further monitoring and mitigating action.

Therefore, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(e)(3)(i).[27]

iii. Consistency With Rule 17Ad–22(e)(20) Under the Act

Rule 17Ad–22(e)(20) requires that ICE Clear Europe establish, implement, maintain, and enforce written policies and procedures reasonably designed to identify, monitor, and manage risks related to any link ICE Clear Europe establishes with one or more other clearing agencies, financial market utilities, or trading markets.[28] As discussed above, the proposed rule change would amend the CC Risk Policy and the CC Risk Procedures to account for the risks arising from Links. Among other things, ICE Clear Europe would consider as a counterparty credit risk the risk that a Link defaults; take steps to minimize the risk of loss due to a Link defaulting; and identify, monitor, and mange risks arising from Links. The Commission believes these actions are reasonably designed to identify, monitor, and manage risks related to any Link that ICE Clear Europe may establish.

Therefore, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(e)(20).[29]

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 Section 17A(b)(3)(F) of the Act,[30] and Rules 17Ad–22(e)(3)(i) and (e)(20) thereunder.[31]

It is therefore ordered pursuant to Section 19(b)(2) of the Act[32] that the proposed rule change (SR–ICEEU–2023–004), be, and hereby is, approved.[33]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[34]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023–06057 Filed 3–23–23; 8:45 am]

BILLING CODE 8011–01–P

[27] 17 CFR 240.17Ad–22(e)(3)(i).

[28] 17 CFR 240.17Ad–22(e)(20).

[29] 17 CFR 240.17Ad–22(e)(20).

[30] 15 U.S.C. 78q–1(b)(3)(F).

[31] 17 CFR 240.17Ad–22(e)(3)(i) and (e)(20).

[32] 15 U.S.C. 78s(b)(2).

[33] 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).

[34] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: 88 FR 16687, March 20, 2023.

PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING: Wednesday, March 22, 2023 at 10:00 a.m.

CHANGES IN THE MEETING: The following item will not be considered during the Open Meeting on Wednesday, March 22, 2023:

• The Commission will consider whether to adopt amendments to Form PF, the confidential reporting form for certain Commission registered investment advisers to private funds, to require current reporting for certain private fund advisers and revise certain reporting requirements.

CONTACT PERSON FOR MORE INFORMATION: For further information, please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: March 21, 2023.

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2023–06208 Filed 3–22–23; 11:15 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–97160; File No. SR–BX–2023–007]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Equity 4, Rule 4120 To Establish Common Criteria and Procedures for Halting and Resuming Trading in Equity Securities in the Event of Regulatory or Operational Issues, Reorganize the Text of the Rule, and Make Conforming Changes to Related Rules

March 20, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 8, 2023, Nasdaq BX, Inc. (''BX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items 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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify Equity 4, Rule 4120 to establish common criteria and procedures for halting and resuming trading in equity securities in the event of regulatory or operational issues, reorganize the text of the rule, and make conforming changes to related rules. The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/bx/rules,* 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 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

In conjunction with adoption of an amended Nasdaq UTP Plan proposed by its participants (''Amended Nasdaq UTP Plan''),[3] the Exchange is amending Rule

[3] On February 11, 2021, the Nasdaq UTP Plan participants filed Amendment 50 to the Plan, to revise provisions governing regulatory and operational halts. *See* Letter from Robert Brooks, Chairman, UTP Operating Committee, Nasdaq UTP Plan, to Vanessa Countryman, Secretary, Securities and Exchange Commission, dated February 11, 2021. The Nasdaq UTP Plan subsequently filed two partial amendments to the 50th Amendment, on March 31, 2021 and on April 7, 2021. The SEC approved the amendments on May 28, 2021. *See* Securities Exchange Act Release No. 34–92071 (May 28, 2021), 86 FR 29846 (June 3, 2021) (S7–24–89). The Amended Nasdaq UTP Plan includes provisions requiring participant self-regulatory organizations (''SROs'') to honor a Regulatory Halt declared by the Primary Listing Market. The provisions in the Nasdaq UTP Plan, and the plan for consolidation of data for non-Nasdaq-listed securities, the Consolidated Tape System and Consolidated Quotations System (collectively, the ''CTA/CQS Plan''), include provisions similar to the changes proposed by the Exchange in this filing.

4120 [4] to integrate several definitions and concepts from the Amended Nasdaq UTP Plan and to reorganize the rule in light of the Exchange's experience with applying the rule over many years as a national securities exchange.[5] The Exchange proposes to reorganize and amend Rule 4120, entitled Limit Up-Limit Down Plan and Trading Halts. The rule sets forth the Exchange's authority to halt trading under various circumstances. The Exchange is a participant of the transaction reporting plan governing Tape C Securities (''Nasdaq UTP Plan'').[6] As part of these changes, the Exchange will amend categories of regulatory and operational halts, improve the rule's clarity, adopt defined terms from the Amended Nasdaq UTP Plan and delete parts of the rule that are no longer needed. Last, the Exchange is updating cross references in other rules that are affected by the proposed changes.

Background

The Exchange has been working with other SROs to establish common criteria and procedures for halting and resuming trading in equity securities in the event of regulatory or operational issues. These common standards are designed to ensure that events which might impact multiple exchanges are handled in a consistent manner that is transparent. The Exchange believes that implementation of these common standards will assist the SROs in maintaining fair and orderly markets. Notwithstanding the development of these common standards, the Exchange will retain discretion in certain instances as to whether and how to handle halts, as is discussed below.

