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For the Commission, by the Division of Investment Management, under delegated authority.

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101281; File No. SR-SAPPHIRE-2024-30]

### Self-Regulatory Organizations; MIAx Sapphire, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule

October 8, 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 September 27, 2024, MIAx Sapphire, LLC ("MIAx Sapphire" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a 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 is filing a proposal to amend the MIAx Sapphire Fee Schedule (the "Fee Schedule") to waive transaction rebates/fees applicable to transactions executed during the opening and transactions that uncross the Away Best Bid or Offer ("ABBO").<sup>3</sup>

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/miax-sapphire/rule-filings>, at the Exchange's principal office, 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.

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

###### 1. Purpose

The purpose of this proposed rule change is to amend the Exchange's Fee Schedule to waive transaction rebates/fees applicable to executions that occur as part of the Exchange's Opening Process<sup>4</sup> as described in Rule 503 ("Openings on the Exchange") or that uncross the ABBO, as described in Rule 515 ("Execution of Orders").

Under Rule 503, Openings on the Exchange, the Exchange will accept orders for queuing prior to the opening of trading in that series of options.<sup>5</sup> While orders are queued prior to the Opening Process it is not possible to identify the order as either Maker or Taker, therefore the Exchange now proposes to add additional detail to its Fee Schedule by adopting new note (2), to clarify that, the per contract transaction rebates and fees shall be waived for transactions executed during the opening and for transactions that uncross the ABBO.<sup>6</sup> Additionally, the Exchange notes other competing option exchanges do not assess transaction rebates/fees at the open.<sup>7</sup>

<sup>4</sup> "Opening Process" shall mean the process for opening or resuming trading pursuant to Exchange Rule 503 and shall include the process for determining the price at which Eligible Interest shall be executed at the open of trading for the day, or the open of trading for a halted option, and the process for executing that Eligible Interest. See Exchange Rule 503(a)(1).

<sup>5</sup> See Exchange Rule 503(a)(2).

<sup>6</sup> The Exchange notes that its affiliate exchanges, MIAx Pearl Options and MIAx Emerald, have similar language in their fee schedules.

<sup>7</sup> See Cboe U.S. Options Fee Schedules, C2 Options, Transaction Fees, Trades at the Open, available online at [https://www.cboe.com/us/options/membership/fee\\_schedule/ctwo/](https://www.cboe.com/us/options/membership/fee_schedule/ctwo/); and EDGX Options, Transaction Fees, Fee Codes and Associated Fees, Fee Code "OO," available online

#### Implementation

The proposed change will become effective on October 1, 2024.

#### 2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act<sup>8</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>9</sup> in particular, in that it is an equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act<sup>10</sup> in that it is designed 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 and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The proposal provides that executions that occur as part of the Exchange's Opening Process will not incur any fees or receive any rebates. The Exchange believes that its proposal to waive transaction rebates/fees that occur as part of the Exchange's Opening Process is reasonable, fair and equitable because it will incentivize Members<sup>11</sup> to send order flow to the Exchange, potentially providing greater liquidity on the Exchange. In addition, the Exchange believes that the foregoing is fair and equitable because it provides certainty for Members with respect to execution costs occurring as part of the Exchange's Opening Process. Lastly, the Exchange also believes that the proposed pricing for executions occurring as part of the Opening on the Exchange is nondiscriminatory because it will apply equally to all Members.

The proposal further provides that executions that uncross the ABBO will not be assessed any fees or receive any rebates. The Exchange believes that its proposal to waive transaction rebates/fees that uncross the ABBO is reasonable, fair and equitable because it will incentivize Members to send greater order flow to the Exchange in

at [https://www.cboe.com/us/options/membership/fee\\_schedule/edgx/](https://www.cboe.com/us/options/membership/fee_schedule/edgx/).

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

<sup>9</sup> 15 U.S.C. 78f(b)(4).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Exchange Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> The term "ABBO" or "Away Best Bid or Offer" means the best bid(s) or offer(s) disseminated by other Eligible Exchange (defined in Rule 1400(g)) and calculated by the Exchange based on market information received by the Exchanges from OPRA. See Exchange Rule 100.

this scenario, potentially providing greater liquidity on the Exchange. In addition, the Exchange believes that the foregoing is fair and equitable because it provides certainty for Members with respect to execution costs across all trades which uncross the ABBO. Lastly, the Exchange also believes that the proposed pricing for executions occurring in this scenario is nondiscriminatory because it will apply equally to all Members.

#### *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.

#### *Intra-Market Competition*

The proposal does not impose an undue burden on intra-market competition as transaction rebates and fees will be waived for transactions executed during the opening and for transactions that uncross the ABBO uniformly for all Members. The Exchange believes its proposal will encourage Members to submit orders to the Exchange which will increase liquidity and benefit all market participants by providing more trading opportunities and better execution prices. Accordingly, the Exchange believes that the proposed changes will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will continue to encourage order flow, which provides greater volume and liquidity, benefiting all market participants by providing more trading opportunities and better execution prices.

#### *Inter-Market Competition*

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice on where to route their orders for execution. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. There are currently 18 registered options exchanges competing for order flow. For the month of August 2024, based on publicly-available information, and excluding index-based options, no single exchange exceeded approximately 14–15% of the market share of executed volume of multiply-

listed equity and exchange-traded fund ("ETF") options.<sup>12</sup> Therefore, no exchange possesses significant pricing power in the execution of multiply-listed equity and ETF options order flow. In such an environment, the Exchange must propose transaction fees and rebates to be competitive with other exchanges and to attract order flow. The Exchange believes that the Exchange's proposal reflects this competitive environment, to the extent this is achieved, all of the Exchange's market participants should benefit from the quality of the Exchange's market.

