

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-regulations/self-regulatory-organization-rulemaking>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ICC-2024-012 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-ICC-2024-012. 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-regulations/self-regulatory-organization-rulemaking>). 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 such filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's website at <https://www.ice.com/clear-credit/regulation>.

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-ICC-2024-012 and should be submitted on or before November 27, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Vanessa A. Countryman,
Secretary.

[FR Doc. 2024-25730 Filed 11-5-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101496; File No. SR-BX-2024-044]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend BX Options 7, Section 3

October 31, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on October 18, 2024, Nasdaq BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Options 7, Section 3.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on January 1, 2025.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/>

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

[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

The purpose of the proposed rule change is to amend the Exchange's SQF Port Fee and SQF Purge Port Fee.

Specifically, the Exchange proposes to raise its SQF Port Fee and SQF Purge Port Fee in Options 7, Section 3 by 10%.

Today, BX assesses an SQF Port and an SQF Purge Port a \$500 per port, per month fee. With this proposal, BX would assess Market Makers an SQF Port Fee and an SQF Purge Port Fee of \$550 per port, per month (a 10% increase from \$500).

The proposed SQF Port Fee and SQF Purge Port Fee increases would enable the Exchange to maintain and improve its market technology and services to remain competitive with its peers. Over the years, customer demand for risk protections and capacity has increased. The Exchange continues to invest in maintaining, improving, and enhancing its port protocols—for the benefit and often at the behest of its customers. Such enhancements include refreshing hardware, upgrading risk protections and information security, and offering customers additional capacity. The Exchange has not increased BX's SQF Port Fee since 2016,³ and has not increased its SQF Purge Port Fee since 2017⁴ where inflation has been between roughly 14%–17%, as measured using the metric described below. Nevertheless, the Exchange proposes to increase its SQF Port Fee by 10%, only

³ See Securities Exchange Act Release No. 76952 (January 21, 2016), 81 FR 4721 (January 27, 2016) (SR-BX-2016-003).

⁴ See Securities Exchange Act Release No. 83192 (May 9, 2018), 83 FR 22563 (May 15, 2018) (SR-BX-2018-017).

with respect to inflation that has occurred since 2016, and its SQF Purge Port Fee by 10%, only with respect to inflation that has occurred since 2017.

As discussed below, the Exchange proposes to adjust its fees by an industry- and product-specific inflationary measure. It is reasonable and consistent with the Act for the Exchange to recoup its investments, at least in part, by adjusting its fees. Continuing to operate at fees frozen at 2016 and 2017 levels, respectively, impacts the Exchange's ability to enhance its offerings and the interests of market participants and investors.

The fee increases the Exchange proposes are based on an industry-specific Producer Price Index ("PPI"), which is a tailored measure of inflation.⁵ As a general matter, the Producer Price Index is a family of indexes that measures the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller. This contrasts with other metrics, such as the Consumer Price Index ("CPI"), that measure price change from the purchaser's perspective.⁶ About 10,000 PPIs for individual products and groups of products are tracked and released each month.⁷ PPIs are available for the output of nearly all industries in the goods-producing sectors of the U.S. economy—mining, manufacturing, agriculture, fishing, and forestry—as well as natural gas, electricity, and construction, among others. The PPI program covers approximately 69 percent of the service sector's output, as measured by revenue reported in the 2017 Economic Census.

For purposes of this proposal, the relevant industry-specific PPI is the Hosting, Activer Server Pages, and Other IT Infrastructure Provisioning Services ("Data PPI") within the Data Processing and Related Services Industry, which is an industry net-output PPI that measures the average change in selling prices received by companies that provide data processing services.

The Data Processing and Related Services industry was introduced to the PPI in January 2002 by the Bureau of Labor Statistics ("BLS") as part of an ongoing effort to expand Producer Price Index coverage of the services sector of the U.S. economy and is identified as NAICS-518210 in the North American

Industry Classification System.⁸ According to the BLS "[t]he primary output of NAICS 518210 is the provision of electronic data processing services. In the broadest sense, computer services companies help their customers efficiently use technology. The processing services market consists of vendors who use their own computer systems—often utilizing proprietary software—to process customers' transactions and data. Companies that offer processing services collect, organize, and store a customer's transactions and other data for record-keeping purposes. Price movements for the NAICS 518210 index are based on changes in the revenue received by companies that provide data processing services. Each month, companies provide net transaction prices for a specified service. The transaction is an actual contract selected by probability, where the price-determining characteristics are held constant while the service is repriced. The prices used in index calculation are the actual prices billed for the selected service contract."⁹

The Exchange believes the Data PPI is the most appropriate subset of the Data Processing and Related services industry to be considered in the context of the proposed rule change to modify the SQF Port Fee and the SQF Purge Port Fee because the Exchange uses its "proprietary software," *i.e.*, its own proprietary matching engine software, respectively, to receive options quotes on the Exchange's proprietary trading platform.