Every U.S.-listed equity security has its primary listing on a specific stock exchange that is responsible for a number of regulatory functions.[7] These include confirming that the security continues to meet the exchange's listing standards, monitoring trading in that security and taking action to halt trading in the security when necessary to protect investors and to ensure a fair and orderly market. While these core responsibilities remain with the primary listing venue, trading in the security can occur on multiple exchanges that have unlisted trading privileges for the security [8] or in the over-the-counter market, regulated by the Financial Industry Regulatory Authority, Inc. (''FINRA''). The exchanges and FINRA are responsible for monitoring activity on the markets over which they have oversight, but also must abide by the regulatory decisions made by the Primary Listing Market. For example, a venue trading a security pursuant to unlisted trading privileges must halt trading in that security during a Regulatory Halt, which is a defined term under the proposed rules,[9] and may only trade the security once the Primary Listing Market has cleared the security to resume trading.

While the Exchange and the other SROs intend to harmonize certain aspects of their trading halt rules, other elements of the rules will continue to be unique to each market. The Exchange believes that this is appropriate to reflect different products listed or traded on each market.

In addition to establishing common criteria and procedures for halting and resuming trading in equity securities in the event of regulatory or operational issues, the Exchange is deleting provisions that are no longer needed and reorganizing the rule to improve its clarity. The Exchange is also making a handful of non-substantive changes to rule text to improve its clarity. The Exchange will implement all of the changes proposed herein in conjunction with other SROs implementing the necessary rule changes. The Exchange will publish an Equity Trader alert at least 30 business days prior to implementing the proposed changes.

Definitions

The Exchange proposes adding a definitions section as Rule 4120(a) to consolidate the various definitions that will be used in the Rule, some of which are taken from the Amended Nasdaq UTP Plan. The Exchange is adopting the following terms from the Amended Nasdaq UTP Plan: ''Operating Committee,'' ''Operational Halt,'' ''Primary Listing Market,'' ''Processor,'' [10] ''Regulatory Halt,'' ''Regular Trading Hours,'' [11] ''SIP Halt,'' and ''SIP Halt Resume Time.'' The Exchange is adopting a modified form of the term ''Extraordinary Market Activity'' from the Amended Nasdaq UTP Plan, as described below. The definitions of ''Derivative Securities Product,'' ''Pre-Market Session,'' and ''Required Value'' have been moved into the definitions section from elsewhere in the current rule without change.[12] The definition of ''Post-Market Session'' has been moved from elsewhere in the rule [13] with a minor change deleting the alternative closing time of 4:15 p.m. as all securities traded on the Exchange commence their closing cross process at 4:00 p.m.[14]

[4] References herein to Nasdaq BX, Inc. Rules in the 4000 Series shall mean Rules in Nasdaq BX Equity 4.

[5] The Exchange notes that its sister exchange, The Nasdaq Stock Market, LLC (''Nasdaq''), filed a similar proposed rule change with the Commission. *See* Securities Exchange Act Release No. 94370 (March 7, 2022), 87 FR 14071 (March 11, 2022); Securities Exchange Act Release No. 94838 (May 3, 2022), 87 FR 27683 (May 9, 2022). The Commission approved the proposed rule change on June 8, 2022. *See* Securities Exchange Act Release No. 95069 (June 8, 2022), 87 FR 36018 (June 14, 2022). Nasdaq PHLX LLC also filed a similar proposed rule change with the Commission. *See* Securities Exchange Act Release No. 96574 (December 22, 2022), 87 FR 80213 (December 29, 2022). The Exchange's proposal provides the Exchange with less authority to declare halts in the event of regulatory or operational issues than under Nasdaq's proposal because the Exchange, unlike Nasdaq, is not a Primary Listing Market. Given the Exchange's status as a non-Primary Listing Market, certain definitions and concepts from the Amended Nasdaq UTP Plan, integrated in Nasdaq's proposal, are not included herein. The Exchange's proposal closely tracks the proposed rule change filed by Nasdaq PHLX.

[6] Each transaction reporting plan has a securities information processor (''SIP'') responsible for consolidation of information for the plan's securities, pursuant to Rule 603 of Regulation NMS. The transaction reporting plan for Nasdaq-listed securities is known as The Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privilege Basis or the ''Nasdaq UTP Plan.'' Pursuant to the Nasdaq UTP Plan, the UTP SIP, which is Nasdaq, consolidates order and trade data from all markets trading Nasdaq-listed securities. The Exchange uses the term ''UTP SIP'' herein when referring specifically to the SIP responsible for consolidation of information in Nasdaq-listed securities.

[7] The Exchange is proposing to adopt Primary Listing Market as a new term, defined in Nasdaq UTP Plan, Section X.A.8, as follows: ''[T]he national securities exchange on which an Eligible Security is listed. If an Eligible Security is listed on more than one national securities exchange, Primary Listing Market means the exchange on which the security has been listed the longest.''

[8] In addition, securities may be listed on The Nasdaq Global Market or The Nasdaq Global Select Market, and also listed on the New York Stock Exchange (''dually-listed''). *See* The Nasdaq Stock Market, LLC Rules 5005(a)(11), 5220 and IM–5220.

[9] *See* proposed Rule 4120(a)(9).

[10] The Exchange proposes to also define the term ''SIP'' to have the same meaning as the term ''Processor'' as set forth in the Amended Nasdaq UTP Plan. Because the terms ''Processor'' and ''SIP'' are also used throughout the Rules, at times, to apply to processors of information furnished pursuant to the Consolidated Tape Association Plan (''CTA Plan''), the term ''Processor'' may, in those applicable circumstances, refer to the processor of transactions in Tape A and B securities, as set forth in the CTA Plan.

[11] The Exchange notes that pursuant to existing Rule 4120(b)(4)(C)–(D), the Regular Market Session occurs until 4:00 p.m. or 4:15 p.m., and the Post-Market Session begins at 4:00 p.m. or 4:15 p.m.

[12] ''Derivative Securities Product'' is currently defined in Rule 4120(b)(4)(A). ''Pre-Market Session'' is currently defined in Rule 4120(b)(4)(B). ''Required Value'' is currently defined in Rule 4120(b)(4)(E).

[13] ''Post-Market Session'' is currently defined in Rule 4120(b)(4)(C).

