

proposal's compatibility with DTC and NSCC infrastructure;³⁸² the liquidity of Securities;³⁸³ how the end-of-day Security ownership balance reporting mechanism would affect short sales, including the locate process, clearing, settling, and market maker compliance with short sale rules;³⁸⁴ how end-of-day Security ownership balances would affect the margin methodology for member self-calculation;³⁸⁵ the potential liability of custodians for differences between DTC records and end-of-day Security ownership balances;³⁸⁶ the proposed listing requirements' compliance with penny stock rules;³⁸⁷ the proposal's compliance with the anti-fraud or customer protection provisions of the Exchange Act or other Commission regulations;³⁸⁸ Security ownership verification, including for purposes of compliance with know-your-customer and anti-money laundering rules;³⁸⁹ access to the end-of-day Security ownership balance records and the safeguarding of customer non-public information;³⁹⁰ the requirements of Exchange Act Rule 12f-5 relating to the extension of UTP by other national securities exchanges to BSTX-listed Securities;³⁹¹ the relationship among tZERO, Overstock.com, Inc. ("Overstock"),³⁹² and entities related to the Exchange;³⁹³ whether any registered broker-dealer has indicated its intention to become a BSTX Participant;³⁹⁴ and whether the Exchange is still working with FINRA regarding end-of-day Security ownership balance reporting requirements for FINRA members.³⁹⁵ Additional discussion on these topics is unnecessary, as they do not bear on the

basis for the Commission's decision to disapprove this proposal.

IV. Conclusion

For the reasons set forth above, the Commission does not find, pursuant to Section 19(b)(2) of the Exchange Act, that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange, and, in particular, with Sections 6(b)(1), 6(b)(5), and 6(b)(8) of the Exchange Act.³⁹⁶

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,³⁹⁷ that the proposed rule change (SR–BOX–2020–14), as modified by Amendment No. 1, be, and hereby is, disapproved.

By the Commission.

Vanessa A. Countryman,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90726; File No. SR–NYSE–2020–89]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Amend Rule 7.35C

December 18, 2020.

On October 23, 2020, New York Stock Exchange LLC ("NYSE" or "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: (1) Provide the Exchange the authority to facilitate a Trading Halt Auction if a security has not reopened following a Level 1 or Level 2 trading halt due to extraordinary market volatility under Rule 7.12 ("MWCB Halt") by 3:30 p.m.; (2) widen the Auction Collar for an Exchange-facilitated Trading Halt Auction following an MWCB Halt; (3) provide that certain DMM Interest would not be cancelled following an Exchange-facilitated Auction; and (4) change the Auction Reference Price for Exchange-facilitated Core Open Auctions. The proposed rule change was published for

comment in the **Federal Register** on November 12 2020.³

Section 19(b)(2) of the Act⁴ provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is December 27, 2020. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁵ designates February 10, 2021, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–NYSE–2020–89).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90730; File No. SR–NYSE–2020–87]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 7.31

December 18, 2020.

I. Introduction

On October 20, 2020, New York Stock Exchange LLC ("NYSE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant

³ See Securities Exchange Act Release No. 90363 (Nov. 5, 2020), 85 FR 71964 (Nov. 12, 2020).

⁴ 15 U.S.C. 78s(b)(2).

⁵ *Id.*

⁶ 17 CFR 200.30–3(a)(31).

³⁸² See PKA Law Letter, *supra* note 175, at 2.

³⁸³ See PKA Law Letter, *supra* note 175, at 1.

³⁸⁴ See IEX Letter, *supra* note 77, at 6; PKA Law Letter, *supra* note 175, at 1.

³⁸⁵ See Nasdaq Letter, *supra* note 77, at 3.

³⁸⁶ See Eversheds Letter, *supra* note 91, at 2.

³⁸⁷ See IEX Letter, *supra* note 77, at 6.

³⁸⁸ See Eversheds Letter, *supra* note 91, at 2; Nasdaq Letter, *supra* note 77, at 3.

³⁸⁹ See Nasdaq Letter, *supra* note 77, at 3; PKA Law Letter, *supra* note 175, at 1.

³⁹⁰ See Eversheds Letter, *supra* note 91, at 2.

³⁹¹ See Eversheds Letter, *supra* note 91, at 2–3; IEX Letter, *supra* note 77, at 3–4. One commenter also discussed aspects of requirements might be placed on a national securities exchange extending UTP to BSTX-listed Securities that the Exchange modified in Amendment No. 2 to SR–BOX–2019–19. See Eversheds Letter, *supra* note 91, at 3.

³⁹² In the Amended BSTX Governance Proposal, the Exchange states that Overstock, which is a publicly held corporation, wholly owns Medici Ventures, Inc., which owns 80.07% of tZERO. See Amended BSTX Governance Proposal, *supra* note 17, 85 FR at 50851.

³⁹³ See PKA Law Letter, *supra* note 175, at 2.

³⁹⁴ See IEX Letter, *supra* note 77, at 5.

³⁹⁵ See IEX Letter, *supra* note 77, at 6.

³⁹⁶ 15 U.S.C. 78f(b)(5).

³⁹⁷ 15 U.S.C. 78s(b)(2).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.