

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

Written comments were neither solicited nor 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 (i) as the Commission may designate up to 90 days of such date 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2020-045 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-FINRA-2020-045. 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2020-045 and should be submitted on or before January 20, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-90777; File No. SR-LTSE-2020-23]**

**Self-Regulatory Organizations; Long-Term Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 11.380 To Expand the Exchange's Optional Risk Controls Mechanism To Include a Net Notional Exposure Risk Check in Addition to the Gross Notional Exposure Risk Check**

December 22, 2020.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on December 17, 2020, Long-Term Stock Exchange, Inc. ("LTSE" or the "Exchange") 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>30</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

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

LTSE proposes a rule change to amend LTSE Rule 11.380 to offer an optional net notional exposure risk check to Members and their clearing firms as part of the Exchange's Risk Controls mechanism.

The text of the proposed rule change is available at the Exchange's website at <https://longtermstockexchange.com/>, 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 self-regulatory organization 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 those 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 parts of such statements.

*A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change*

**1. Purpose**

The Exchange proposes to amend LTSE Rule 11.380 to offer an optional net notional exposure risk check to Members and their clearing firms as part of the Exchange's Risk Controls mechanism.

Existing LTSE Rule 11.380 describes the Exchange's current optional Risk Controls mechanism that is designed to assist LTSE Members and their clearing firms in their risk management efforts. LTSE does not charge a fee for use of the Risk Controls mechanism. As described in the rule, the Risk Controls mechanism currently can be configured to provide trading limits based on the gross notional exposure for matched trades for a Member or clearing firm's broker correspondent across market participant identifiers ("MPIDs"), by MPID, by session or in combination, per clearing firm relationship or Member, as applicable ("Gross Notional Exposure"). Once the Gross Notional Exposure, as elected and configured by a Member or its clearing firm, has exceeded the predetermined limit, LTSE will automatically reject new orders and cancel all open orders for the applicable

MPID(s) and/or FIX session<sup>4</sup> as specified. Further, the Gross Notional Exposure risk control may be increased or decreased on an intra-day basis by a Member or the clearing firm of a Member, as applicable. As specified in paragraph (a)(2)(A) of Rule 11.380, Gross Notional Exposure is calculated as the absolute sum of the notional value of all buy and sell trades (*i.e.*, equal to the value of executed buys plus the absolute value of executed long sells plus the absolute value of executed short sells). There is no netting of buys and sales in the same symbol or across symbols. The Gross Notional Exposure resets for each new trading day.

LTSE proposes to revise Rule 11.380 to provide Members or the clearing firms of Members with an additional option of configuring a Risk Controls trading limit on the net notional exposure for matched trades for a Member or clearing firm's broker correspondent across MPIDs, by MPID, by FIX session or in combination, per clearing firm relationship or Member as applicable ("Net Notional Exposure"). LTSE notes that other exchanges offer their members the option of a risk control based upon the member's net notional exposure.<sup>5</sup> As proposed, once the Net Notional Exposure, as elected and configured by a Member or its clearing firm, has exceeded the predetermined limit, LTSE will automatically reject new orders and cancel all open orders for the applicable MPID(s) and/or FIX session specified. However, just as with the existing Gross Notional Exposure risk control, the proposed new Net Notional Exposure risk control may be increased or decreased on an intra-day basis by a Member or the clearing firm of a Member, as applicable. As specified in the proposed new paragraph (a)(2)(B) of Rule 11.380, Net Notional Exposure will

be calculated as the absolute net sum of the notional value of all buy and sell trades (*i.e.*, equal to the value of executed buys minus the absolute value of executed long sells minus the absolute value of executed short sells). Netting will be calculated across all symbols. As with Gross Notional Exposure risk controls, the proposed Net Notional Exposure risk control would reset for each new trading day. Under the proposed rule change, Members or their clearing firms, if they choose to avail themselves of LTSE's Risk Controls mechanism, may elect to configure the Risk Controls mechanism to accumulate and specify a limit or limits on either the Gross Notional Exposure, the newly-offered Net Notional Exposure, or both (collectively defined in the proposed new rule as the "Risk Controls Limit").<sup>6</sup> LTSE believes that adding a Net Notional Exposure risk control to its existing Risk Controls mechanism will enhance the risk management tools available to LTSE Members. The Exchange notes, however, that use of a Risk Controls Limit by a Member or the clearing firm of a Member does not automatically constitute compliance with LTSE rules or SEC rules, nor does it replace Member-managed and clearing firm-managed risk management solutions. The Exchange does not propose to require Members or their clearing firms to use the Risk Controls mechanism, and Members and their clearing firms may use any other appropriate risk-management tool or service instead of, or in combination with, LTSE's Risk Controls mechanism. The Exchange will not provide preferential treatment to Members or clearing firms using LTSE's Risk Controls mechanism, nor will the use of the Risk Controls mechanism impact a Member or clearing firm's use of LTSE other than when it results in orders being rejected or cancelled pursuant to the Risk Controls Limits. In addition, LTSE will continue to provide the Risk Controls mechanism to Members and clearing firms without charge.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>7</sup> in general, and furthers the objectives of

Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

Specifically, the Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest by enhancing the risk management protections available to Exchange Members and their clearing firms. The Exchange believes that the proposed rule change supports these objectives because it is designed to enable all LTSE Members an additional option for how to manage and limit their own trading exposure (whether on the basis of the Member's Gross Notional Exposure, Net Notional Exposure, or both) on the Exchange, in addition to providing clearing firms an additional option to monitor their correspondent Members' trading exposure as well as their own trading exposure (whether on the basis of the clearing firm's Gross Notional Exposure, Net Notional Exposure, or both), including by intra-day increases or decreases in the limits.

Further, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because it provides an additional mechanism to enable LTSE Members and clearing firms of LTSE Members to manage their risk by preventing trading that exceeds a Member or a Member's clearing firm's financial resources on a net notional basis (as well as the currently available gross notional basis risk control), and, thereby, contributes to the stability of the equities markets. Thus, the Exchange believes the addition of a Net Notional Exposure risk control offers Members and their clearing firms an important compliance tool that Members and their clearing firms may use to help maintain the regulatory integrity of the markets. The Exchange notes that other exchanges' rules provide for similar functionality,<sup>9</sup> and, accordingly, LTSE does not believe that

<sup>4</sup> The proposed rule change is substantively identical to the corresponding provisions in Investors Exchange ("IEX") Rule 11.380 with certain exceptions. The Exchange's existing Rule 11.380 uses the term "session" but the proposed rule change would use the term "FIX session" to clarify its meaning. See IEX Rule 11.380. The Exchange also is not adopting the provisions in paragraph (a)(3) of IEX Rule 11.380, which pertain to the application of the Risk Controls in the context of an opening or closing auction. Because the Exchange does not have an opening or closing auction, these provisions are inapposite. If the Exchange introduces an opening or closing auction, it will address the implications for its Risk Controls at that time.

<sup>5</sup> See, e.g., IEX Rule 11.380; Nasdaq Stock Market ("Nasdaq") Rule 6130; Cboe BZX Exchange, Inc. ("Cboe") Rule 11.13 Interpretations and Policies .01(h). The proposed rule change is substantively identical to the corresponding provisions in IEX Rule 11.380 with the exception of references to "routed" trades because LTSE does not have a routing broker.

<sup>6</sup> In the case of a Member that is subject to Risk Controls Limits set by its clearing firm, the Member will be advised of such limits by LTSE. In the event a Member that is subject to Risk Controls Limits set by its clearing firm also elects to set Risk Controls Limits for its own trading, the Exchange will apply both such limits with the lower of the Risk Controls Limits being applicable since it will trigger first.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> See *supra* note 5.

the proposed rule change raises any new or novel issues not already considered by the Commission.

In addition, the Exchange believes that the proposal is consistent with just and equitable principles of trade and not unfairly discriminatory because the Risk Controls mechanism is available to all Members and their clearing firms without charge.

#### *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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposal is designed to expand the Exchange's existing, optional Risk Controls mechanism by adding a new Net Notional Exposure risk control. The Exchange is not proposing to charge any fee for use of any aspect of its Risk Controls mechanism. The Exchange does not believe the proposed rule change will impose any burden on intermarket competition because other exchanges offer similar functionality.<sup>10</sup> The Exchange also does not believe that the proposal will impose a burden on intramarket competition because its Risk Controls mechanism is available to all Members, and clearing firms of Members, and provides a way for LTSE Members and clearing firms to manage their risk by preventing trading that is erroneous or exceeds a Member or clearing firm's financial resources, thereby contributing to the stability of the equities markets. Accordingly, the Exchange does not believe that this proposal will have any impact on competition.

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

Written comments were neither solicited nor received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup> Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; or (iii) become operative prior to 30 days from the date on which

it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>14</sup>

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>15</sup> of the Act to determine whether the proposed rule change 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:

#### *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](mailto:rule-comments@sec.gov). Please include File Number SR-LTSE-2020-23 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-LTSE-2020-23. 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

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>14</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has fulfilled this requirement.

<sup>15</sup> 15 U.S.C. 78s(b)(2)(B).

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-LTSE-2020-23 and should be submitted on or before January 20, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Eduardo A. Aleman,**  
Deputy Secretary.

[FR Doc. 2020-28806 Filed 12-29-20; 8:45 am]

**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-90776; File No. SR-NYSE-2020-105]

#### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Revising Rules 46 and 46A To Permit the Appointment of Trading Officials**

December 22, 2020

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on December 15, 2020, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 self-regulatory organization. The Commission is publishing this notice to solicit

<sup>16</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>10</sup> *Id.*

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).