[14] As noted above, the Exchange is adopting several new terms that have the same meaning as those terms are defined in the Amended Nasdaq UTP Plan. Each of the national market system plans governing the single plan processors has identical definitions of these terms, thus there will be

First, the Exchange proposes to add the definition of ''Primary Listing Market'' [15] to Rule 4120, which will have the same meaning as in the Amended Nasdaq UTP Plan, Section X.A.8. As is currently the case under Rule 4120 and under the Nasdaq UTP Plan, all Regulatory Halt decisions are made by the market on which the security has its primary listing. This reflects the regulatory responsibility that the Primary Listing Market has for fair and orderly trading in the securities that list on its market and its direct access to its listed companies, which are required to advise it of certain events and maintain lines of communication with the Primary Listing Market. The proposed definition makes clear that if a security is listed on more than one market (a dually-listed security), the Primary Listing Market means the exchange on which the security has been listed the longest. This provision matches language used in the definition of ''Primary Listing Exchange'' in the Limit-Up Limit-Down Plan and will avoid conflict in the event of dually-listed securities.

Second, the Exchange proposes to add the definition of ''Extraordinary Market Activity'' to Rule 4120,[16] which would represent a modified version of the term defined in the Amended Nasdaq UTP Plan, Section X.A.1.[17] Specifically, the Exchange proposes to remove the concept of a ''market-wide basis'' from the Amended Nasdaq UTP Plan's definition of Extraordinary Market Activity for purposes of the Exchange's Rules because the term ''Extraordinary Market Activity'' would only be used in the Exchange's Rules as a basis for the Exchange to initiate an Operational Halt, which would only occur on the market declaring the halt (*i.e.,* the Exchange).[18] The current rule does not include a definition for Extraordinary Market Activity.

The third set of new proposed definitions would be specific to events involving the SIP. While the Exchange recognizes that many events involving the SIP would also meet the definition of ''Extraordinary Market Activity'' (as defined in the Amended Nasdaq UTP Plan), the Exchange believes that the critical role of the SIPs in market infrastructure factors in favor of additional guidance on how such events will be handled. The definitions of ''SIP Halt Resume Time'' and ''SIP Halt'' are intended to provide additional guidance to address this subset of potential market issues.[19] In addition, the Exchange is proposing to define terms related to SIP governance needed in order to understand these definitions:

• ''Processor'' or ''SIP'' [20] have the same meaning as the term ''Processor'' set forth in the Nasdaq UTP Plan, namely the entity selected by the Participants to perform the processing functions set forth in the Plan. Because the terms ''Processor'' and ''SIP'' are also used throughout the Rules, at times, to apply to processors of information furnished pursuant to the CTA Plan, the term ''Processor'' and ''SIP'' may, in those applicable circumstances, refer to the processor of transactions in Tape A and B securities, as set forth in the CTA Plan.

• ''SIP Plan'' [21] is defined as the national market system plan governing the SIP.

• ''Operating Committee'' [22] is defined as having the same meaning as in the Nasdaq UTP Plan, namely the committee charged with administering the Nasdaq UTP Plan.

The Exchange is proposing to adopt a category of Regulatory Halt, called a ''SIP Halt,'' [23] which will have the same meaning as that term is defined in Section X.A.11. of the Nasdaq UTP Plan, namely ''a Regulatory Halt to trading in one or more securities that a Primary Listing Market declares in the event of a SIP Outage or Material SIP Latency.'' This new category of Regulatory Halt will address situations where the Primary Listing Market declares a Regulatory Halt in one or more securities as a result of a SIP outage [24] or material SIP latency.[25]

The Exchange proposes to add a definition of ''Regulatory Halt'' [26] as having the same meaning as in Section X.A.10 of the Amended Nasdaq UTP Plan. Specifically, the Exchange has proposed to define Regulatory Halt to mean a halt declared by the Primary Listing Market in trading in one or more securities on all Trading Centers for regulatory purposes, including for the dissemination of material news, news pending, suspensions, or where otherwise necessary to maintain a fair and orderly market. A Regulatory Halt includes a trading pause triggered by Limit Up Limit Down, a halt based on Extraordinary Market Activity (as defined in the Amended Nasdaq UTP Plan), a trading halt triggered by a Market-Wide Circuit Breaker, and a SIP Halt.

The Exchange proposes to add a definition of ''Operational Halt,'' [27] which is defined as having the same meaning as in Section X.A.7 of the Amended Nasdaq UTP Plan. Specifically, the Exchange is proposing to define Operational Halt to mean a halt in trading in one or more securities only on the market declaring the halt

uniformity in the meaning of the terms among such plans as well as among the rules of the SROs.

[15] *See* proposed Rule 4120(a)(7).

[16] *See* proposed Rule 4120(a)(2).

[17] In the Amended Nasdaq UTP Plan, ''Extraordinary Market Activity'' means a disruption or malfunction of any electronic quotation, communication, reporting, or execution system operated by, or linked to, the Processor or a Trading Center or a member of such Trading Center that has a severe and continuing negative impact, on a market-wide basis, on quoting, order, or trading activity or on the availability of market information necessary to maintain a fair and orderly market. For purposes of this definition, a severe and continuing negative impact on quoting, order, or trading activity includes (i) a series of quotes, orders, or transactions at prices substantially unrelated to the current market for the security or securities; (ii) duplicative or erroneous quoting, order, trade reporting, or other related message traffic between one or more Trading Centers or their members; or (iii) the unavailability of quoting, order, or transaction information for a sustained period.

[18] The Exchange proposes to define ''Extraordinary Market Activity'' to mean a disruption or malfunction of any electronic quotation, communication, reporting, or execution system operated by, or linked to, the Processor or a Trading Center or a member of such Trading Center that has a severe and continuing negative impact on quoting, order, or trading activity or on the availability of market information necessary to maintain a fair and orderly market. For purposes of this definition, a severe and continuing negative impact on quoting, order, or trading activity includes (i) a series of quotes, orders, or transactions at prices substantially unrelated to the current market for the security or securities; (ii) duplicative or erroneous quoting, order, trade reporting, or other related message traffic between one or more Trading Centers or their members; or (iii) the unavailability of quoting, order, or transaction information for a sustained period.

