

contrary exercise instructions. The Commission believes that the introduction of such processes would reduce the likelihood that a Clearing Member would lose the value of a contract that is in-the-money due to the failure to exercise such a contract. Further, the Commission believes that the reduction of such likelihood of loss would, in turn, facilitate the prompt and accurate clearance and settlement of securities transactions.

The Commission believes, therefore, that the proposal is consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act.<sup>19</sup>

#### IV. Solicitation of Comments on Partial Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Partial Amendment No. 1, 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-OCC-2022-009 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-OCC-2022-009. 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-OCC-2022-009 and should be submitted on or before October 6, 2022.

#### V. Accelerated Approval of Proposed Rule Change, as Modified by Partial Amendment No. 1

The Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,<sup>20</sup> to approve the proposed rule change prior to the 30th day after the date of publication of notice of the filing of Partial Amendment No. 1 in the **Federal Register**. As discussed above, Partial Amendment No. 1 modified the original proposed rule change by updating the description of Information Memo #50046 contained in Footnote 6 of SR-OCC-2022-009 to align with the proposed language for OCC Rule 1804. Partial Amendment No. 1 does not change the purpose of or basis for the proposed changes.

For similar reasons as discussed above, the Commission finds that Partial Amendment No. 1 is consistent with the requirement that OCC's rules be designed to promote the prompt and accurate clearance and settlement of securities transactions under Section 17A(b)(3)(F) of the Exchange Act.<sup>21</sup> Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act, to approve the proposed rule change, as modified by Partial Amendment No. 1, on an accelerated basis, pursuant to Section 19(b)(2) of the Exchange Act.<sup>22</sup>

#### VI. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change, as modified by Partial Amendment No. 1, is consistent with the requirements of the Exchange Act, and in particular, the requirements of Section 17A of the Exchange Act<sup>23</sup> and the rules and regulations thereunder.

<sup>20</sup> 15 U.S.C. 78s(b)(2).

<sup>21</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>22</sup> 15 U.S.C. 78s(b)(2).

<sup>23</sup> In approving this proposed rule change, the Commission has considered the proposed rules'

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,<sup>24</sup> that the proposed rule change (SR-OCC-2022-009), as modified by Partial Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

[FR Doc. 2022-19919 Filed 9-14-22; 8:45 am]

BILLING CODE 8011-01-P

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-95718; File No. SR-NASDAQ-2022-050]

#### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Schedule of Credits at Equity 7, Section 118 and Clarify Its Port-related Fees at Options 7, Section 3

September 9, 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 September 1, 2022, The Nasdaq Stock Market LLC ("Nasdaq" 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: (i) the Exchange's transaction credits at Equity 7, Section 118(a), and (ii) the Exchange's port-related fees at Options 7, Section 3, as described further below. The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</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>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

## 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 aspects of such statements.

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

#### 1. Purpose

The purpose of the proposed rule change is to amend the Exchange's transaction credits at Equity 7, Section 118(a) and amend the Exchange's port-related fees at Options 7, Section 3. Specifically, the Exchange proposes to (1) modify the volume requirement to achieve an existing credit for displayed quotes/orders that provide liquidity and (2) amend the options Rules to clarify that Nasdaq Testing Facility ("NTF") ports are provided at no cost.

#### Change to Credit for Displayed Quotes/Orders

Currently, the Exchange provides a \$0.0029 per share executed credit for a member with shares of liquidity provided in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.625% or more of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than Nasdaq or NYSE that represent 0.15% or more of Consolidated Volume. The Exchange proposes to amend the requirement for a member to have shares of liquidity that represent 0.625% or more of Consolidated Volume during the month by increasing this requirement from 0.625% to 0.75%. The proposed change would be applicable to Tape A, Tape B and Tape C. The Exchange hopes that this change will incentivize members to increase their liquidity providing activity on the Exchange, which will improve market quality.

#### NTF Port Fee Clarification

The Exchange also proposes to add language to Options 7, Section 3(iv) to clarify the Exchange's existing practice that NTF Ports are provided at no cost. The NTF provides subscribers with a

virtual System test environment that closely approximates the production environment on which they may test their automated systems that integrate with the Exchange. For example, the NTF provides subscribers a virtual System environment for testing upcoming releases and product enhancements, as well as testing firm software prior to implementation. The Exchange proposes adding express language in the options Rules to provide increased clarity to market participants.

