

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>50</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101880; File No. SR–FICC–2024–009]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendment No. 1, Relating to the Adoption of a Trade Submission Requirement

December 11, 2024.

On June 12, 2024, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR–FICC–2024–009 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b–4 thereunder.<sup>2</sup> The notice of filing of the proposed rule change was published for comment in the **Federal Register** on July 1, 2024.<sup>3</sup> On August 16, 2024, the Commission extended the review period of the proposed rule change, pursuant to section 19(b)(2) of the Act,<sup>4</sup> by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> The Commission has received comments regarding the proposed rule change.<sup>6</sup>

On October 2, 2024, the Commission instituted proceedings, pursuant to Section 19(b)(2)(B) of the Exchange Act,<sup>7</sup> to determine whether to approve or disapprove the proposed rule change.<sup>8</sup> On September 24, 2024, FICC filed Partial Amendment No. 1 to make clarifications and corrections to the

proposed rule change.<sup>9</sup> The Commission published notice of Partial Amendment No. 1 in the **Federal Register** on October 21, 2024.<sup>10</sup> The proposed rule change, as modified by Partial Amendment No. 1, is referred to herein as the “Proposed Rule Change.”

Section 19(b)(2) of the Exchange Act<sup>11</sup> provides that proceedings to determine whether to approve or disapprove a proposed rule change must be concluded within 180 days of the date of publication of notice of filing of the proposed rule change. The time for conclusion of the proceedings may be extended for up to 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination.<sup>12</sup> The 180th day after publication of the Notice of Filing in the **Federal Register** is December 28, 2024.

The Commission is extending the period for Commission action on the Proposed Rule Change, as modified by Partial Amendment No. 1. The Commission finds that it is appropriate to designate a longer period within which to take action on the Proposed Rule Change so that the Commission has sufficient time to consider the issues raised by the Proposed Rule Change and to take action on the Proposed Rule Change. Accordingly, pursuant to Section 19(b)(2)(B)(ii)(II) of the Exchange Act,<sup>13</sup> the Commission designates February 26, 2025, as the date by which the Commission should either approve or disapprove the Proposed Rule Change SR–FICC–2024–009.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101887; File No. SR–BX–2024–055]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Certain Fees Based on the Rate of Inflation

December 11, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on December 2, 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 the Exchange’s fees based on the rate of inflation.

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/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.

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> Securities Exchange Act Release No. 100417 (June 25, 2024), 89 FR 54602 (July 1, 2024) (File No. SR–FICC–2024–009) (“Notice of Filing”).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> Securities Exchange Act Release No. 100693 (Aug. 12, 2024), 89 FR 66746 (Aug. 16, 2024) (File No. SR–FICC–2024–009).

<sup>6</sup> Comments on the Proposed Rule Change are available at <https://www.sec.gov/comments/sr-ficc-2024-009/sr-ficc2024009.htm>.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> Securities Exchange Act Release No. 101194 (Sept. 26, 2024), 89 FR 80296 (Oct. 2, 2024) (SR–FICC–2024–009).

<sup>9</sup> Text of the proposed changes made by the Partial Amendment No. 1 to the Proposed Rule Change is available at <https://www.sec.gov/comments/sr-ficc-2024-009/sr-ficc2024009-524075-1504142.pdf>.

<sup>10</sup> Securities Exchange Act Release No. 101340 (Oct. 15, 2024), 89 FR 84211 (Oct. 21, 2024) (File No. SR–FICC–2024–009) (“Notice of Amendment No. 1”).

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B)(ii)(II).

<sup>13</sup> *Id.*

<sup>14</sup> 17 CFR 200.30–3(a)(57).

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

<sup>2</sup> 17 CFR 240.19b–4.

*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 adjust market data fees for inflation, to be operative on January 1, 2025.

Many market data fees have not changed for years. As such, the fees have fallen substantially in real terms. The Exchange proposes to restore fees to the real amount intended in the original filings in a one-time inflationary adjustment. This adjustment will become operative in three parts: 45 percent in 2025; 30 percent in 2026; and the final 25 percent in 2027. The Exchange believes that it is necessary to spread the impact of this one-time adjustment for past inflation to prevent any undue impact that execution in a single tranche may have on our customers.<sup>3</sup>

The proposed fee increases will apply to three types of products: (i) Market Data Distributor Fees; (ii) BX TotalView; and (iii) Distribution Models. A detailed list of fee adjustments is set forth below. The Exchange is not proposing to adjust fees for non-professional usage, administrative fees, extranet fees, or certain categories of Non-Display usage. The Exchange plans to use this inflationary adjustment to support continued investment in innovative, high-quality data products.