[19] The Exchange proposes to define the terms ''SIP Halt Resume Time'' and ''SIP Halt'' to have the same meaning as in the Amended Nasdaq UTP Plan.

[20] *See* proposed Rule 4120(a)(8).

[21] *See* proposed Rule 4120(a)(14).

[22] *See* proposed Rule 4120(a)(3).

[23] *See* proposed Rule 4120(a)(12).

[24] SIP outage means a situation in which the Processor has ceased, or anticipates being unable, to provide updated and/or accurate quotation or last sale price information in one or more securities for a material period that exceeds the time thresholds for an orderly failover to backup facilities established by mutual agreement among the Processor, the Primary Listing Market for the affected securities, and the Operating Committee unless the Primary Listing Market, in consultation with the Processor and the Operating Committee, determines that resumption of accurate data is expected in the near future. *See* Amended Nasdaq UTP Plan, Section X.A.13.

[25] Material SIP latency means a delay of quotation or last sale price information in one or more securities between the time data is received by the Processor and the time the Processor disseminates the data over the Processor's vendor lines, which delay the Primary Listing Market determines, in consultation with, and in accordance with, publicly disclosed guidelines established by the Operating Committee, to be (a) material and (b) unlikely to be resolved in the near future. *See* Amended Nasdaq UTP Plan, Section X.A.5.

[26] *See* proposed Rule 4120(a)(9).

[27] *See* proposed Rule 4120(a)(4).

and is not a Regulatory Halt. An Operational Halt is effective only on the Exchange; other markets are not required to halt trading in the impacted securities. In practice, the Exchange has always had the capacity to implement operational halts in specified circumstances.[28] The proposed change would provide greater clarity on when an Operational Halt may be implemented and the process for halting and resuming trading in the event of an Operational Halt. An Operational Halt is not a Regulatory Halt.[29]

Regulatory Halt

Proposed Rule 4120(b)(1)(A)(i)–(ii) includes two situations in which the Exchange must halt trading pursuant to a Regulatory Halt: under the Limit Up-Limit Down Plan or pursuant to extraordinary market volatility (market-wide circuit breakers). Proposed Rule 4120(b)(1)(A)(i) retains without substantive modification the existing rule with respect to the Limit Up-Limit Down Plan (current Rule 4120(a)(13)). The Exchange, as a non-Primary Listing Market, does not itself declare trading pauses pursuant to the Limit Up-Limit Down Plan, but rather implements such pauses declared by Primary Listing Markets. The Exchange proposes to make clear in Rule 4120(b)(1)(A)(ii) that a trading halt pursuant to extraordinary market volatility (market-wide circuit breakers), as is described in Rule 4121, constitutes a Regulatory Halt. This would replace current Rule 4120(a)(11). The Exchange also proposes to delete language at the end of Rule 4120 related to current Rule 4120(a)(11), which refers to a pilot and is no longer needed.[30]

Proposed Rule 4120(b)(1)(A)(iv) retains without substantive modification existing Rule 4120(12), which requires the Exchange to halt trading if a security listed on the Exchange fails to meet the continued listing standard of a minimum bid price of at least $0.25 per share under the Exchange's venture market listing rules.[31]

The Exchange would also consolidate subsections concerning a Regulatory Halt declared by Primary Listing Markets in Rule 4120(b)(1)(A)(iii). The Exchange believes this consolidation would add clarity to the rule. As is the case under the current rule, the Exchange would honor a Regulatory Halt.

The Exchange proposes to add proposed Rule 4120(b)(1)(A)(iii)(a)(1), which makes clear that the start time of a Regulatory Halt is the time the Primary Listing Market declares the Regulatory Halt, regardless of whether communications issues impact the dissemination of notice of the Halt.[32] This proposal would provide market participants with certainty on the official start time of the Regulatory Halt. Under the proposed rule, the start time is fixed by the Primary Listing Market; it is not dependent on whether notice is disseminated immediately. This will avoid possible disagreement if the Regulatory Halt time were tied to dissemination or receipt of notification, which may occur at different times. The Exchange recognizes that in situations where communication is interrupted, trades may continue to occur until news of the Regulatory Halt reaches all trading centers. However, a fixed ''official'' Regulatory Halt time will allow SROs to revisit trades after the fact and determine in a consistent manner whether specific trades should stand.

Current Rule 4120(a)(2), which states that the Exchange may halt trading on the Exchange of a security listed on another national securities exchange during a trading halt imposed by such exchange to permit the dissemination of material news, would become proposed Rule 4120(b)(1)(A)(iii)(a)(2). Consistent with Section X.G of the Nasdaq UTP Plan, the proposed Rule will more broadly require the Exchange to halt trading of a UTP security if the Primary Listing Market declares a Regulatory Halt in that security.

Current Rule 4120(b), which governs trading halts in certain Derivative Securities Products traded on the Exchange pursuant to unlisted trading privileges, would become proposed Rule 4120(b)(1)(A)(iii)(a)(3), without any substantive changes. Subsection (b)(1)(A)(iii)(a)(3) would replace the term ''Regular Market Session'' with the term ''Regular Trading Hours'' to stay consistent with other portions of the proposed rule. The change is non-substantive and would still refer to the period between 9:30 a.m. and 4:00 p.m. Eastern Time on days when the Exchange is open for trading. No other changes have been made to this subsection.