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>4</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposed changes to its fee schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for equity securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers' . . . ."<sup>5</sup>

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO

revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."<sup>6</sup>

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for equity security transaction services. The Exchange is only one of several equity venues to which market participants may direct their order flow. Competing equity exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon members achieving certain volume thresholds.

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange believes that it is reasonable to require a member to provide shares of liquidity in all securities through one or more of its Nasdaq Market Center MPIDs that represent 0.75% (rather than 0.625%) or more of Consolidated Volume during the month, including shares of liquidity provided with respect to securities that are listed on exchanges other than Nasdaq or NYSE that represent 0.15% or more of Consolidated Volume in order to qualify for the existing \$0.0029 per share executed credit. The Exchange believes that it is reasonable to create a stricter qualification for the credit to ensure that this credit remains relevant to current levels of liquidity providing activity on the Exchange and continues to incentivize liquidity adding activity. To the extent that this proposal results in an increase in liquidity adding and quoting activity on the Exchange, this will improve the quality of the Nasdaq market and increase its attractiveness to existing and prospective participants.

The Exchange believes its proposal will allocate its charges and credits fairly among its market participants. The Exchange believes that it is an equitable allocation to increase the volume threshold to qualify for an existing \$0.0029 transaction credit because the proposal will encourage members to add displayed liquidity to the Exchange. To the extent that the

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

<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>5</sup> *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

<sup>6</sup> Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

Exchange succeeds in increasing the levels of liquidity and activity on the Exchange, then the Exchange will experience improvements in its market quality, which stands to benefit all market participants.

The Exchange believes that its proposal is not unfairly discriminatory. As an initial matter, the Exchange believes that nothing about its volume-based tiered pricing model is inherently unfair; instead, it is a rational pricing model that is well-established and ubiquitous in today's economy among firms in various industries—from co-branded credit cards to grocery stores to cellular telephone data plans—that use it to reward the loyalty of their best customers that provide high levels of business activity and incent other customers to increase the extent of their business activity. It is also a pricing model that the Exchange and its competitors have long employed with the assent of the Commission. It is fair because it enhances price discovery and improves the overall quality of the equity markets.

The Exchange believes that its proposal to increase the volume threshold to qualify for an existing \$0.0029 transaction credit is not unfairly discriminatory because the credit is available to all members. Moreover, the proposal stands to improve the overall market quality of the Exchange, to the benefit of all market participants, by incentivizing members to increase their liquidity adding activity on the Exchange.

The Exchange also believes that it is just and equitable, and in the interests of market participants, for the Exchange to clarify the Exchange's existing practice to provide NTF ports at no cost in Options 7, Section 3(iv), codifying existing practice where it is not expressly stated in the Rule. The Exchange believes that market participants will benefit from increased clarity, which will help limit any potential confusion in the future.

Any Participant that is dissatisfied with the proposal is free to shift their order flow to competing venues that provide more generous pricing or less stringent qualifying criteria.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

#### *Intramarket Competition*

The Exchange does not believe that its proposal will place any category of

Exchange participant at a competitive disadvantage.

As noted above, the Exchange's proposal to increase the volume threshold to qualify for an existing \$0.0029 transaction credit is intended to have market-improving effects, to the benefit of all members. Any member may elect to achieve the levels of liquidity required in order to qualify for the credit. In addition, the proposed language to the options Rules that NTF ports are provided at no cost merely codifies and clarifies an existing practice of the Exchange.

The Exchange notes that its members are free to trade on other venues to the extent they believe that the credits are not attractive. As one can observe by looking at any market share chart, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes.

