

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-CboeEDGA-2024-003 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-CboeEDGA-2024-003. 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-CboeEDGA-2024-003 and should be submitted on or before February 28, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁹

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-02414 Filed 2-6-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-563, OMB Control No. 3235-0626]

Proposed Collection; Comment Request; Extension: Rule 17g-3

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 17g-3 (17 CFR 240.17g-3) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 17g-3 contains certain reporting requirements for NRSROs. Specifically, NRSROs are required to file with the Commission, on an annual basis, financial reports containing specified financial statements, certain financial condition reports, and a report on the internal control structure. NRSROs are also required to furnish a report of the number of credit rating actions taken during the most recently completed fiscal year. Currently, there are 10 credit rating agencies registered as NRSROs with the Commission. Based on staff experience, the Commission estimates that the total burden for respondents to comply with Rule 17g-3 is 3,650 hours. In addition, the Commission estimates an industry-wide annual external cost to NRSROs of \$350,000 to comply with Rule 17g-3, reflecting costs to engage the services of independent public accountants and outside counsel.

Written comments are invited on: (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to

³⁹ 17 CFR 200.30-3(a)(12).

enhance the quality, utility, and clarity of the information on respondents; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by April 8, 2024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Please direct your written comments to: Dave Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F St NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov.

Dated: February 2, 2024.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2024-02489 Filed 2-6-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99456; File No. SR-DTC-2023-013]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving of Proposed Rule Change To Modify the DTC Settlement Service Guide

February 1, 2024.

I. Introduction

On December 20, 2023, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-DTC-2023-013 ("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 28, 2023.³ The Commission has received no comments on the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 99234 (Dec. 22, 2023), 88 FR 89752 (Dec. 28, 2023) (File No. SR-DTC-2023-013) ("Notice of Filing").

⁴ Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC ("Rules") and the DTC Settlement Service Guide ("Settlement Guide"), available at <https://www.dtcc.com/legal/rules-and-procedures.aspx>.

II. Background

DTC serves as a central securities depository providing, in part, custodial services for equity securities, which include the safekeeping, record keeping, book-entry transfer, and pledge of securities among its Participants.⁵ DTC uses certain risk management controls, including its Collateral Monitor and Net Debit Cap, to protect the DTC settlement system in the event of a Participant default by ensuring that at any time the settlement obligation of any Participant will be fully collateralized and the amount due in settlement cannot exceed DTC liquidity resources.⁶

The Collateral Monitor⁷ tracks whether each Participant has available sufficient collateral value to secure funding for a Participant's net settlement obligation, in the event of the Participant's default.⁸ As such, the Collateral Monitor requires net debit settlement obligations to be fully collateralized as they accrue intraday, preventing the completion of transactions that would cause a Participant's Net Debit Balance⁹ to exceed the value of the Collateral in the Participant's account.¹⁰ DTC states that this ensures it will have sufficient Collateral to obtain funding for settlement if a Participant fails to pay for its settlement obligations.¹¹ The Collateral Monitor tracks the value of

Collateral supporting the settlement obligation of each Participant, where the collateral value of a security is the market price less the haircut amount determined by DTC.¹² Throughout the day, debits and credits to the Participant's securities and settlement accounts result in corresponding changes in its Collateral Monitor.¹³ When processing a transaction, DTC verifies that the deliverers and receiver's Collateral Monitor will not become negative when the transaction is processed, and when under-collateralized, the transaction will remain in a pending status until the deficient account has sufficient collateral to allow for processing.¹⁴

The Net Debit Cap limits the Net Debit Balance that a Participant can incur, thus limiting any Participant's net debit settlement obligation to an amount that can be covered by DTC's liquidity resources at any point during DTC's processing day.¹⁵ Likewise, the Aggregate Affiliated Family Net Debit Cap limits the sum of Net Debit Balances of an Affiliated Family of Participants, provided that the maximum Aggregate Affiliated Family Net Debit Cap not exceed the total available liquidity resources of DTC.¹⁶ When a transaction would cause a Participant's Net Debit Balance to exceed its Net Debit Cap, it is not processed.¹⁷ Instead, the transaction remains in a pending status until the Participant's Net Debit Balance is sufficiently reduced to allow processing. The Net Debit Balance may be reduced during the processing day by, among other things, receipt of a Delivery Versus Payment, which generates credits to the Participant's settlement account, or by a Settlement Progress Payment ("SPP"), which are funds that may be wired to DTC¹⁸ for the

Participant to prevent its Net Debit Cap from blocking its receipt of securities.