Resumption of Trading After a Regulatory Halt

The SROs have jointly developed processes to govern the resumption of trading in the event of a Regulatory Halt. While the actual process of re-launching trading will remain unique to each exchange, the proposed rule would harmonize certain common elements of the reopening process that would benefit from consistency across markets. These common elements include the primacy of the Primary Listing Market in resumption decisions, the requirement that the Primary Listing Market make its determination to resume trading in good faith,[33] and certain parts of the complex process of reopening trading after a SIP Halt. With respect to a SIP Halt, common elements of the reopening process include the interaction among SROs (including the Primary Listing Market with the SIP), the requirement that the Primary Listing Market terminate a SIP Halt with a notification that specifies a SIP Halt Resume Time, the minimum quoting times before resumption of trading, the cutoff time after which trading would not resume during Regular Trading Hours, and the time when trading may resume if the Primary Listing Market does not open a security within the amount of time specified in its rules after the SIP Halt Resume Time.

Proposed Rule 4120(b)(2) provides the process to be followed when resuming trading upon the conclusion of a Regulatory Halt. The new rule, which incorporates Section X.E.1 and X.F.3 of the Amended Nasdaq UTP Plan, is divided into the following two subsections concerning resumption of trading: (A) after a Regulatory Halt other than a SIP Halt; and (B) after a SIP Halt. Proposed Rule 4120(b)(2)(A)(i) provides that, for a Regulatory Halt other than a SIP Halt, the Exchange may resume

[28] *See* By-Laws of Nasdaq BX, Inc., Section 12.5 (''Authority to Take Action Under Emergency or Extraordinary Market Conditions''), available at *https://listingcenter.nasdaq.com/assets/rulebook/bx/rules/BX_Corporate_Organization.pdf.*

[29] The Exchange notes that it proposes to amend the existing definition of the term ''Post-Market Session'' to clarify that it is a trading session that begins after ''Regular Trading Hours''—a term that, in turn, is defined in the Nasdaq UTP Plan—and that such session begins at ''approximately'' 4:00 p.m. *See* Proposed Rule 4120(a)(5).

[30] Specifically, the Exchange proposes to delete the following provision: ''The provisions of paragraph (a)(11) of this Rule shall be in effect during a pilot set to end on the earlier of the initial date of operations of the Regulation NMS Plan to Address Extraordinary Market Volatility or February 4, 2014. During the pilot, the term ''Circuit Breaker Securities'' shall mean all NMS stocks except rights and warrants.''

[31] The Exchange proposes retaining this provision because it is required by a continued listing standard that remains in the rulebook. However, the Exchange's venture market listing rules are not active, as described further below, and the Exchange is not currently operating as a Primary Listing Market. To the extent the Exchange proceeds with a listing market in the future, the Exchange will submit a proposed rule change at that time to adopt halts appropriate for a Primary Listing Market, as described further below.

[32] This is consistent with the Amended Nasdaq UTP Plan. *See* Amended Nasdaq UTP Plan, Section X.D.1.

[33] *See* Partial Amendment No. 1 of Trading Halt Amendments to the UTP Plan, dated March 31, 2021.

trading subject to the Regulatory Halt after the Exchange receives notification from the Primary Listing Market that the Regulatory Halt has been terminated. The Exchange does not conduct halt crosses and, therefore, the resumption of trading in these securities will occur once notice from the Primary Listing Market is received.

Proposed Rule 4120(b)(2)(B)(i) provides that, for securities subject to a SIP Halt initiated by another exchange that is the Primary Listing Market, during Regular Trading Hours, the Exchange may resume trading after trading has resumed on the Primary Listing Market or notice has been received from the Primary Listing Market that trading may resume. During Regular Trading Hours, if the Primary Listing Market does not open a security within the amount of time specified by the rules of the Primary Listing Market after the SIP Halt Resume Time, the Exchange may resume trading in that security. Outside Regular Trading Hours, the Exchange may resume trading immediately after the SIP Halt Resume Time.[34] Proposed Rule 4120(b)(2) is consistent with current practice.

The Exchange proposes to add Rule 4120(b)(3) to codify current practice and add clarity to the Rules, consistent with the language proposed by Nasdaq PHLX LLC. Proposed Rule 4120(b)(3) states that the Exchange will not conduct a halt cross or re-opening cross and will process new and existing orders during a Regulatory Halt as follows: (1) any unexecuted portion of Midpoint Peg and Midpoint Peg Post-Only Orders will be cancelled,[35] (2) all other resting Orders in the Exchange Book will be maintained at their last ranked price and displayed price, (3) the Exchange will accept and process all cancellations, and (4) Orders, including Order modifications, entered during the Regulatory Halt will not be accepted. Proposed Rule 4120(b)(3)(D) retains without substantive modification existing Rule 4120(c)(4)(B).

The Exchange proposes to delete current Rule 4120(a) (except for Rule 4120(a)(2), (11), (12), and (13) (as described above)), which provides the Exchange with authority to initiate halts.[36] In part, current Rule 4120(a) provides the Exchange with authority to initiate Regulatory Halts akin to that of a Primary Listing Market. Although the Exchange has BX venture market listing Rules, BX does not serve as a listing market and therefore the proposed Rules herein reflect that of a non-Primary Listing Market.[37] Specifically, the Exchange proposes to remove authority provided under the current rules that allows the Exchange to institute a Regulatory Halt in circumstances where the Exchange requests additional information from an issuer (current Rule 4120(a)(5)), where extraordinary market activity in the security is occurring and the Exchange determines that such extraordinary market activity is likely to have a material effect on the market for the security (current Rule 4120(a)(6)), to allow for the dissemination of material news (current Rule 4120(a)(1)), and to protect a fair and orderly market in the trading of index warrants (current Rule 4120(a)(8)). The proposed rule change would remove the Exchange's discretion, provided under current Rule 4120(a)(9), to halt trading in a series of Portfolio Depository Receipts, Index Fund Shares, or Managed Fund Shares (as defined in Equity 3A, Section 2) listed on the Exchange if the Intraday Indicative Value (as defined in Equity 3A, Section 2) or the index value applicable to that series is not being disseminated as required, during the day in which the interruption to the dissemination of the Intraday Indicative Value or the index value occurs. The proposed rule change would also remove the Exchange's discretion, provided under current Rule 4120(a)(4), to halt trading in an American Depository Receipt (''ADR'') or other security listed on the Exchange, when the security listed on the Exchange or the security underlying the ADR is listed on or registered with another national or foreign securities exchange or market, and the national or foreign securities exchange or market, or regulatory authority overseeing such exchange or market, halts trading in such security for regulatory reasons. The proposed rule change would also remove the requirement to halt trading in the Derivative Securities Product when the Exchange becomes aware that the net asset value of a Derivative Securities Product (or the Disclosed Portfolio in the case of Managed Fund Shares) is not being disseminated to all participants at the same time (current Rule 4120(a)(10)).

