

to all such securities listed on Nasdaq and the Exchange believes that evidence of unusual trading characteristics is a non-discriminatory reason to apply additional criteria to these securities.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. All companies and securities listed on Nasdaq will be affected in the same manner by these changes, across all market tiers. To the extent that companies prefer listing on a market with these proposed listing standards, other exchanges can choose to adopt similar enhancements to their requirements. As such, these changes are neither intended to, nor expected to, impose any burden on competition between exchanges.

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

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 Exchange consents, the Commission shall: (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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NASDAQ-2019-091 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-NASDAQ-2019-091. 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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2019-091 and should be submitted on or before January 2, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87678; File No. SR-CboeEDGX-2019-029]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Withdrawal of a Proposed Rule Change To Amend the Fee Schedule Assessed on Members To Establish a Monthly Trading Rights Fee

December 6, 2019.

On April 29, 2019, Cboe EDGX Exchange, Inc. ("EDGX" or the "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 amend the EDGX Fee Schedule to establish a monthly Trading Rights Fee to be assessed on Members. The proposed rule change was immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.³ The proposed rule change was published for comment in the **Federal Register** on May 16, 2019.⁴ On June 28, 2019, the Commission temporarily suspended the proposed rule change and instituted proceedings to determine whether to approve or disapprove the proposed rule change.⁵ In response to the EDGX OIP, the Commission received three comment letters, including a response letter from the Exchange.⁶ On November 12, 2019, pursuant to Section 19(b)(2) of the Act,⁷ the Commission designated a longer period within which to approve or disapprove the proposed rule change.⁸ On November 21, 2019, the Exchange withdrew the proposed rule change (SR-CboeEDGX-2019-029).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ See Securities Exchange Act Release No. 85838 (May 10, 2019), 84 FR 22174.

⁵ See Securities Exchange Act Release No. 86231, 84 FR 32233 (July 05, 2019) ("EDGX OIP").

⁶ See Letters from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA, dated July 26, 2019; Tyler Gellasch, Executive Director, Healthy Markets, dated July 26, 2019; and Rebecca Tenuta, Counsel, Cboe Global Markets, dated August 9, 2019.

⁷ 15 U.S.C. 78s(b)(2).

⁸ See Securities Exchange Act Release No. 87498, 84 FR 63688 (November 18, 2019). The Commission designated January 11, 2020, as the date by which the Commission would approve or disapprove the proposed rule change.

¹⁵ 17 CFR 200.30-3(a)(12).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87672; File No. SR-OCC-2019-806]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection To Advance Notice Related To Proposed Changes to The Options Clearing Corporation's Rules, Clearing Fund Methodology Policy, and Clearing Fund and Stress Testing Methodology

December 6, 2019.

I. Introduction

On October 10, 2019, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-OCC-2019-806 ("Advance Notice") pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled Payment, Clearing and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i)² under the Securities Exchange Act of 1934 ("Exchange Act")³ to make changes to OCC's Clearing Fund and stress testing rules and methodology.⁴ The Advance Notice was published for public comment in the **Federal Register** on November 12, 2019,⁵ and the Commission has received no comments regarding the changes proposed in the Advance Notice.⁶ The

Commission is hereby providing notice of no objection to the Advance Notice.

II. Background⁷

As noted above, OCC proposes to revise its Clearing Fund and stress testing rules and methodology. Specifically, OCC proposes to: (1) Incorporate a new set of stress test scenarios to be used in the monthly sizing of OCC's Clearing Fund that are designed to capture the risks of extreme moves in individual or small subsets of securities; (2) revise OCC's stress testing methodology for modeling certain volatility index futures; (3) modify OCC's methodology for allocating Clearing Fund contribution requirements to standardize the margin risk component of the allocation formula for all Clearing Members; and (4) adopt an additional threshold for notifying senior management of intra-day margin calls based on certain stress test results. OCC also proposes to correct certain rules concerning OCC's cooling-off period and replenishment/assessment powers.⁸

A. Sizing Stress Test Scenarios

On a monthly basis, OCC establishes the size of its Clearing Fund at the level it believes is necessary to maintain sufficient financial resources to cover losses arising from the default of the two Clearing Member Groups that would potentially cause the largest aggregate credit exposure to OCC under certain stress scenarios.⁹ OCC determines the size of its Clearing Fund each month through an approach based on broad-based market and systemic shocks ("Systemic Scenarios").¹⁰ OCC proposes to incorporate an additional set of stress test scenarios to be used in the monthly sizing of OCC's Clearing Fund that are designed to capture the risks of extreme moves in individual or small subsets of securities ("Idiosyncratic Scenarios"). The Idiosyncratic Scenarios would be in addition to the existing Systemic

considered regardless of whether the comments are submitted on the Proposed Rule Change or the Advance Notice.