#### *Intermarket Competition*

In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

The proposed change to the qualifying criteria for an existing credit is reflective of this competition because, as a threshold issue, the Exchange is a relatively small market so its ability to burden intermarket competition is limited. In this regard, even the largest U.S. equities exchange by volume only has 17–18% market share, which in most markets could hardly be categorized as having enough market power to burden competition. Moreover, as noted above, price competition between exchanges is fierce, with liquidity and market share moving freely between exchanges in reaction to fee and credit changes. This is in addition to free flow of order flow to and among off-exchange venues which

comprises more than 40% of industry volume in recent months.

The Exchange's proposal to modify the qualifying criteria for an existing credit is pro-competitive in that the Exchange intends for the change to increase liquidity addition activity on the Exchange, thereby rendering the Exchange a more attractive and vibrant venue to market participants.

In addition, the proposed change to the options Rules to clarify that NTF ports are provided at no cost is designed to expressly state existing practice without changing its operation and, therefore, the Exchange believes that the proposed change will not impose a burden on competition.

If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

#### **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) of the Act<sup>7</sup> and paragraph (f) of Rule 19b-4<sup>8</sup> 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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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:

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f).

*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-NASDAQ-2022-050 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-NASDAQ-2022-050. 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-NASDAQ-2022-050 and should be submitted on or before October 6, 2022.

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

**J. Matthew DeLesDernier,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

<sup>9</sup> 17 CFR 200.30-3(a)(12).

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-95723; File No. SR-NSCC-2022-012]

**Self-Regulatory Organizations;  
National Securities Clearing  
Corporation; Notice of Filing and  
Immediate Effectiveness of a Proposed  
Rule Change To Make a Number of  
Clarifications and Enhancements to  
NSCC's Rules & Procedures**

September 9, 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 September 1, 2022, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. NSCC filed the 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> 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**

The proposed rule change consists of amendments to NSCC's Rules & Procedures ("Rules") in order to make a number of clarifications and enhancements to the Rules. Specifically, the proposed rule change would (i) clarify the confidential treatment of non-public information provided by participants to NSCC as part of ongoing membership requirements; (ii) remove outdated rules and procedures related to the maintenance of Sponsored Accounts; (iii) update NSCC's rules concerning the acceptance and reliance upon instructions provided by its members; (iv) modify certain rules and procedures related to the DTCC Limit Monitoring Risk Management Tool; (v) remove rules, procedures, fees, and addenda related to the inactive Global Clearance Network Service; (vi) remove rules and fees related to the inactive International Link Service; (vii) clarify certain CNS Accounting Operation procedures; (viii) consolidate rules concerning the imposition of fines; (ix) clarify rules concerning admission to NSCC's premises; (x) remove reference

<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).

to certain special services no longer provided by NSCC; and (xi) modify procedures concerning two-sided trade data received from service bureaus. NSCC is filing the proposed rule change for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act<sup>5</sup> and Rule 19b-4(f)(6) thereunder,<sup>6</sup> and as described in greater detail below.<sup>7</sup>

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

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

*(A) Clearing Agency's Statement of the  
Purpose of, and Statutory Basis for, the  
Proposed Rule Change*

**1. Purpose**

The proposed rule change consists of modifications to NSCC's Rules to (i) clarify the confidential treatment of non-public information provided by participants to NSCC as part of ongoing membership requirements; (ii) remove outdated rules and procedures related to the maintenance of Sponsored Accounts; (iii) update NSCC's rules concerning the acceptance and reliance upon instructions provided by its members; (iv) modify certain rules and procedures related to the DTCC Limit Monitoring Risk Management Tool; (v) remove rules, procedures, fees, and addenda related to the inactive Global Clearance Network Service; (vi) remove rules and fees related to the inactive International Link Service; (vii) clarify certain CNS Accounting Operation procedures; (viii) consolidate rules concerning the imposition of fines; (ix) clarify rules concerning admission to NSCC's premises; (x) remove reference to certain special services no longer provided by NSCC; and (xi) modify procedures concerning two-sided trade data received from service bureaus. The proposed changes are discussed in detail below.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A).

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

<sup>7</sup> Capitalized terms not defined herein are defined in the Rules, available at [http://dtcc.com/~/media/Files/Downloads/legal/rules/nsccl\\_rules.pdf](http://dtcc.com/~/media/Files/Downloads/legal/rules/nsccl_rules.pdf).