In addition, The Exchange proposes to delete current Rule 4120(c), which provides procedures for initiating and terminating a trading halt. The Exchange would not initiate a Regulatory Halt given its status as a non-Primary Listing Market, rendering language in the current rule inapplicable. Proposed procedures for terminating Regulatory Halts and resuming trading are included in proposed Rule 4120(b)(2), as discussed above.

Operational Halt

The Exchange proposes in Rule 4120(c) to address Operational Halts, which are non-regulatory in nature and apply only to the exchange that calls the halt. The ability to call an Operational Halt has existed for a long time, although in the Exchange's experience, such halts have rarely been initiated. As part of the Exchange's assessment with the other SROs of the halting and resumption of trading, the Exchange believes that the markets would benefit from greater clarity regarding when an Operational Halt may be appropriate.[38] In part, the proposed change is designed to cover situations similar to those that might constitute a Regulatory Halt, but where the impact is limited to a single market. For example, just as a market disruption might trigger a Regulatory Halt for Extraordinary Market Activity (as defined in the Amended Nasdaq UTP Plan) if it affects multiple markets, so a disruption at the Exchange, such as a technical issue affecting trading in one or more securities, could impact trading on the Exchange so significantly that an Operational Halt is appropriate in one or more securities. In such an instance, it would be in the public interest to institute an Operational Halt to minimize the impact of a disruption that, if trading were allowed to continue, might negatively affect a greater number of market participants. An Operational Halt does not implicate other trading centers.

Proposed Rule 4120(c) would authorize the Exchange to implement an Operational Halt for any security trading on the Exchange:

- if it is experiencing Extraordinary Market Activity[39] on the Exchange; or

[34] *See* Partial Amendment No. 2 of Trading Halt Amendments to the UTP Plan, dated April 7, 2021.

[35] Proposed Rule 4120(b)(3) applies to Regulatory Halts. Consistent with current practice, Midpoint Pegged Orders are only cancelled during Regulatory Halts. In contrast, during an Operational Halt, Midpoint Pegged Orders are not cancelled. The Exchange notes that its sister exchange, Nasdaq, intends to file a proposed rule change to reflect this concept.

[36] Deletion of Rule 4120(a)(3) is described in the ''Operational Halt'' section below.

[37] If BX proceeds with a listing market in the future, the Exchange will update Rule 4120 accordingly, among other necessary proposed rule changes at that time.

[38] Differences between Nasdaq and the Exchange's proposals as it relates to Operational Halts stem from Nasdaq's status as a Primary Listing Market, unlike the Exchange.

[39] ''Extraordinary Market Activity'' in proposed Rule 4120(c) would have the meaning proposed by the Exchange, which is a modified form of the term

Continued

- when otherwise necessary to maintain a fair and orderly market or in the public interest.

The Exchange is proposing to delete Rule 4120(a)(3) that authorizes the Exchange to institute an ''operational trading halt'' in a security listed on another exchange when that exchange imposes a trading halt because of an order imbalance or influx. The Exchange believes this language could restrict its ability to follow an Operational Halt imposed by another market to a limited set of fact patterns. The Exchange believes that the broader language provided by the definition of Extraordinary Market Activity and the ability to initiate an Operational Halt when necessary to maintain a fair and orderly market will better serve the interests of investors by allowing the Exchange to act where appropriate.

Proposed Rule 4120(c)(2) provides the process for initiating an Operational Halt. Under the proposed rule, the Exchange must notify the SIP if it has concerns about its ability to collect and transmit Quotation Information or Transaction Reports, or if it has declared an Operational Halt or suspension of trading in one or more Eligible Securities, pursuant to the procedures adopted by the Operating Committee.

Proposed Rule 4120(c)(3) will clarify how the Exchange resumes trading after an Operational Halt. Proposed Rule 4120(c)(3)(A) provides that the Exchange would resume trading when it determines that trading may resume in a fair and orderly manner consistent with the Exchange's rules. Proposed Rule 4120(c)(3)(B) provides that orders entered during the Operational Halt will not be accepted, unless subject to instructions that the order will be directed to another exchange. Proposed Rule 4120(c)(3)(C) provides that trading in a halted security shall resume at the time specified by the Exchange in a notice. Proposed Rule 4120(c)(3)(C) also specifies that Exchange will notify all other Plan participants and the SIP using such protocols and other emergency procedures as may be mutually agreed to between the Operating Committee and the Exchange. If the SIP is unable to disseminate notice of an Operational Halt or the Exchange is not open for trading, the Exchange will take reasonable steps to provide notice of an Operational Halt, which shall include both the type and start time of the Operational Halt. Each Plan participant shall continuously monitor communication protocols established by the Operating Committee and the Processor during market hours to disseminate notice of an Operational Halt, and the failure of a participant to do so shall not prevent the Exchange from initiating an Operational Halt.

Conforming Changes to Other Rules

The Exchange is proposing to modify Rule 4702 that cross references Rule 4120 in light of the reorganization of Rule 4120. Rule 4702 (Order Types) will be modified to update a cross reference to the Rule that governs Limit-Up-Limit-Down procedures.