⁷ Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-Laws, available at <https://www.theocc.com/about/publications/bylaws.jsp>.

⁸ Additionally, OCC proposes clarifying and conforming changes to its Rules, Clearing Fund Methodology Policy ("Policy"), and Stress Testing and Clearing Fund Methodology Description ("Methodology Description").

⁹ See Notice of Filing, 84 FR at 61121.

¹⁰ See Notice of Filing, 84 FR at 61122. See also, Securities Exchange Act Release No. 83735 (Jul. 27, 2018), 83 FR 37855, 37857 (Aug. 2, 2019) (SR-OCC-2018-008) (describing OCC's Clearing Fund sizing stress test scenarios as an approach based on hypothetical stress scenarios that assume shocks to the Cboe S&P 500 Index ("SPX") associated with a 1-in-80-year market event).

Scenarios. Because OCC's monthly Clearing Fund sizing process is designed to cover OCC's largest aggregate stress test exposures, the expansion of the set of Clearing Fund sizing stress tests could not reduce the size of OCC's Clearing Fund.

In constructing the Idiosyncratic Scenarios, OCC would shock each single-name equity (*i.e.*, excluding exchange-traded funds, exchange-traded notes, indices, and non-equity products). OCC would evaluate the effects of such shocks on every Clearing Member Group's portfolios. Within each Clearing Member Group's portfolio, OCC would identify the four single-name equities for which such shocks would result in the largest losses. OCC would then identify the two Clearing Member Groups with the largest aggregate losses. The combined losses of the two identified Clearing Member Groups would represent the loss that OCC would seek to cover in its monthly Clearing Fund sizing process. OCC believes that implementing the proposed Idiosyncratic Scenarios would enhance OCC's stress testing methodology and overall resiliency by providing a more comprehensive suite of sizing stress tests to ensure that OCC maintains an appropriate level of financial resources to cover its credit exposures under scenarios addressing both systemic market risks and idiosyncratic risks.¹¹

B. Volatility Index Futures

Under OCC's current stress testing methodology, prices shocks for futures based on the Cboe Volatility Index ("VIX")¹² are equivalent to a price shock for the underlying. Because the VIX has no term structure, this process produces a uniform shock across expirations of the VIX futures contracts. Futures contracts for different expirations, however, generally trade at different prices reflecting the differing future price expectations of the underlying asset.¹³ OCC believes that applying a uniform shock across expirations is unrealistic, and that it would lead to an overestimation of VIX futures price shocks, particularly in market decline scenarios.¹⁴ As noted above, OCC proposes to revise its stress testing methodology for modeling certain volatility index futures.

¹¹ See Notice of Filing, 84 FR at 61122.

¹² The VIX is an index designed to measure the 30-day expected volatility of the SPX.

¹³ When there is a large shock to the VIX it has consistently been observed that the change in price of near-term VIX future contracts is much larger than for further out expirations. See Notice of Filing, 84 FR at 61122, n. 11.

¹⁴ See Notice of Filing, 84 FR at 61122.

⁹ 17 CFR 200.30-3(a)(12).

¹ 12 U.S.C. 5465(e)(1).

² 17 CFR 240.19b-4(n)(1)(i).

³ 15 U.S.C. 78a *et seq.*

⁴ See Notice of Filing *infra* note 5, at 84 FR 61120.

⁵ Securities Exchange Act Release No. 87475 (Nov. 6, 2019), 84 FR 61120 (Nov. 12, 2019) (File No. SR-OCC-2019-806) ("Notice of Filing"). On October 10, 2019, OCC also filed a related proposed rule change (SR-OCC-2019-009) with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder ("Proposed Rule Change"). 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. In the Proposed Rule Change, which was published in the **Federal Register** on October 29, 2019, OCC seeks approval of proposed changes to its rules necessary to implement the Advance Notice. Securities Exchange Act Release No. 87386 (Oct. 23, 2019), 84 FR 57911 (Oct. 29, 2019). The comment period for the related Proposed Rule Change filing closed on November 19, 2019.

⁶ Since the proposal contained in the Advance Notice was also filed as a proposed rule change, all public comments received on the proposal are