard Terms Supplement” has been included in Section 1.2 of Part C, for the purpose of referring to the iTraxx<sup>®</sup> Swaption Standard Terms Supplement and/or the CDX Swaption Standard Terms Supplement, as the context requires.

A new Section 2.4 “Markit Standard Terms Supplement Updates” has been added in Section 2 of Part C to allow LCH SA to compress Index Swaption Cleared Transactions subject to different versions of the Markit Standard Terms Supplement, provided they are of the same Swaption Type, following consultation with the CDSClear Product Committee. For consistency purpose, we have added a reference to this new Section 2.4 in the definition of “Swaption Type” in Section 1.2 of Part C. The purpose of the amendment is to make the link between the new Section 2.4 that would allow for the compression of the relevant transactions and the definition of “Swaption Type”

which is a condition to be complied with for compression purpose in accordance with the CDS Clearing Rule Book and Section 5 of the Procedures.

In the 2021 Definitions and the New Swaptions STSs, the defined term of “Underlying Swap Transaction” is replaced by “Underlying Transaction”: This change has been replicated in Sections 7.2, 7.3 and 7.4 and Appendix VIII of Part C of the Clearing Supplement by making an additional reference to this equivalent defined term in the 2021 Definitions so that the correct defined term will apply depending on whether the 2006 Definitions or the 2021 Definitions are applicable.

#### (2) Proposed Amendments for Consistency Purpose

In Part B of the Clearing Supplement, the definition of “Index Cleared Transaction Confirmation” has been amended to reflect the proposed changes made to equivalent definitions in Part C. that would only apply to index transaction as they are subject to the relevant standard terms supplement published by Markit (contrary to the single name transactions). Thus, the sub-paragraphs of the definition refers to the last version of the confirmation or relevant Standard Terms Supplement which is published by the relevant Markit entity or its affiliate. The reference to the Implementation Date of the 2019 ISDA Narrowly Tailored Credit Event Protocol has been removed from these sub-paragraphs as the Implementation Date has already passed.

Fungibility provisions which are equivalent to the new Section 2.4 of Part C have been included in a new Section 2.6 for consistency purposes so that should there be two versions of the relevant Markit Standard Terms Supplement that would apply, there would be the necessary provisions for allowing LCH SA to proceed with the compression of transactions subject to different versions. Consequently, the new defined term of “Markit Standard Terms Supplement” has been added in Section 1.2 of Part B and shall mean any of the published Standard Terms Supplements as referred to in the definition of “Index Cleared Transaction Confirmation” in this Section 1.2 and a reference to the new Section 2.6 has been added in the definition of “CDS Type” in Section 1.2 of Part B. The purpose of the amendment is to make the link between the new Section 2.6 that would allow for the compression of the relevant transactions and the definition of “CDS Type” which is a condition to be complied with for

<sup>5</sup> Capitalized terms not defined or modified in this rules proposal will have the same meaning as in LCH SA’s existing CDS Clearing Rule Book or Clearing Supplement.

compression purpose in accordance with the CDS Clearing Rule Book and Section 5 of the Procedures.

#### (b) Statutory Basis

LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934<sup>6</sup> (the “Act”) and the regulations thereunder, including the standards under Rule 17Ad–22<sup>7</sup>. In particular, Section 17(A)(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions and to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.<sup>8</sup> Consistent with this requirement, the Proposed Rule Change is needed so that LCH SA can duly continue clearing the CDS products referencing the new standard terms supplement properly, promptly and accurately. In addition, making the Proposed Rule Change would not require changes to the existing margin methodology, default management policies and procedures and operational process. All products proposed for clearing by CDS Clear will continue to be cleared pursuant to LCH SA’s existing clearing arrangements and related financial safeguards, protections and risk management procedures which is consistent with Exchange Act Rule 17Ad–22(e)(17).<sup>9</sup>

Further, Rule 17Ad–22(e)(1)<sup>10</sup> requires a covered clearing agency to provide for a well-founded, clear, transparent and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. Rule 17Ad–22(e)(2)(iii)<sup>11</sup> also requires a covered clearing agency to support the objectives of participants.

LCH SA believes that this Proposed Rule Change would help to ensure that LCH SA CDS Clear service is referencing the current version in force of the standard terms supplement, and therefore would help to establish a clear, transparent, and enforceable legal basis for such products to be cleared contributing to the objectives of market participants to use the industry standard documentation and which is also fully consistent with the requirement for a

covered clearing agency to have a clear, transparent and enforceable legal aspect for each aspect of its activities.

As explained above, the Proposed Rule Change is only intended to take into account the upcoming versions of the New Swaption STSs in order to duly update the model inputs to risk-free rates, and incorporate the new 2021 ISDA Interest Rate Derivatives Definitions under the CDS Clearing rules to make it up to date, clear and duly enforceable.