In addition, the Exchange is proposing to modify Equity 3, Rule 5815 that cross references Rule 4120 in light of the reorganization of Rule 4120. Rule 5815(a)(1)(C) will be modified to update a cross reference to the Rule that governs halts for failure to meet the continued listing standard of a minimum bid price of at least $0.25 per share under the Exchange's venture market listing rules.[40]

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[41] Specifically, the proposal is consistent with Section 6(b)(5) of the Act[42] because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest.

As described above, the Exchange and other SROs are seeking to adopt harmonized rules related to halting and resuming trading in U.S.-listed equity securities. The Exchange believes that the proposed rules will provide greater transparency and clarity with respect to the situations in which trading will be halted and the process through which that halt will be implemented and terminated. Particularly, the proposed changes seek to achieve consistent results for participants across U.S. equities exchanges while maintaining a fair and orderly market, protecting investors and protecting the public interest. Based on the foregoing, the Exchange believes that the proposed rules are consistent with Section 6(b)(5) of the Act[43] because they will foster cooperation and coordination with persons engaged in regulating and facilitating transactions in securities.

As discussed previously, the Exchange believes that the various provisions of the proposed rules that will apply to all SROs are focused on the type of cross-market event where a consistent approach will assist market participants and reduce confusion during a crisis. Because market participants often trade the same security across multiple venues and trade securities listed on different exchanges as part of a common strategy, the Exchange believes that the proposed rules will lessen the risk that market participants holding a basket of securities will have to deal with divergent outcomes depending on where the securities are listed or traded. Conversely, the proposed rules would still allow individual SROs to react differently to events that impact various securities or markets in different ways. This avoids the ''brittle market'' risk where an isolated event at a single market forces all markets trading equities securities to halt or halts trading in all securities where the issue impacted only a subset of securities. By addressing both concerns, the Exchange believes that the proposed rules further the Act's goal of maintaining fair and orderly markets.

The Exchange believes that the proposed rules' focus of responsibility on the Primary Listing Market for decisions related to a Regulatory Halt and the resumption of trading is consistent with the Act, which itself imposes obligations on exchanges with respect to issuers that are listed. As is currently the case, the Primary Listing Market would be responsible for the many regulatory functions related to its listings, including the determination of when to declare a Regulatory Halt. While these core responsibilities remain with the Primary Listing Market, trading in the security can occur on multiple exchanges that have unlisted trading privileges for the security, such as on the Exchange, or in the over-the-counter market, regulated by FINRA. The Exchange is responsible for monitoring activity on its own markets, but also must honor a Regulatory Halt.

The proposed changes relating to Regulatory Halts would ensure that all SROs handle the situations covered therein in a consistent manner that would prevent conflicting outcomes in cross-market events and ensure that all trading centers recognize a Regulatory Halt declared by the Primary Listing Market. The changes are consistent with and implement the Amended Nasdaq UTP Plan.

from the Amended Nasdaq UTP Plan, as described above.

[40] *Supra* note 31.

[41] 15 U.S.C. 78f(b).

[42] 15 U.S.C. 78f(b)(5).

[43] 15 U.S.C. 78f(b)(5).

The Exchange believes that the definitions in the proposed rules are also consistent with the Act. The Exchange proposes adding a definitions section as Rule 4120(a) to consolidate the various definitions that will be used in the Rule, some of which are taken from the Amended Nasdaq UTP Plan. The Exchange is adopting a modified form of the term ''Extraordinary Market Activity'' from the Amended Nasdaq UTP Plan, as described above. In addition, several other definitions have been moved into the definitions section from elsewhere in the current rule without changes in the definitions. As noted, certain definitions are consistent with the definitions in the Amended Nasdaq UTP Plan, furthering the Act's goal of promoting fair and orderly markets. For example, the Exchange is proposing to adopt a definition of ''SIP Halt,'' to explicitly address a situation that may disrupt the markets, and this definition is identical to the definition in the Amended Nasdaq UTP Plan. In addition to ''SIP Halt,'' the Exchange is adopting the following terms from the Amended Nasdaq UTP Plan: ''Operating Committee,'' ''Operational Halt,'' ''Primary Listing Market,'' ''Processor,'' ''Regulatory Halt,'' ''Regular Trading Hours,'' and ''SIP Halt Resume Time,'' as discussed above.

The Exchange believes that the proposed rules, which make halts more consistent across exchange rules, are consistent with the Act in that they will foster cooperation and coordination with persons engaged in regulating the equities markets. In particular, the Exchange believes it is important for SROs to coordinate when there is a widespread and significant event, as multiple trading centers are impacted in such an event. Further, while the Exchange recognizes that the proposed rule will not guarantee a consistent result on every market in all situations, the Exchange does believe that it will assist in that outcome. While the proposed rules relating to Regulatory Halts focuses primarily on the kinds of cross-market events that would likely impact multiple markets, individual SROs will still retain flexibility to deal with unique products or smaller situations confined to a particular market.

Also consistent with the Act, and with the Amended Nasdaq UTP Plan, is the Exchange's proposal in Rule 4120(c) to address Operational Halts, which are non-regulatory in nature and apply only to the exchange that calls the halt. As noted earlier, the Exchange presently has the ability to call an Operational Halt, but does so rarely. The Exchange believes that the markets would benefit from greater clarity regarding when an Operational Halt may be appropriate. The proposed change is designed to cover situations where the impact is limited to a single market. For example, a disruption at the Exchange, such as a technical issue affecting trading in one or more securities, could impact trading on the Exchange so significantly that an Operational Halt is appropriate in one or more securities. In such an instance, it would be in the public interest to institute an Operational Halt to minimize the impact of a disruption that, if trading were allowed to continue, might negatively affect a greater number of market participants. An Operational Halt does not implicate other trading centers.

Proposed Rule 4120(c) would authorize the Exchange to implement an Operational Halt for any security trading on the Exchange: (i) if it is experiencing Extraordinary Market Activity on the Exchange; or (ii) when otherwise necessary to maintain a fair and orderly market or in the public interest.