According to DTC, its liquidity structure is designed to maintain sufficient financial resources to complete settlement each business day, even in the event of the failure to settle of a Participant, or Affiliated Family of Participants, with the largest settlement obligation.¹⁹ DTC calculates its liquidity needs per Participant at a legal entity level, and further aggregates these amounts for an Affiliated Family based on the assumption that all such affiliates may fail simultaneously.²⁰ DTC states that its two key liquidity resources are: (i) Required Participants Fund Deposits across all Participants of \$1.15 billion, and (ii) a committed line of credit facility ("LOC") of \$1.9 billion, to which DTC may pledge Securities that are Collateral of the defaulting Participant in order to complete settlement.²¹ Together, the Participants Fund and LOC provide DTC with \$3.05 billion in total liquidity resources.

As noted above, DTC sets both the maximum Net Debit Cap and the Aggregate Affiliated Family Net Debit Cap to an amount at or below DTC's liquidity resources.²² Currently, the Net Debit Cap for an individual Participant is \$1.80 billion. The current Aggregate Affiliated Family Net Debit Cap is \$2.85 billion, which DTC states is below DTC's total available liquidity resources to account for the possibility that a defaulting Participant that is part of an Affiliated Family may be a lender to the LOC.²³

III. Description of the Proposed Rule Change

DTC proposes increasing the maximum Net Debit Cap from \$1.8 billion to \$2.15 billion. DTC states that Participants have requested that DTC raise the maximum Net Debit Cap to reduce transaction blockage and the need to make SPPs when reducing the Net Debit Balance during the processing day, allowing for less transactions in a

⁵ See The Depository Trust Company, Disclosure Framework for Covered Clearing Agencies and Financial Market Infrastructures (Mar. 2023) ("Disclosure Framework"), available at https://www.dtcc.com/-/media/Files/Downloads/legal/policy-and-compliance/DTC_Disclosure_Framework.pdf.

⁶ See *id.*

⁷ The "Collateral Monitor" of a Participant refers to the algebraic sum of (i) the Net Credit or Debit Balance of the Participant and (ii) the aggregate Collateral Value of the Collateral of the Participant. See Rule 1 (definition of "Collateral Monitor"), *supra* note 4.

⁸ See Disclosure Framework, *supra* note 5, at 54.

⁹ The "Net Debit Balance" of a Participant is the amount by which the Gross Debit Balance of the Participant exceeds its Gross Credit Balance. See Rule 1 (definition of "Net Debit Balance"), *supra* note 4. The "Gross Debit Balance" of a Participant refers to the aggregate amount of money DTC debits or charges to all the Accounts in all the Account Families of the Participant without accounting for any amount of money credited thereto. *Id.* (definition of "Gross Debit Balance"). The "Gross Credit Balance" of a Participant refers to the aggregate amount of money DTC credits to all the Accounts in all the Account Families of the Participant without accounting for any amount of money debited or charged thereto. *Id.* (definition of "Gross Credit Balance").

¹⁰ The "Collateral" of a Participant refers to the sum of (i) the Actual Participants Fund Deposit of the Participant, (ii) the Actual Preferred Stock Investment of a Participant, (iii) all Net Additions of the Participant and (iv) any SPP wired by the Participant to the Corporation. See *id.* (definition of "Collateral"); *infra* note 18.

¹¹ See Notice of Filing, *supra* note 3, at 89752.

¹² See Disclosure Framework, *supra* note 5, at 53.

¹³ See *id.* at 54.

¹⁴ See *id.*

¹⁵ See Settlement Guide, *supra* note 4, at 6; definition of Net Debit Balance, *supra* note 9.

¹⁶ "Affiliated Family" means each Participant that controls or is controlled by another Participant and each Participant that is under the common control of any Person, control meaning the direct or indirect ownership of more than 50% of the voting securities or other voting interests of any Person. See Rule 1 (definition of "Affiliated Family"), *supra* note 4. The "Aggregate Affiliated Family Net Debit Cap" means the sum of the Net Debit Caps for the Participants that are part of an Affiliated Family in the manner specified in the Procedures. *Id.* (definition of "Aggregate Affiliated Family Net Debit Cap").

¹⁷ See Settlement Guide, *supra* note 4, at 62, 73–74.

¹⁸ A SPP is Collateral that increases a Participant's Collateral Monitor, but also reduces a Participant's Net Debit Balance. See *id.* at 73.

¹⁹ See Notice of Filing, *supra* note 3, at 89752.

²⁰ *Id.* at 89754.

²¹ See Settlement Guide, *supra* note 4, at 74.

²² To determine a Participant's Net Debit Cap, DTC records the Participant's three highest intraday net debit peaks over a rolling 70-Business Day period. The Participant's average of these net debit peaks is calculated and multiplied by a factor to determine the Participant's Net Debit Cap, but not to exceed \$1.80 billion. See *id.* at 73. DTC increased the maximum Net Debit Cap for a Participant to \$1.80 billion from \$1.5 billion in 2001, to reduce processing blockages relating to increased trading volumes and settlement values, with this increase facilitated by a coinciding increase to DTC's liquidity resources. See Securities Exchange Act Release No. 44509 (July 3, 2001), 66 FR 36350 (July 11, 2001) (File No. SR-DTC-2001-09).

