

published a white paper that provides general information about characteristics of EGCs (“EGC White Paper”).²⁵ In the EGC White Paper, the PCAOB staff stated that “[a]pproximately 96% of EGC filers were audited by accounting firms that also audit issuers that are not EGC filers.”²⁶ Additionally, the PCAOB Adopting Release discussed the Commission’s intent to improve the practical application of Rule 2–01 of Regulation S–X and reduce compliance burdens, which may lead to increased competition among auditors and facilitate capital formation. The Board noted that if the Proposed Rules were determined not to apply to the audits of EGCs, auditors would be required to address the differing independence requirements in their independence policies and procedures and in their quality control systems as a result of the differences between the Board and Commission requirements, which would create the potential for confusion.²⁷

We agree with the Board’s analysis. We believe the Proposed Rules will benefit EGCs at least as much as non-EGCs, in part, because the Commission’s amendments to Rule 2–01 were meant to more effectively focus the independence analysis on those relationships or services that are more likely to pose threats to an auditor’s objectivity and impartiality.

As such, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation, we believe there is a sufficient basis to determine that applying the Proposed Rules to the audits of EGCs is necessary or appropriate in the public interest.

V. Conclusion

The Commission has carefully reviewed and considered the Proposed Rules, the information submitted therewith by the PCAOB and the comment letters received. In connection with the PCAOB’s filing and the Commission’s review,

A. The Commission finds that the Proposed Rules are consistent with the requirements of the Sarbanes-Oxley Act and the securities laws and are necessary or appropriate in the public

interest or for the protection of investors; and

B. Separately, the Commission finds that the application of the Proposed Rules to the audits of EGCs is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

It is therefore ordered, pursuant to Section 107 of the Sarbanes-Oxley Act and Section 19(b)(2) of the Exchange Act, that the Proposed Rules (File No. PCAOB–2020–01) be and hereby are approved.

By the Commission.

Vanessa A. Countryman,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90926; File No. SR–CBOE–2020–106]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Its Rules Regarding the Minimum Increments for Electronic Bids and Offers and Exercise Prices of Certain FLEX Options and Clarify in the Rules How the System Ranks FLEX Option Bids and Offers for Allocation Purposes

January 14, 2021.

On November 16, 2020, Cboe Exchange, Inc. 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 its rules regarding the minimum increments for electronic bids and offers and exercise prices of certain FLEX options and clarify how the system ranks FLEX option bids and offers for allocation purposes. On November 30, 2020, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and replaced the proposed rule change in its entirety. The Commission published notice of the proposed rule change, as modified by Amendment No. 1, in the **Federal Register** on December 4, 2020.³ The

Commission has received no comments on the proposal.

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 January 18, 2021. The Commission is extending this 45-day time period.

The Commission finds that it is 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 March 4, 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, as modified by Amendment No. 1 (File Number SR–CBOE–2020–106).

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. 34–90919; File No. SR–CboeBZX–2021–002]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Applicable to the BZX Top Feed

January 14, 2021

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 4, 2021, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the

⁴ 15 U.S.C. 78s(b)(2).

⁵ *Id.*

⁶ 17 CFR 200.30–3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

²⁵ See *Characteristics of Emerging Growth Companies and their Audit Firms as of November 15, 2019* (November 9, 2020), available at <https://archive.pcaobus.org/EconomicAndRiskAnalysis/ProjectsOther/Documents/White-Paper-Characteristics-Emerging-Growth-Companies-November-15-2019.pdf>.

²⁶ See EGC White Paper at 13.

²⁷ See PCAOB Adopting Release at 27.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 90536 (November 30, 2020), 85 FR 78381.