Investments in Nasdaq Data Products

BX has continuously invested in its products in the period after the current fees were first instituted to accommodate the increasing amount of information processed and the changes in technology over time. 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 in time impacts the Exchange's ability to enhance its offerings and the interests of market participants and investors.

These investments have been necessary in part because of increases in the amount of information processed, coupled with the need to maintain infrastructure in a high fixed cost environment. The following message rate metrics for depth of book data illustrate changes in system demand over time:

- Peak Rate by Millisecond: up approximately 14%

- Average Rate per Millisecond: up approximately 15%
- Peak Rate per Second: down approximately 28%
- Average Rate per Second: down approximately 41%
- Peak Total Messages: up approximately 143%
- Average Total Messages: up approximately 50%
- Average Daily Volume: down approximately 87%
- Maximum Message Count: up approximately 143%

With this increase in message traffic and need to maintain infrastructure, the Exchange expended significant resources to improve its market data products to meet customer expectations, including continued investment in all aspects of the technology ecosystem (e.g., software, hardware, and network). During the period between 2018 and 2023, advancements in system performance as measured by latency not only accommodated the high message traffic volumes but stayed well ahead of it. The following latency metrics<sup>4</sup> illustrate the increase in message processing speed:

- Median: down approximately 26%
- Average: down approximately 36%
- Max: down approximately 46%

The Exchange continues to invest in enhancing its technology for the benefit and often at the behest of its customers. Yet the Exchange has not adjusted any of the fees included in this proposal for many years (as set forth below), to even partially offset the costs of maintaining and enhancing its market data offerings.

Inflationary Index

The fee increases the Exchange proposes are based on an industry-specific Producer Price Index (PPI), which is a tailored measure of inflation.<sup>5</sup> 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, measuring 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.<sup>6</sup>

About 10,000 PPIs for individual products and groups of products are tracked and released each month.<sup>7</sup> 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 Data Processing and Related Services PPI ("Data Processing PPI"), 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 PPI was introduced 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.<sup>8</sup> 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."<sup>9</sup>

The Exchange believes the Data Processing PPI is an adequate measure to for adjusting fees for its proprietary market data products because the Exchange uses its "own computer systems" and "proprietary software," i.e., its own data center and proprietary matching engine software, respectively, to collect, organize, store and report

<sup>4</sup> These measurements compare the time difference between events on the matching engine and the time these events are published.

<sup>5</sup> See <https://fred.stlouisfed.org/series/PCU51825182#0>.

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

<sup>7</sup> See <https://www.bls.gov/ppi/overview.htm>.

<sup>8</sup> NAICS appears in table 5 of the PPI Detailed Report and is available at <https://data.bls.gov/timeseries/PCU518210518210>.

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

<sup>3</sup> This proposal will adjust for inflation up to August 2024. Depending on inflation thereafter, further adjustments may, or may not, be necessary.

customers' transactions in U.S. equity securities.<sup>10</sup>

The Exchange furthermore notes that the Data Processing PPI is a stable metric with limited volatility, unlike other consumer-side inflation metrics. The Data Processing PPI has not experienced a greater than 2.16% increase for any one calendar year period since Data Processing PPI was introduced into the PPI in January 2002. The average calendar year change from January 2002 to December 2023 was 0.62%, with a cumulative increase of 15.67% over this 21-year period.

The Exchange notes that other exchanges have filed for increases in certain fees, based in part on the rate of inflation.<sup>11</sup>

#### Calculation and Proposed Fee Changes

The proposed inflationary adjustments are based on a comparison of the Data Processing PPI index on the last date that the relevant fee was adjusted with the level of the Data Processing PPI index on August 1, 2024. For example, for a fee that was last changed on September 1, 2010, the Exchange divided the difference between the Data Processing PPI index on August 2024 (116.022) and the Data Processing PPI index in September 2010 (101.7) by the Data Processing PPI index in September 2010 (101.7), to calculate a total inflationary adjustment of 14 percent to obtain the percentage increase. That percentage increase was

then applied to the prior fee to determine the proposed fee, and then rounding the result.<sup>12</sup> This calculation was repeated for each market data fee.

As noted above, the Exchange proposes to adjust fees through a one-time inflationary adjustment to be executed in three tranches: one in 2025 that will cover 45 percent of the adjustment, another in 2026 to cover an additional 30 percent, and a final tranche in 2027 for the final 25 percent of the adjustment.

