

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-PHLX-2023-54 and should be submitted on or before January 3, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>45</sup>

**Sherry R. Haywood,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99115; File No. SR-ICC-2023-014]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the Clearance of Additional Credit Default Swap Contracts

December 7, 2023.

#### I. Introduction

On October 25, 2023, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to section 19(b)(2) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to clear additional credit default swap ("CDS") contracts. The proposed rule change was published for comment in the **Federal Register** on November 7,

2023.<sup>3</sup> The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

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

ICC is registered with the Commission as a clearing agency for the purpose of clearing CDS contracts. Chapter 26 of ICC's Rulebook covers the CDS contracts that ICC clears, with each subchapter of Chapter 26 defining the characteristics and additional Rules applicable to the various specific categories of CDS contracts that ICC clears. Among other CDS contracts, ICC currently clears Standard Emerging Market Sovereign Single Name CDS ("SES") contracts.

The purpose of the proposed rule change is to amend ICC's rules to permit ICC to clear additional SES contracts, specifically, SES contracts on the Kingdom of Morocco and the Federal Republic of Nigeria.

To carry out this change, the proposed rule change would amend Subchapter 26D of Chapter 26. In Rule 26D-102 (Definitions), "Eligible SES Reference Entities," the proposed rule change would add the Kingdom of Morocco and the Federal Republic of Nigeria to the list of specific Eligible SES Reference Entities to be cleared by ICC.

As discussed below, these additional SES contracts have terms consistent with the other SES contracts that ICC is already clearing. Likewise, to clear these additional contracts, ICC will be able to rely on its existing Risk Management Framework and other policies and procedures without making any changes.

#### III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the organization.<sup>4</sup> For the reasons given below, the proposed rule change is consistent with section 17A(b)(3)(F) of the Act<sup>5</sup> and Rule 17Ad-22(e)(1) thereunder.<sup>6</sup>

<sup>3</sup> Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the Clearance of Additional Credit Default Swap Contracts; Exchange Act Release No. 98833 (Nov. 1, 2023), 88 FR 76870 (Nov. 7, 2023) (File No. SR-ICC-2023-014) ("Notice").

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

<sup>5</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>6</sup> 17 CFR 240.17Ad-22(e)(1).

#### a. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.<sup>7</sup>

The proposed rule change is consistent with section 17A(b)(3)(F) of the Act.<sup>8</sup> The terms and conditions of the additional SES contracts proposed for clearing are substantially similar to the terms and conditions of the other contracts listed in Subchapter 26D of ICC's Rules, all of which ICC currently clears, with the key difference being the underlying reference obligations. The underlying reference obligations will be issuances by the Kingdom of Morocco and the Federal Republic of Nigeria.

A review of the Notice and ICC's Rules, policies, and procedures shows that ICC would be able to clear the additional SES contracts pursuant to its existing clearing arrangements and related financial safeguards, protections, and risk management procedures. Furthermore, a review of data on volume, open interest, and the number of ICC Clearing Participants ("CPs") that currently trade in the SES contracts, as well as certain model parameters for the additional contracts, show that ICC's rules, policies, and procedures are reasonably designed to price and measure the potential risk presented by the additional SES contracts, collect financial resources in proportion to such risk, and liquidate the additional contracts in the event of a CP default. This should help ensure ICC's ability to maintain the financial resources it needs to provide its critical services and function as a central counterparty, thereby promoting the prompt and accurate settlement of the additional SES contracts and other credit default swap transactions.

Therefore, clearance of the additional SES contracts would promote the prompt and accurate clearance and settlement of securities transactions, consistent with section 17A(b)(3)(F) of the Act.<sup>9</sup>

#### b. Consistency With Rule 17Ad-22(e)(1)

Rule 17Ad-22(e)(1) requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>45</sup> 17 CFR 200.30-3(a)(12), (59).

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

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

its activities in all relevant jurisdictions.<sup>10</sup>

The proposed rule change would help provide a well-founded, clear, transparent, and enforceable legal basis for ICC's clearance of SES contracts on the Kingdom of Morocco and the Federal Republic of Nigeria. By amending Rule 26D-102 to add both the Kingdom of Morocco and the Federal Republic of Nigeria to the list of specific Eligible SES Reference Entities to be cleared by ICC, the proposed rule change would help to ensure that ICC can clear SES contracts on those countries pursuant to its existing rules in Subchapter 26D. The revised Subchapter 26D would provide a well-founded, clear, transparent, and enforceable legal basis for ICC to clear these contracts, consistent with the requirements of Rule 17Ad-22(e)(1).<sup>11</sup>

#### 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<sup>12</sup> and Rule 17Ad-22(e)(1) thereunder.<sup>13</sup>

*It is therefore ordered* pursuant to section 19(b)(2) of the Act<sup>14</sup> that the proposed rule change (SR-ICC-2023-014), be, and hereby is, approved.<sup>15</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99116; File No. SR-C2-2023-024]

### Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend Its Fees Schedule

December 7, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 1, 2023, Cboe C2 Exchange, Inc. (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "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

Cboe C2 Exchange, Inc. (the "Exchange" or "C2") proposes to amend its Fee Schedule. The text of the proposed rule change is in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/ctwo/](http://markets.cboe.com/us/options/regulation/rule_filings/ctwo/)), at the Exchange's Office of the Secretary, 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

The Exchange proposes to amend its Fee Schedule, effective December 1, 2023.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 17 options venues to which market participants may direct their order flow. Based on publicly available information, no single options exchange has more than approximately 16% of the market share and currently the Exchange represents approximately 3% of the market share.<sup>3</sup> Thus, in such a low-concentrated and highly competitive market, no single options exchange, including the Exchange, possesses significant pricing power in the execution of option order flow. The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can shift order flow or discontinue to reduce use of certain categories of products, in response to fee changes. Accordingly, competitive forces constrain the Exchange's transaction fees, and market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

##### Fee Code Updates

First, the Exchange proposes to amend the transaction fee for Public Customer orders in AMC, AMD, AMZN, HYG, PLTR, TSLA, and XLF that remove liquidity. Currently, public customer orders in equity, multiply-listed index, ETF and ETN penny options classes (except SPY, AAPL, QQQ, IWM and SLV) that remove liquidity are assessed a standard transaction fee of \$0.43 per contract and yield fee code "PC". The Exchange proposes to remove orders in AMC, AMD, AMZN, HYG, PLTR, TSLA, and XLF from fee code PC and, instead, assess fee code "SC" for Public Customer orders in AMC, AMD, AMZN, HYG, PLTR, TSLA, and XLF that remove liquidity. Fee code SC is currently appended to Public Customer orders in SPY, AAPL, QQQ, IWM and

<sup>3</sup> See Cboe Global Markets U.S. Options Market Volume Summary by Month (November 29, 2023), available at [https://markets.cboe.com/us/options/market\\_statistics/](https://markets.cboe.com/us/options/market_statistics/).

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

<sup>11</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>13</sup> 17 CFR 240.17Ad-22(e)(1).

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 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).

<sup>16</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.