

disseminated following the conclusion of a regulatory halt does not burden inter-market competition because it could improve confidence in the Exchange's overall execution quality by preventing orders from being unnecessarily canceled due to stale reference prices.²¹ Further, this proposed rule change may increase confidence in the proper functioning of the Exchange and contribute to additional competition among trading venues. Rather than impede competition, the proposal is designed to avoid the unwanted cancellation of orders following a regulatory halt, which, in turn, could enhance the integrity of trading on the Exchange. These proposals also would not burden intra-market competition because it would apply to all Equity Members equally and all Equity Members' orders would not be subject to the applicable protection where it would be based on a stale reference price and result in an unnecessary cancellation of the order, as described here.

Rule Reorganization

The reorganization of Exchange Rules 2614(a)(1)(ix)(C) and 2618(b)(1) would not impact competition because such changes would not enhance or alter the Exchange's ability to compete, but rather, make each rule easier to comprehend, reducing the potential for inadvertent investor confusion.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act²² and Rule 19b-4(f)(6)²³ thereunder.

²¹ See *supra* note 16.

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-PEARL-2023-58 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-PEARL-2023-58. 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available

publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2023-58 and should be submitted on or before November 24, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁴

Dated: October 30, 2023.

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-98806; File No. SR-CboeBYX-2023-013]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Withdrawal of Proposed Rule Change To Amend Its Fee Schedule Related to Physical Port Fees

October 27, 2023.

On September 1, 2023, Cboe BYX Exchange, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² a proposed rule change to amend certain connectivity and port fees.

The proposed rule change was immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.³ The proposed rule change was published for comment in the **Federal Register** on September 20, 2023.⁴ On September 29, 2023, pursuant to Section 19(b)(3)(C) of the Act,⁵ the Commission: (1) temporarily suspended the proposed rule change; and (2) instituted proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change.⁷ On October 25, 2023, the Exchange

²⁴ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A). A proposed rule change may take effect upon filing with the Commission if it is designated by the exchange as "establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization." 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ See Securities Exchange Act Release No. 98393 (September 14, 2023), 88 FR 64933.

⁵ 15 U.S.C. 78s(b)(3)(C).

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Securities Exchange Act Release No. 98647, 88 FR 68798 (October 4, 2023).

withdrew the proposed rule change (SR-CboeBYX-2023-013).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-98819; File No. 4-795]

Order Granting Broker-Dealers Exemptive Relief, Pursuant to Section 36(a) and Rule 15c2-11(g) Under the Securities Exchange Act of 1934, From Rule 15c2-11 for Fixed-Income Securities Sold in Compliance With the Safe Harbor of Rule 144A Under the Securities Act of 1933

October 30, 2023.

I. Introduction

The Securities and Exchange Commission (“Commission”) adopted 17 CFR 240.15c2-11 (“Rule 15c2-11”) under the Securities Exchange Act of 1934 (“Exchange Act”) in 1971.¹ In September 2020, the Commission adopted amendments to Rule 15c2-11 to, among other things, provide greater transparency to investors and other market participants by requiring brokers or dealers to have in their records specified information about the issuer and its security that is current and publicly available before a broker-dealer can begin quoting that security.² Rule 15c2-11 governs the publication of quotations for securities³ in a quotation medium other than a national securities exchange, *i.e.*, over-the-counter (“OTC”) securities, other than exempted

securities⁴ and municipal securities.⁵ Rule 15c2-11 sets forth certain information review and recordkeeping requirements for brokers and dealers to initiate or resume quotations for securities in the OTC market. Under 17 CFR 240.15c2-11(a)(1)(i), a broker or dealer, before it may publish any quotation for a security or, directly or indirectly, submit any such quotation for publication, in a quotation medium other than a national securities exchange, must obtain, have in its records, and review key, basic information regarding the subject security and its issuer, as specified in 17 CFR 240.15c2-11(b) (“paragraph (b) information”), that is “current” and “publicly available.”⁶ In addition, based upon a review of the applicable paragraph (b) information, together with any other supplemental documents and information specified in 17 CFR 240.15c2-11(c), the broker or dealer must have a reasonable basis under the circumstances for believing that the paragraph (b) information is accurate in all material respects and is from a reliable source.⁷ Further, the reviewing broker or dealer must also preserve documents and information that are required to be obtained under the applicable paragraphs (a), (b), and (c) of Rule 15c2-11.⁸