Further, the Proposed Rule Change will also permit market participants to have certainty over the fungibility of options executed under different versions of the STS, and clear options expiring in April 2022 and beyond using the market standard terms. As LCH SA lists the next three expiries, the April 2022 expiry options should be made available to clear the day after the January expiry, *i.e.*, 20 January 2022.

For all the reasons above, LCH SA believes that the Proposed Rule Change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934<sup>12</sup> (the “Act”) and the regulations thereunder, including the standards under Rule 17Ad–22<sup>13</sup> discussed above.

#### B. Clearing Agency’s Statement on Burden on Competition.

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.<sup>14</sup>

As mentioned above, the Proposed Rule Change is reflecting the New Swaption STSs including the ISDA Definitions that are an industry response and initiative applicable to all CDS market participants.

Further, this Proposed Rule Change would apply equally to all clearing members and their clients and would not adversely affect their ability to engage in cleared transactions or to access LCH SA’s clearing services as LCH SA will continue to apply its existing fair and open access criteria to the CDS Clear service.

Therefore, LCH SA does not believe that the proposed rule would impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

#### C. Clearing Agency’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. LCH SA will notify the Commission of any written comments received by LCH SA.

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) 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 proposed 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](mailto:rule-comments@sec.gov). Please include File Number SR–LCH SA–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–LCH SA–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

<sup>6</sup> 15 U.S.C. 78q–1.

<sup>7</sup> 17 CFR 240.17Ad–22.

<sup>8</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>9</sup> 17 CFR 240.17Ad–22(e)(17).

<sup>10</sup> 17 CFR 240.17Ad–22(e)(1).

<sup>11</sup> 17 CFR 240.17Ad–22(e)(2)(iii).

<sup>12</sup> 15 U.S.C. 78q–1.

<sup>13</sup> 17 CFR 240.17Ad–22.

<sup>14</sup> 15 U.S.C. 78q–1(b)(3)(I).

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 LCH SA and on LCH SA's website at: <https://www.lch.com/resources/rulebooks/proposed-rule-changes>.

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-LCH SA-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>15</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-94008; File No. SR-CboeEDGX-2021-049]

### Self-Regulatory Organizations; Cboe EDGX 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, Modify the Name of Rule 13.8 to "Data Products", and Add a Preamble to Rule 13.8

January 20, 2022.

On November 17, 2021, Cboe EDGX 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 adopt Exchange Rule 13.8(h) to introduce a new data product to be known as the Short Volume Report, modify the name of Rule 13.8 to "Data Products", and add a preamble to Rule 13.8. 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 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-CboeEDGX-2021-049).

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. 34-94014; File No. SR-ICC-2021-023]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Clearing Rules and ICC Exercise Procedures

January 20, 2021.

#### I. Introduction

On November 19, 2021, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission

("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4,<sup>2</sup> a proposed rule change to revise Rule 26R-319 of the ICC Clearing Rules ("Rules") and the ICC Exercise Procedures ("Exercise Procedures")<sup>3</sup> in connection with the clearing of credit default index options ("Index Swaptions"). The proposed rule change was published for comment in the **Federal Register** on December 7, 2021.<sup>4</sup> The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

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

##### A. Background

Pursuant to an Index Swaption, one party (the "Swaption Buyer") has the right (but not the obligation) to cause the other party (the "Swaption Seller") to enter into an index credit default swap transaction at a pre-determined strike price on a specified expiration date on specified terms. In the case of Index Swaptions cleared by ICC, the underlying index credit default swap is limited to certain CDX and iTraxx index credit default swaps that are accepted for clearing by ICC, and which would be automatically cleared by ICC upon exercise of the Index Swaption by the Swaption Buyer in accordance with its terms.

##### B. Revisions to Rule 26R-319

ICC Rule 26R-319 describes what happens upon the exercise of an Index Swaption. ICC Rule 26R-319 consists of three parts: 26R-319(a), 26R-319(b), and 26R-319(c). 26R-319(a) applies when a Swaption Buyer effectively exercises an Index Swaption and the underlying index is not subject to a restructuring due to a credit event, while (b) and (c) apply when an Index Swaption is effectively exercised and the underlying index is subject to a restructuring due to a credit event.

Under 26R-319(a), upon the effective exercise of an Index Swaption, a contract in the form of the underlying index comes into effect between the Swaption Buyer and ICC and an exactly

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

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

<sup>3</sup> Capitalized terms used but not defined herein have the meanings specified in the Rules and Exercise Procedures.

<sup>4</sup> Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Clearing Rules and ICC Exercise Procedures; Exchange Act Release No. 34-93690 (Dec. 1, 2021); 86 FR 69308 (Dec. 7, 2021) (SR-ICC-2021-023) ("Notice").

<sup>15</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. 93696 (December 1, 2021), 86 FR 69306. Comments received on the proposal are available on the Commission's website at: <https://www.sec.gov/comments/sr-cboeedgx-2021-049/srcboeedgx2021049.htm>.

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

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

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