²³ See Notice of Filing, *supra* note 3, at 89753.

pending status because Participants may maintain a higher Net Debit Balance.²⁴ Specifically, DTC proposes revising two references to the existing \$1.80 billion Net Debit Cap for an individual Participant in the Settlement Guide to reflect the proposed \$2.15 billion Net Debit Cap. DTC is not proposing a change to the current maximum Aggregate Affiliated Family Net Debit Cap of \$2.85 billion.

DTC states that the proposed increase better aligns the maximum Net Debit Cap for an individual Participant with DTC's available liquidity resources.²⁵ According to DTC, the proposed increase of \$350 million to the Net Debit Cap is supported by qualifying liquid resources from the \$450 million Core Fund to which all Participants contribute,²⁶ and the \$1.90 billion LOC, collectively providing \$2.35 billion in liquidity resources.²⁷ DTC states that this \$200 million buffer between the \$2.35 billion in liquidity resources and the proposed \$2.15 billion Net Debit Cap accounts for the possibility that a defaulted Participant may also be a lender to the LOC.²⁸

DTC conducted an impact study for the period January 3, 2022, through December 30, 2022 ("Impact Study").²⁹ The Impact Study determined the liquidity needs across legal entities by looking at Participants reaching 90% of the current \$1.80 billion maximum Net Debit Cap, identifying the transactions pending under Net Debit Cap limits, and any incoming SPPs. The Impact Study shows that a number of Participants currently capped at the \$1.80 billion Net

Debit Cap would realize an immediate benefit from the proposed Net Debit Cap increase since the increase would enable more transactions to process without the need for a Participant to wait to reduce its intraday Net Debit Balance through Delivery Versus Payment credits or SPPs, therefore improving transaction processing.

IV. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act³⁰ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. After careful review of the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC. In particular, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act³¹ and Rule 17Ad-22(e)(7)(i) thereunder.³²

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

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency, such as DTC, be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions.³³ The Commission believes that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act for the reasons stated below.

As discussed in Part II, DTC uses the Net Debit Cap as a risk management control to protect the DTC settlement system in the event of a Participant default, by limiting the settlement net debit any Participant can incur at any point during the processing day to an amount below DTC's liquidity resources. This ensures that DTC maintains sufficient financial resources to complete settlement in the event of a failure to settle by the largest Participant or Affiliated Family of Participants.

Because DTC does not process transactions that would result in a Participant exceeding its Net Debit Cap and these remain as pending until the Participant's Net Debit Balance is reduced to where it would no longer exceed it, increasing the Net Debit Cap would allow more transactions to

process without the need for a Participant to wait for a reduction of its intraday Net Debit Balance. The Commission has reviewed and analyzed the filing materials, including the Impact Study, and agrees that there are a number of Participants that would immediately benefit from the proposed increase by seeing less of its transactions pend because the Participant may maintain a higher Net Debit Cap.

As discussed in Parts II and III, the proposed Net Debit Cap increase would continue to be supported by sufficient DTC qualifying liquid resources, since the proposed increase to a \$2.15 billion Net Debit Cap continues to be below the \$2.35 billion in liquidity resources that the \$450 million Core Fund and the \$1.90 billion LOC collectively provide. Because the increase in Net Debit Cap should improve transaction processing while still being covered by DTC liquidity resources in the event of default, the Commission finds that the Proposed Rule Change should enhance DTC's ability to provide prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.

B. Consistency With Rule 17Ad-22(e)(7)(i)

Rule 17Ad-22(e)(7)(i) requires that, among other things, DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day, and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios, that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for DTC in extreme but plausible market conditions.³⁴

As discussed in Part II, DTC monitors settlement flows and net debit obligations daily, and employs the Net Debit Cap, among other tools, to allow it to regularly test the sufficiency of liquid resources on an intraday and end-of-day basis and adjust to stressed circumstances during a settlement day

²⁴ See *id.*

²⁵ See *id.*

²⁶ The aggregate Participants Fund includes four component amounts: the "Core Fund," the "Base Fund," the "Incremental Fund," and the "Liquidity Fund." The Core Fund, set by DTC at an aggregate amount of \$450 million, is comprised of the Base Fund and the Incremental Fund. The Base Fund is the sum of minimum deposits by all Participants and equals the amount that is \$7,500 times the number of Participants, at any time. The Incremental Fund is the balance of the Core Fund up to \$450 million; this is the amount that must be ratably allocated among Participants that are required to pay more than a minimum deposit, as described in the Settlement Guide. The Liquidity Fund component (set at \$700 million) applies to Participants whose Affiliated Families have Net Debit Caps that exceed \$2.15 billion. See Settlement Guide, *supra* note 4, at 53–56.