Table 1 below shows the proposed changes for 2025, 2026 and 2027, the date of the last fee change, and the overall adjustment:

TABLE 1—PROPOSED INFLATIONARY ADJUSTMENT

Product	Current	2025	2026	2027	Last change	Overall percent change
<b>Market Data Distributor Fees</b>						
Monthly Direct Access Fee .....	\$1,000	\$1,070	\$1,120	\$1,150	<sup>13</sup> 1/1/2010	<sup>14</sup> 15.0
Monthly Internal Distributor Fee .....	750	784	810	824	<sup>15</sup> 12/1/2016	10.0
Monthly External Distributor Fee .....	1,500	1,570	1,620	1,649	<sup>16</sup> 12/1/2016	<sup>17</sup> 9.9
<b>BX TotalView</b>						
Subscriber fee (Nasdaq) .....	20	21.25	22.25	23.00	<sup>18</sup> 4/1/2010	<sup>19</sup> 15.0
Subscriber fee (Non-Nasdaq) .....	20	21.25	22.25	23.00	<sup>20</sup> 4/1/2010	<sup>21</sup> 15.0
Non-Display Direct Access .....	55	57.00	58.50	59.50	<sup>22</sup> 1/1/2018	<sup>23</sup> 8.2
Enterprise License .....	20,000	20,790	21,400	21,747	<sup>24</sup> 1/1/2018	8.7
<b>Distribution Models</b>						
Managed Data Solutions Admin .....	1,500	1,590	1,660	1,686	<sup>25</sup> 1/1/2016	12.4
Managed Data Solutions Subscriber .....	150	159	166	168	<sup>26</sup> 1/1/2016	<sup>27</sup> 12.0

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>28</sup> in general, and furthers the

objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>29</sup> 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.

<sup>10</sup> The Exchange notes that the Bureau of Labor Statistics uses a number of measures of inflation that may apply to Exchange market data. For example, there is also an inflation measure related to PPI industry data for data processing, hosting and related services: Hosting, ASP, and other IT infrastructure provisioning services. This other measure has been used by other SROs in determining price changes and may provide an alternative point of reference.

<sup>11</sup> 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. 100994 (September 10, 2024), 89 FR 75612 (September 16, 2024) (SR-NYSEARCA-2024-79).

<sup>12</sup> The Exchange rounded fees as follows: fee values over \$999.99 were rounded to the nearest \$10; fees between \$99.99 and \$999.99 were rounded to the nearest dollar; fees between \$9.99 and \$99.99 were rounded to the nearest \$0.50; fees less than \$9.99 were rounded to the nearest \$0.10. Where rounding would have caused the proposed fee to

exceed the rate of inflation, the Exchange rounded downward.

<sup>13</sup> See Securities Exchange Act Release No. 59307 (January 28, 2009), 74 FR 6069 (February 4, 2009) (SR-BX-2009-005).

<sup>14</sup> The change as calculated by the Data Processing PPI index is 15.1%. The actual change is 15.0% due to rounding of the fee.

<sup>15</sup> See Securities Exchange Act Release No. 79690, (December 23, 2016), 81 FR 96527 (December 30, 2016) (SR-BX-2016-073).

<sup>16</sup> See *id.*

<sup>17</sup> The change as calculated by the Data Processing PPI index is 10.0%. The actual change is 9.9% due to rounding of the fee.

<sup>18</sup> See Securities Exchange Act Release No. 25014 (May 6, 2010), 75 FR 25014 (May 6, 2010) (SR-BX-2010-027).

<sup>19</sup> The change as calculated by the Data Processing PPI index is 15.1%. The actual change is 15.0% due to rounding of the fee.

<sup>20</sup> See Securities Exchange Act Release No. 25014 (May 6, 2010), 75 FR 25014 (May 6, 2010) (SR-BX-2010-027).

<sup>21</sup> The change as calculated by the Data Processing PPI index is 15.1%. The actual change is 15.0% due to rounding of the fee.

<sup>22</sup> See Securities Exchange Act Release No. 82567 (January 23, 2018), 83 FR 4092 (January 29, 2018) (SR-BX-2018-005).

<sup>23</sup> The change as calculated by the Data Processing PPI index is 8.7%. The actual change is 8.2% due to rounding of the fee.

<sup>24</sup> See Securities Exchange Act Release No. 82567 (January 23, 2018), 83 FR 4092 (January 29, 2018) (SR-BX-2018-005).