For purposes of this proposed rule change, with respect to the SQF Port Fee, the Exchange examined the Data PPI value for the period from January 2016 to August 2024. The Data PPI had a starting value of 100.2 in January 2016 and an ending value of 116.445 in August 2024, a 16.21% increase. For purposes of this proposed rule change, with respect to the SQF Purge Port Fee, the Exchange examined the Data PPI value for the period from May 2018 to August 2024. The Data PPI had a starting value of 102.1 in May 2018 and an ending value of 116.445 in August 2024, a 14.04% increase. This data indicates that companies who are also in the data storage and processing business have generally increased prices for a specified service covered under NAICS 518210 by an average of 16.21% and 14.04%, respectively, during this

period. Based on that percentage change, the Exchange proposes to make a one-time fee increase of only 10%, which reflects an increase covering roughly the entire period since the last price adjustment to the SQF Port Fee and the SQF Purge Port Fee was made.

The Exchange further believes the Data PPI is an appropriate measure for purposes of the proposed rule change on the basis that it is a stable metric with limited volatility, unlike other consumer-side inflation metrics. In fact, the Data PPI has not experienced a greater than 2.16% increase for any one calendar year period since Data PPI was introduced into the PPI in January 2002. The average calendar year change from January 2002 to December 2023 was .62%, with a cumulative increase of 15.67% over this 21-year period. The Exchange believes the Data PPI is considerably less volatile than other inflation metrics such as CPI, which has had individual calendar-year increases of more than 6.5%, and a cumulative increase of over 73% over the same period.¹⁰

The Exchange believes the Data PPI, and significant investments into, and enhanced performance of, the Exchange support the reasonableness of the proposed fee increases.¹¹

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹³ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

This belief is based on two factors. First, the current fees do not properly reflect the quality of the SQF Ports and SQF Purge Ports, as the SQF Port Fee and SQF Purge Port Fee has been static in nominal terms, and therefore falling in real terms due to inflation. Second, the Exchange believes that investments made in enhancing the risk protections

¹⁰ See <https://www.usinflationcalculator.com/>.

¹¹ See *supra* discussion of SQF Port and SQF Purge Port enhancements. Additionally, other exchanges have filed for increases in certain fees, based in part on comparisons to inflation. See, e.g., Securities Exchange Act Release Nos. 34-100004 (April 22, 2024), 89 FR 32465 (April 26, 2024) (SR-CboeBYX-2024-012); and 34-100398 (June 21, 2024), 89 FR 53676 (June 27, 2024) (SR-BOX-2024-16); Securities Exchange Act Release No. 34-100994 (September 10, 2024), 89 FR 75612 (September 16, 2024) (SR-NYSEARCA-2024-79).

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4) and (5).

⁵ See <https://data.bls.gov/timeseries/PCU5182105182105>.

⁶ See <https://www.bls.gov/ppi/overview.htm>.

⁷ See *Id.*

⁸ See <https://data.bls.gov/timeseries/PCU5182105182105>.

⁹ See <https://www.bls.gov/ppi/factsheets/producer-price-index-for-the-data-processing-and-related-servicesindustry-naics-518210.htm>.

and capacity of SQF Ports and SQF Purge Ports has increased the performance of these ports.