The Exchange believes that it is consistent with the Act to delete parts of Rule 4120 that are no longer needed, including substantial portions of Rule 4120(a) (as described above) and Rule 4120(c). The Exchange proposes to remove the authority provided to the Exchange to initiate Regulatory Halts as a Primary Listing Market in current Rule 4120(a) given the Exchange's status as a non-Primary Listing Market. In addition, current Rule 4120(a)(3) authorizes the Exchange to institute an ''operational trading halt'' in a security listed on another exchange when that exchange imposes a trading halt because of an order imbalance or influx. The Exchange believes this language could restrict its ability to follow an Operational Halt imposed by another market to a limited set of fact patterns. The Exchange believes that the broader language provided by the definition of Extraordinary Market Activity in proposed Rule 4120(c) will better serve the interests of investors by allowing the Exchange to act where appropriate. The Exchange proposes to delete current Rule 4120(c), which provides procedures for initiating and terminating a trading halt, to remove obsolete language and harmonize procedures for terminating Regulatory Halts and resuming trading. Finally, the Exchange proposes to delete language from current Rule 4120 relating to effectiveness of paragraph (a)(11), which is obsolete. Other sections of current Rule 4120 are reorganized and retained without substantive modifications, as described above.

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

The Exchange believes the proposal is consistent with Section 6(b)(8) of the Act [44] in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act as explained below.

Importantly, the Exchange believes the proposal will not impose a burden on intermarket competition but will rather alleviate any burden on competition because it is the result of a collaborative effort by all SROs to harmonize and improve the process related to the halting and resumption of trading in U.S.-listed equity securities, consistent with the Amended Nasdaq UTP Plan. In this area, the Exchange believes that all SROs should have consistent rules to the extent possible in order to provide additional transparency and certainty to market participants and to avoid inconsistent outcomes that could cause confusion and erode market confidence. The proposed changes would ensure that all SROs handle the situations covered therein in a consistent manner and ensure that all trading centers handle a Regulatory Halt consistently. The Exchange understands that all other non-Primary Listing Markets intend to file proposals that are substantially similar to this proposal.

The Exchange does not believe that its proposals concerning Operational Halts impose an undue burden on competition. Under the existing Rules, the Exchange already possesses discretionary authority to impose Operational Halts for various reasons, including because of an order imbalance or influx that causes another national securities exchange to impose a trading halt in a security. As described earlier, the proposed Rule change clarifies and broadens the circumstances in which the Exchange may impose such Halts, and specifies procedures for both imposing and lifting them. The Exchange does not intend for these proposals to have any competitive impact whatsoever. Indeed, the Exchange expects that other exchanges will adopt similar rules and procedures to govern operational halts, to the extent that they have not done so already.

The Exchange does not believe that the proposed rule change imposes a burden on intramarket competition because the provisions apply to all market participants equally. In addition, information regarding the halting and resumption of trading will be disseminated using several freely

[44] 15 U.S.C. 78f(b)(8).

accessible sources to ensure broad availability of information in addition to the SIP data and proprietary data feeds offered by the Exchange and other SROs that are available to subscribers. In addition, the declaration and timing of trading halts and the resumption of trading is designed to avoid any advantage to those who can react more quickly than other participants. The proposals encourage early and frequent communication among the SROs, SIPs and market participants to enable the dissemination of timely and accurate information concerning the market to market participants.

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

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)(iii) of the Act [45] and subparagraph (f)(6) of Rule 19b–4 thereunder.[46]

At any time within 60 days of the filing of such 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.

[45] 15 U.S.C. 78s(b)(3)(A)(iii).

[46] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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–BX–2023–007 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–BX–2023–007. 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–BX–2023–007 and should be submitted on or before April 14, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[47]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2023–06054 Filed 3–23–23; 8:45 am]

BILLING CODE 8011–01–P

[47] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–97171; File No. SR–NSCC–2022–015]

Self-Regulatory Organizations; National Securities Clearing Corporation; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Make Certain Enhancements to the Gap Risk Measure and the VaR Charge

March 20, 2023.

I. Introduction

On December 2, 2022, National Securities Clearing Corporation (''NSCC'') filed with the Securities and Exchange Commission (''Commission'') proposed rule change SR–NSCC–2022–015 (the ''Proposed Rule Change'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder.[2] The Proposed Rule Change was published for comment in the **Federal Register** on December 21, 2022,[3] and the Commission has received one comment regarding the changes proposed in the Proposed Rule Change.[4]

On January 24, 2023, pursuant to Section 19(b)(2) of the Act,[5] the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.[6] This order institutes proceedings, pursuant to Section 19(b)(2)(B) of the Act,[7] to determine whether to approve or disapprove the Proposed Rule Change.

II. Summary of the Proposed Rule Change

A key tool that NSCC uses to manage its respective credit exposures to its members is the daily collection of margin from each member, which is referred to as each member's Required Fund Deposit.[8] The aggregated amount

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 96511 (Dec. 15, 2022), 87 FR 78157 (Dec. 21, 2022) (File No. SR–NSCC–2022–015) (''Notice of Filing'').

[4] Comments are available at *https://www.sec.gov/comments/sr-nscc-2022-015/srnscc2022015.htm*.

[5] 15 U.S.C. 78s(b)(2).

[6] Securities Exchange Act Release No. 96740 (Jan. 24, 2023), 88 FR 5953 (Jan. 30, 2023) (SR–NSCC–2022–015).

[7] 15 U.S.C. 78s(b)(2)(B).

[8] The description of the Proposed Rule Change is based on the statements prepared by NSCC in the Notice. *See* Notice, *supra* note 3. Capitalized terms used herein and not otherwise defined herein are defined in the Rules, *available at https://www.dtcc.com/-/media/Files/Downloads/legal/rules/nscc_rules.pdf*.