²⁷ See Notice of Filing, *supra* note 3, at 89752. DTC states that the Liquidity Fund is not included because that amount only applies to Participants whose Affiliated Families have Net Debit Caps that exceed \$2.15 billion. *Id.* at n.19.

²⁸ See *id.* at 89753. DTC explains that the \$200 million buffer is an amount greater than the contribution of any lender to the DTC LOC. *Id.* at n.20.

²⁹ As part of the Proposed Rule Change, DTC filed, as Exhibit 3, the Impact Study. Pursuant to 17 CFR 240.24b-2, DTC requested confidential treatment of Exhibit 3.

³⁰ 15 U.S.C. 78s(b)(2)(C).

³¹ 15 U.S.C. 78q-1(b)(3)(F).

³² 17 CFR 240.17Ad-22(e)(7)(i).

³³ 15 U.S.C. 78q-1(b)(3)(F).

³⁴ 17 CFR 240.17Ad-22(e)(7)(i).

to protect itself and Participants against liquidity exposure under normal and stressed market conditions. Specifically, the Net Debit Cap limits a Participant's net debit settlement obligation to an amount that can be satisfied with DTC liquidity resources at any point during DTC's processing day. As discussed in Part III, the proposed increase in Net Debit Cap from \$1.80 billion to \$2.15 billion would continue to be below DTC's available qualifying liquid resources when considering the Core Fund and LOC collectively, and it would not otherwise alter the way DTC monitors settlement flows and net debit obligations. Additionally, as discussed in Part III, the proposed increase continues to provide a buffer between the liquidity resources and the proposed \$2.15 billion Net Debit Cap that accounts for the possibility that a defaulting Participant may also be a lender to the LOC. This should allow DTC to continue to have sufficient liquid resources even when the defaulting Participant is a lender to the LOC.

For the reasons above, the Commission finds that the Proposed Rule Change is consistent with Rule 17Ad-22(e)(7)(i) under the Act³⁵ because the proposed Net Debit Cap increase would allow DTC to continue to manage liquidity risks by maintaining sufficient liquid resources to settle its payment obligations under a wide range of foreseeable stress scenarios, including the default of the participant family that would generate the largest aggregate payment obligation for DTC in extreme but plausible market conditions.

V. 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 of the Act³⁶ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act³⁷ that proposed rule change SR-DTC-2023-013, be, and hereby is, APPROVED.³⁸

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁹

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-02420 Filed 2-6-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99457; File No. SR-CboeEDGX-2024-010]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Rules Regarding Early Termination of Complex Order Auctions

February 1, 2024.

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 January 25, 2024, Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 EDGX Exchange, Inc. (the "Exchange" or "EDGX Options") proposes to amend its rules regarding early termination of complex order auctions. The text of the proposed rule change is provided 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/edgx/), 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 certain of its rules regarding the early termination of complex order auctions. The Exchange offers several auction mechanisms for complex orders, including the Complex Order Auction ("COA"),⁵ the Complex Automated Improvement Mechanism ("C-AIM"),⁶ and the Complex Solicitation Auction Mechanism ("C-SAM").⁷ The Rules regarding each of these complex order auction mechanisms contain provisions that describe what events may cause the applicable auction to terminate prior to the end of the auction timer.⁸ These provisions generally correspond to the pricing requirements to begin an auction. Terminating the auction if one of these events occurs ensures that the auction will not continue if the market changes in a manner that would create a situation in which the auction would not have been permitted to begin.

COA

COA is a single-sided auction in which an eligible order will be exposed for price improvement. Specifically, upon receipt of a COA-eligible order,⁹ the System sends a COA auction message to subscribers of data feeds that deliver COA auction messages, which message identifies certain terms of the COA-eligible order. To be COA-eligible, a buy (sell) order must, among other things, have a price equal to or higher (lower) than the synthetic best offer (bid) ("SBO (SBB)"), provided that if any of the bids or offers on the simple book that comprise the SBB (SBO) is represented by a Priority Customer order,¹⁰ the price must be at least \$0.01

⁵ See Rule 21.20(d).

⁶ See Rule 21.22.

⁷ See Rule 21.23.

⁸ See Rules 21.20(d)(3), 21.22(d)(1), and 21.23(d)(1).

⁹ See Rule 21.20(b) (definition of COA-eligible order).

¹⁰ A "Priority Customer" means a person or entity that is not: (a) a broker or dealer in securities or (b) a Professional. A "Public Customer" means a

³⁵ *Id.*

³⁶ 15 U.S.C. 78q-1.

³⁷ 15 U.S.C. 78s(b)(2).

³⁸ In approving the Proposed Rule Change, the Commission considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³⁹ 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)(iii).

⁴ 17 CFR 240.19b-4(f)(6).