The Proposed Rule Change Is Reasonable

As noted above, the Exchange has not increased any of the fees included in the proposal since 2016 and 2018, respectively. However, in the years following the last fee increases, the Exchange has made significant investments in upgrades to its SQF Ports and SQF Purge Ports, enhancing the quality of its services, as measured by, among other things, increased capacity. In other words, Exchange customers have greatly benefitted, while the Exchange's ability to recoup its investments has been hampered. Between 2016 and 2024, the inflation rate is 3.47% per year, on average, producing a cumulative inflation rate of 31.37%.¹⁴ Also, between 2018 and 2024, the inflation rate is 3.86% per year, on average, producing a cumulative inflation rate of 25.50%.¹⁵ Using the more targeted inflation number of Data PPI, the cumulative inflation rate was 16.21% between 2016 and 2024, and 14.04%, between 2018 and 2024. The Exchange believes the Data PPI is a reasonable metric to base this fee increase on because it is targeted to producer-side increases in the data processing industry, which based on the definition adopted by BLS would include the Exchange's port protocols.

Notwithstanding inflation, as noted above, the Exchange has not increased its fees at all for over eight and six years, respectively, for the subject services. The proposed SQF Port Fee and SQF Purge Port Fee represent a modest increase from the current SQF Port Fee and SQF Purge Port Fee. The Exchange believes the proposed SQF Port Fee and SQF Purge Port Fee increases are reasonable in light of the Exchange's continued expenditure in maintaining a robust technology ecosystem. Furthermore, the Exchange continues to invest in maintaining and enhancing its port products—for the benefit and often at the behest of its customers and global investors. Such enhancements include refreshing several aspects of the technology ecosystem including software, hardware, and network while introducing new and innovative products. The goal of the enhancements discussed above, among other things, is to provide more modern connectivity to the match engine. Accordingly, the

Exchange continues to expend resources to innovate and modernize its technology so that it may benefit its Participants in offering SQF Ports and SQF Purge Ports.

The Proposed Fees Are Equitably Allocated and Not Unfairly Discriminatory

The Exchange also believes that the proposed fee increases are equitably allocated and not unfairly discriminatory because they would apply to all Market Makers uniformly. Market Makers are the only market participants that are assessed the SQF Port Fee and SQF Purge Port Fee because they are the only market participants that are permitted to quote on the Exchange.¹⁶ These liquidity providers are critical market participants in that they are the only market participants that provide liquidity to the Exchange on a continuous basis. SQF Ports and SQF Purge Ports are only utilized in a Market Maker's assigned options series. The Exchange believes that the proposed fee increases are equitably allocated and not unfairly discriminatory because they would apply uniformly to all Market Makers that subscribe to SQF Ports and SQF Purge Ports to quote on the Exchange. The Exchange also believes that the proposal represents an equitable allocation of reasonable dues, fees and other charges because Exchange fees have fallen in real terms during the relevant period.

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

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

Intramarket Competition

The Exchange believes that the proposed fees do not impose an undue burden on intramarket competition because they would apply to all Market Makers uniformly. Market Makers are the only market participants that are assessed an SQF Port Fee and an SQF Purge Port Fee because they are the only market participants that are permitted to quote on the Exchange.¹⁷ These liquidity providers are critical market participants in that they are the only market participants that provide liquidity to the Exchange on a

continuous basis. SQF Ports and SQF Purge Ports are only utilized in a Market Maker's assigned options series. The Exchange believes that the proposed fee increases are equitably allocated and not unfairly discriminatory because they would apply uniformly to all Market Makers that subscribe to SQF Ports and SQF Purge Ports to quote on the Exchange.

Intermarket Competition

The Exchange believes that the proposed fees do not impose an undue burden on intermarket competition or on other SROs that is not necessary or appropriate. In determining the proposed fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data PPI over a specified period of time is a reasonable means of recouping the Exchange's investment in SQF Ports and SQF Purge Ports. The Exchange believes utilizing Data PPI, a tailored measure of inflation, to increase the SQF Port Fee and SQF Purge Port Fee to recoup the Exchange's investment in maintaining and enhancing SQF Ports and SQF Purge Ports does not impose a burden on competition.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁸

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

IV. Solicitation of Comments

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

¹⁴ See <https://www.officialdata.org/us/inflation/2015?amount=1>.

¹⁵ See <https://www.officialdata.org/us/inflation/2015?amount=1>.

¹⁶ Unlike other market participants, Market Makers are subject to market making and quoting obligations. See Options 2, Sections 4 and 5.

¹⁷ Unlike other market participants, Market Makers are subject to market making and quoting obligations. See Options 2, Sections 4 and 5.

¹⁸ 15 U.S.C. 78s(b)(3)(A)(ii).

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-BX-2024-044 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-2024-044. 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-BX-2024-044 and should be submitted on or before November 27, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Vanessa A. Countryman,
Secretary.