<sup>25</sup> See Securities Exchange Act Release No. 76796 (December 30, 2015), 81 FR 555 (January 6, 2016) (SR-BX-2015-084).

<sup>26</sup> See *id.*

<sup>27</sup> The change as calculated by the Data Processing PPI index is 12.4%. The actual change is 12.0% due to rounding of the fee.

<sup>28</sup> 15 U.S.C. 78f(b).

<sup>29</sup> 15 U.S.C. 78f(b)(4) and (5).

This belief is based on two factors. First, the current fees do not properly reflect the quality of the services and products, as fees for the services and products in question have been static in nominal terms, and therefore falling in real terms due to inflation. Second, the Exchange believes that investments made in enhancing the capacity of Exchange systems have increased the performance of the services and products notwithstanding fees having remained static in nominal terms.

#### Equitable Allocation of Reasonable Dues, Fees and Other Charges

The proposed changes are an equitable allocation of reasonable dues, fees and other charges because, as noted above, the Exchange has not increased any of the fees included in the proposal since the dates indicated in Table 1. In the years following the last fee increase, the Exchange has made significant investments in upgrades to Exchange systems and enhancing the quality of its services as measured by, among other things, increased throughput. As such, Exchange customers have benefitted while the Exchange's ability to recoup its investments has been hampered, and Exchange fees have fallen in real terms during the relevant period.

Between 2018 and 2023, for example, the overall inflation rate was an average of 3.93% per year, producing a cumulative inflation rate of 21.28%.<sup>30</sup> Using the more targeted inflation number of Data Processing PPI, the cumulative inflation rate was 8.07%.<sup>31</sup> The Exchange believes the Data Processing PPI is a reasonable metric for this fee increase 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 market data products. Notwithstanding this inflation, the Exchange has not increased its fees for the subject services for the period of time indicated in Table 1, and therefore the proposed fee changes represent a reasonable increase from the current fees.

The Exchange believes the proposed fee increase is reasonable in light of the Exchange's continued expenditure in maintaining a robust technology ecosystem. The Exchange continues to invest in maintaining and enhancing its market data products for the benefit and often at the behest of its customers and global investors. Such enhancements include refreshing all aspects of the

technology ecosystem including software, hardware, and network while introducing new and innovative products. The goal of these enhancements, among other things, is to provide faster and more consistent market data products. The Exchange continues to expend resources to innovate and modernize technology so that it may benefit its members in offering its market data products.

#### The Proposal Does Not Permit Unfair Discrimination

The proposed fee increases are not unfairly discriminatory because they would apply to all data recipients that choose to purchase the market data products identified above. Any person that chooses to purchase any of these products would be subject to the same fee schedule, regardless of what type of business they operate or the use they plan to make of the data feed. Additionally, the fee increase would be applied uniformly to subscribers without regard to Exchange membership status or the extent of any other business with the Exchange or affiliated entities.

The proposed changes are also not unfairly discriminatory because the fees would be assessed uniformly across all market participants that purchase these products in the same manner they are today, and all products will remain available for purchase by all market participants.

#### 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.

#### Intramarket Competition

The proposed fees do not put any market participants at a relative disadvantage compared to other market participants. As noted above, the fee schedule would continue to apply to all customers of the market data products identified above in the same manner as it does today, albeit at inflation-adjusted rates for certain fees, and customers may choose whether to subscribe to the feed at all. The Exchange also believes that the level of the proposed fees neither favors nor penalizes any one or more categories of market participants in a manner that would impose an undue burden on competition.

#### Intermarket Competition

The proposed fees do not impose a burden on competition or on other Self Regulatory Organizations that is not

necessary or appropriate. In determining the proposed fees, the Exchange utilized an objective and stable metric with limited volatility. Utilizing Data Processing PPI over a specified period of time is a reasonable means of recouping the Exchange's investment in maintaining and enhancing the market data products identified above. The Exchange believes utilizing Data Processing PPI, a tailored measure of inflation, to increase certain market data fees to recoup the Exchange's investment in maintaining and enhancing its market data products would 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.<sup>32</sup>

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:

##### 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](mailto:rule-comments@sec.gov). Please include file number SR-BX-2024-055 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.

<sup>30</sup> See <https://www.officialdata.org/us/inflation/2019?endYear=2023&amount=1>.

<sup>31</sup> See <https://data.bls.gov/timeseries/PCU518210518210>.