The Exchange notes that this rule change is being proposed at a time when other options exchanges are offering similar pricing for similar market scenarios.<sup>13</sup> As a result of the competitive environment, Members will have various pricing and execution models to choose from in making determinations on where to enter orders prior to the opening of trading or which may potentially uncross the ABBO. The Exchange notes that it operates in a highly competitive market in which Members can readily direct order flow to competing venues if they deem fee levels to be excessive.

#### *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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>14</sup> and Rule 19b-4(f)(2)<sup>15</sup> thereunder. 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 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 to determine whether the proposed rule should be approved or disapproved.

<sup>12</sup> See "Market Share, MTD Average" on the Exchange's website, available at <https://www.miaxglobal.com/>.

<sup>13</sup> See *supra* note 7.

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>15</sup> 17 CFR 240.19b-4(f)(2).

### **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-SAPPHIRE-2024-30 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-SAPPHIRE-2024-30. 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-SAPPHIRE-2024-30 and should be submitted on or before November 5, 2024.

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

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2024–23658 Filed 10–11–24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101283; File No. 4–844]

### Self-Regulatory Organizations; MIAx Sapphire, LLC; Notice of Filing of Proposed Minor Rule Violation Plan

October 8, 2024.

Pursuant to Section 19(d)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19d–1(c)(2) thereunder,<sup>2</sup> notice is hereby given that on October 1, 2024, MIAx Sapphire, LLC (“Sapphire” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed minor rule violation plan (“MRVP”) with sanctions not exceeding \$2,500 which would not be subject to the provisions of Rule 19d–1(c)(1) of the Act<sup>3</sup> requiring that a self-regulatory organization (“SRO”) promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.<sup>4</sup> In accordance with Rule 19d–1(c)(2) under the Act,<sup>5</sup> the Exchange proposes to designate certain specified rule violations as minor rule violations, and requests that it be relieved of the prompt reporting requirements regarding such violations, provided it gives notice of such violations to the Commission on a quarterly basis.

The Exchange proposes to include in its MRVP the procedures and violations currently included in Exchange Rule 1014 (“Imposition of Fines for Minor

Rule Violations”).<sup>6</sup> According to the Exchange’s proposed MRVP, under Rule 1014, the Exchange may impose a fine (not to exceed \$2,500) on any Member, or person associated with or employed by a Member, for any rule violation listed in Rule 1014(d).<sup>7</sup> The Exchange shall serve the person against whom a fine is imposed with a written statement setting forth the rule or rules allegedly violated, the act or omission constituting each such violation, the fine imposed for each violation, and the date by which such determination becomes final or by which such determination must be paid or contested. If the person against whom the fine is imposed pays the fine, such payment shall be deemed to be a waiver of such person’s right to a disciplinary proceeding and any review of the matter under the Exchange rules. Any person against whom a fine is imposed may contest the Exchange’s determination by filing with the Exchange a written answer, at which point the matter shall become a disciplinary proceeding.

The Exchange proposes that, as set forth in Exchange Rule 1014(d), violations of the following rules would be appropriate for disposition under the MRVP: Rule 307 (Position Limits); Rule 803 (Focus Reports); Rule 804 (Requests for Trade Data); Rule 520 (Order Entry); Rule 605 (Execution of Orders in Appointed Options); Rule 314 (Mandatory Systems Testing); Rule 700 (Exercise of Option Contracts); Rule 309 (Exercise Limits); Rule 310 (Reports Related to Position Limits); Rule 403 (Trading in Restricted Classes); Rule 605 (Market Maker Quotations); Rule 1904 (Failure to Timely File Amendments to Form U4, Form U5, and Form BD); and Rules 1701–1713 (Failure to Comply with the Consolidated Audit Trail Compliance Rule Under Chapter XVII). The Exchange states that it is specifically excluding Rule 1014(d)(4), Conduct and Decorum Policies, from this filing.

Upon the Commission’s declaration of effectiveness of the MRVP, the Exchange will provide to the Commission a quarterly report for any actions taken on minor rule violations under the MRVP. The quarterly report will include: the disposition date, the name of the firm/individual, the Exchange’s internal enforcement number, the review period,

the nature of the violation type, the number of the rule that was violated, the number of instances the violation occurred, and the sanction imposed.

Based on compliance with the above, the Exchange requests that the rule violations designated in Rule 1014(d) be designated as minor rule violations subject to a minor rule violation reporting plan and that the Exchange be relieved of the current reporting requirements regarding such violations. In addition, going forward, to the extent that there are any changes to the rules applicable to the Exchange’s MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange’s MRVP.

### I. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed MRVP 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 No. 4–844 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 No. 4–844. 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 MRVP that are filed with the Commission, and all written communications relating to the proposed MRVP 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 proposed MRVP also will be available for inspection and copying at the principal office of the Exchange. Do not include

<sup>16</sup> 17 CFR 200.30–3(a)(12).

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

<sup>2</sup> 17 CFR 240.19d–1(c)(2).

<sup>3</sup> 17 CFR 240.19d–1(c)(1).

<sup>4</sup> The Commission adopted amendments to paragraph (c) of Rule 19d–1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission shall not be considered “final” for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

<sup>5</sup> 17 CFR 240.19d–1(c)(2).

<sup>6</sup> The Exchange received its grant of registration on July 15, 2024, which included approving the rules that govern the Exchange.

<sup>7</sup> While Rule 1014 allows the Exchange to administer fines up to \$5,000, the Exchange is only seeking relief from the reporting requirements of paragraph (c)(1) of Rule 19d–1 for fines administered under Rule 1014(d) that do not exceed \$2,500.