[FR Doc. 2024-25733 Filed 11-5-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101487; File No. SR-NSCC-2024-008]

**Self-Regulatory Organizations;
National Securities Clearing
Corporation; Order Approving of
Proposed Rule Change To
Decommission the ID Net Service**

October 31, 2024.

I. Introduction

On September 12, 2024, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-NSCC-2024-008 ("Proposed Rule Change") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² to amend the NSCC Rules & Procedures ("Rules") to decommission the ID Net service ("ID Net Service" or "ID Net").³ The Proposed Rule Change was published for comment in the **Federal Register** on September 27, 2024.⁴ The Commission has received no comments on the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Background

NSCC provides central counterparty services, including clearing, settlement, risk management, and a guarantee of completion, for virtually all broker-to-broker trades involving equity securities, corporate and municipal debt securities, and certain other securities. Within NSCC's Continuous Net Settlement system ("CNS"), which is NSCC's system for accounting and settling CNS-eligible securities,⁵ all eligible compared and recorded transactions for a particular settlement date are netted by issue into one net long (buy), net short (sell) or flat position for each Member, and those positions are further netted with positions of the same issue that remain open after their originally scheduled settlement date. As central counterparty, NSCC becomes the contra-party for

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms not defined herein are defined in the Rules, available at www.dtcc.com/legal/rules-and-procedures.aspx.

⁴ See Securities Exchange Act Release No. 101131 (Sept. 23, 2024), 89 FR 79324 (Sept. 27, 2024) (File No. SR-NSCC-2024-008) ("Notice of Filing").

⁵ See NSCC Rule 11 (describing the CNS System) and Procedure VII (describing the CNS Accounting Operation), *supra* note 3. To be CNS-eligible, a security must be eligible for book-entry transfer on the books of DTC and must be capable of being processed in the CNS system.

settlement purposes, assuming the obligation of its Members that are receiving securities to receive and pay for those securities and the obligation of Members that are delivering securities to make the delivery. CNS netting thus reduces the number of securities movements required to settle transactions.

The ID Net Service is a joint service offering of NSCC and its affiliate, The Depository Trust Company ("DTC"), available on a voluntary basis to broker/dealers that are participants of both NSCC and DTC and banks that are participants of DTC.⁶ ID Net allows broker/dealer users to net their affirmed institutional transactions ("Affirmed Transactions") with their CNS transactions.

An institutional transaction is one between a broker/dealer and its institutional customer. Such institutional customers are not Participants of DTC. Unlike exchange trades and most prime broker trades, most institutional delivery transactions do not currently flow through CNS but instead settle at DTC on a trade-for-trade basis.⁷ DTC may accept Affirmed Transactions submitted by a utility that provides a matching service ("Matching Utility").⁸ The counterparties to an Affirmed Transaction submitted by a Matching Utility to DTC are a (i) DTC Participant, acting as clearing broker to the Affirmed Transaction and a (ii) DTC Participant bank, acting as the custodian for an institutional customer. The Affirmed Transaction is processed on a trade-for-trade basis at DTC unless it is designated for ID Net processing by the Matching Utility and meets certain eligibility requirements. In order for an Affirmed Transaction to be eligible for processing in ID Net, (i) both counterparties to the Affirmed Transaction must be a Member of NSCC and a Participant of DTC, or a bank that is a Participant of DTC, that has subscribed to ID Net and (ii) the

⁶ DTC also filed a proposed rule change with the Commission in connection with decommissioning the ID Net Service. See Securities Exchange Act Release No. 101132 (Sept. 23, 2024), 89 FR 79320 (Sept. 27, 2024) (File No. SR-DTC-2024-010).

⁷ See DTC Settlement Service Guide, available at www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf.

⁸ The Matching Utility must be (i) a clearing agency registered with the Commission, (ii) an entity that has obtained an exemption from such registration from the Commission, or (iii) a "qualified vendor" for trade confirmation/affirmation services as defined by the rules of a self-regulatory organization. See DTC Settlement Service Guide, *supra* note 7, at 40. TCC ITP Matching (US) LLC ("ITP"), an NSCC and DTC affiliate, is currently the only Matching Utility that submits Affirmed Transactions to DTC. See Notice of Filing, *supra* note 4, at 79325 n.6.