<sup>32</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to file number SR–BX–2024–055. 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–2024–055 and should be submitted on or before January 7, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Sherry R. Haywood,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101885; File No. SR–NSCC–2024–010]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Amend the Clearing Agency Investment Policy

December 11, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on December

3, 2024, National Securities Clearing Corporation (“NSCC”) 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 clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to the Clearing Agency Investment Policy (“Investment Policy”, or “Policy”) of NSCC and its affiliates, Fixed Income Clearing Corporation (“FICC”) and The Depository Trust Company (“DTC,” and together with NSCC and FICC, the “Clearing Agencies”) <sup>3</sup> and would facilitate changes to the FICC Government Securities Division Rulebook (“GSD Rules”) <sup>4</sup> that will be implemented by FICC.<sup>4</sup>

Specifically, as described in greater detail in the Account Segregation Filing, FICC will implement changes to the GSD Rules that will, among other things, provide for FICC to (1) hold margin collected with respect to the proprietary transactions of a Netting Member separately and independently from the margin collected with respect to transactions that a Netting Member submits to FICC on behalf of indirect participants, (2) legally segregate certain margin collected with respect to indirect participant transactions from the margin for a Netting Member's proprietary transactions (as well as those of other indirect participants), and (3) limit investments of certain margin collected with respect to indirect participant transactions to only U.S. Treasuries with a maturity date of one year or less. The Clearing Agencies are proposing to amend the Policy to facilitate implementation of these changes and would also make other clean-up changes to the Policy, as described in greater detail below.

The changes that were proposed in the Account Segregation Filing and the

<sup>3</sup> See Securities Exchange Act Release No. 79528 (Dec. 12, 2016), 81 FR 91232 (Dec. 16, 2016) (SR–DTC–2016–007, SR–FICC–2016–005, SR–NSCC–2016–003).

<sup>4</sup> See Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR–FICC–2024–007) (“Account Segregation Filing”). The changes proposed in the Account Segregation Filing are expected to be implemented by no later than March 31, 2025, on a date to be announced by an Important Notice posted to FICC's website. Terms not defined herein are defined in the GSD Rules, available at [www.dtcc.com/-/media/Files/Downloads/legal/rules/ficc\\_gov\\_rules.pdf](http://www.dtcc.com/-/media/Files/Downloads/legal/rules/ficc_gov_rules.pdf).

changes proposed to the Investment Policy herein are collectively designed to comply with certain requirements of Rule 17ad–22(e)(6)(i) under the Act,<sup>5</sup> and to ensure that FICC has appropriate rules to satisfy certain conditions of Note H to Rule 15c3–3a under the Act for a broker-dealer to record a debit in the customer and broker-dealer proprietary account reserve formulas.<sup>6</sup>

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

##### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Investment Policy governs the management, custody and investment of cash deposited to the respective NSCC and FICC Clearing Funds, and the DTC Participants Fund,<sup>7</sup> the proprietary liquid net assets (cash and cash equivalents) of the Clearing Agencies, and other funds held by the Clearing Agencies pursuant to their respective rules. In doing this, the Investment Policy identifies the guiding principles for investments and defines the roles and responsibilities of DTCC<sup>8</sup> staff in administering the Investment Policy pursuant to those principles. The guiding principles for investments set forth in Section 3 of the Investment Policy address, among other things, how

<sup>5</sup> 17 CFR 240.17ad–22(e)(6)(i). See Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (“Adopting Release,” and the rules adopted therein referred to herein as “Treasury Clearing Rules”).

<sup>6</sup> 17 CFR 240.15c3–3a, Note H. See *id.*

<sup>7</sup> The respective Clearing Funds of NSCC, FICC's GSD and FICC's MBSD, and the DTC Participants Fund are described further in the Rules & Procedures of NSCC (“NSCC Rules”), the DTC Rules, By-laws and Organization Certificate (“DTC Rules”), the Clearing Rules of the Mortgage-Backed Securities Division of FICC (“MBSD Rules”) or the GSD Rules, respectively, available at <http://dtcc.com/legal/rules-and-procedures>. See Rule 4 (Clearing Fund) of the NSCC Rules, Rule 4 (Participants Fund and Participants Investment) of the DTC Rules, Rule 4 (Clearing Fund and Loss Allocation) of the GSD Rules, and Rule 4 (Clearing Fund and Loss Allocation) of the MBSD Rules.

<sup>8</sup> The Depository Trust & Clearing Corporation (“DTCC”) is the parent company of the Clearing Agencies.

<sup>33</sup> 17 CFR 200.30–3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b–4.