Following the Commission’s 2020 adoption of amendments to Rule 15c2-11, certain market participants stated that Rule 15c2-11’s information review and recordkeeping requirements should not apply with regard to quotations for fixed-income securities that are sold in

compliance with the safe harbor in 17 CFR 230.144A (“Rule 144A”)⁹ under the Securities Act of 1933¹⁰ (“Rule 144A fixed-income securities”). In particular, on November 22, 2022, the National Association of Manufacturers and the Kentucky Association of Manufacturers submitted a petition to the Commission pursuant to 17 CFR 201.192(a) of the Commission’s Rules of Practice¹¹ for a rulemaking to amend Rule 15c2-11, to expressly exempt from Rule 15c2-11 Rule 144A fixed-income securities (“Petition”). The Petition also requested, in the alternative, that the Commission expressly exempt Rule 144A fixed-income securities from Rule 15c2-11 pursuant to the exemptive authority set forth in 17 CFR 240.15c2-11(g).¹²

For the reasons discussed below, this Order exempts Rule 144A fixed-income securities from Rule 15c2-11, thus effectively granting the alternative relief sought in the Petition.

II. Discussion of Exemptive Relief

Section 36 of the Exchange Act authorizes the Commission to, conditionally or unconditionally, exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of the Exchange Act, or of any rule or regulation thereunder, to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.¹³ Paragraph (g) of Rule 15c2-11 under the Exchange Act similarly provides that the Commission may, conditionally or unconditionally, exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision or provisions of Rule 15c2-11 to the extent that such exemption is necessary or appropriate in the public interest, and is consistent with the protection of investors.¹⁴

This exemptive relief is limited to Rule 144A fixed-income securities.¹⁵

⁹ 17 CFR 230.144A. See also No. 33-6862 (Apr. 23, 1990), 55 FR 17933, 17939 n.55 (Apr. 30, 1990) (“Rule 144A Adopting Release”) (noting the applicability of Rule 15c2-11 to Rule 144A offerings).

¹⁰ 15 U.S.C. 77a.

¹¹ 17 CFR 201.192(a).

¹² See, e.g., Letter from Andrew Pincus to Vanessa Countryman, Petition for Rulewriting and Application for Exemption from Rule 15c2-11 (Nov. 22, 2022), <https://www.sec.gov/files/rules/petitions/2022/petamend-rule-15c211-4795.pdf>.

¹³ 15 U.S.C. 78mm.

¹⁴ 17 CFR 240.15c2-11(g).

¹⁵ The Petition was limited to Rule 144A fixed-income securities and expressly excluded equity

⁴ See 15 U.S.C. 78o(c)(2)(A). The term “exempted security” includes, among others, certain government securities, such as securities which are direct obligations of, or obligations guaranteed as to principal or interest by, the United States. See 15 U.S.C. 78c(a)(12), (42).

⁵ 17 CFR 240.15c2-11(f)(4). The term “municipal security” includes, among others, securities which are direct obligations of, or obligations guaranteed as to principal or interest by, a State or any political subdivision thereof, or any agency or instrumentality of a State or any political subdivision thereof, or any municipal corporate instrumentality of one or more States. See 15 U.S.C. 78c(a)(29).

⁶ See 17 CFR 240.15c2-11(a)(1)(i)(A), (B). The terms “current” and “publicly available” are defined in paragraphs (e)(2) and (e)(5) of Rule 15c2-11, respectively, and have the same meaning in this order.

⁷ See 17 CFR 240.15c2-11(a)(1)(i)(C). See also 2020 Rule 15c2-11 Release, 85 FR at 68125. These rule amendments, among other things, expanded the scope of Rule 15c2-11’s requirements for obtaining and reviewing specified information. Broker-dealers may publish initial quotations in reliance on the publicly available determination of a “qualified interdealer quotation system” that it complied with the information review requirement set forth in Rule 15c2-11(a)(2)(i) through (iii). See 17 CFR 15c2-11(a)(1)(ii).

⁸ See 17 CFR 240.15c2-11(d)(1)(i)(A). See also 2020 Rule 15c2-11 Release, 85 FR at 68131, 68162.

⁸ 17 CFR 200.30-3(a)(12).

¹ *Initiation or Resumption of Quotations by a Broker or Dealer Who Lacks Certain Information*, Release No. 34-9310 (Sept. 13, 1971), 36 FR 18641 (Sept. 18, 1971).

² See *Publication or Submission of Quotations Without Specified Information*, Release No. 34-89891 (Sept. 16, 2020), 85 FR 68124, 68125 (Oct. 27, 2020) (“2020 Rule 15c2-11 Release”).

³ The term “security” is defined under section 3(a)(10) of the Exchange Act and specifically includes, among others, notes, bonds, debentures, and certificates of deposit, which are commonly known as fixed-income securities. 15 U.S.C. 78c(a)(10), (79). For purposes of this order, the term “fixed-income security” shall mean any note, bond, debenture, certificate of deposit for a security, certificate of deposit, or asset-backed security. See *id.*