

forced to connect to (and purchase market data from) all options exchanges, as shown by the number of Members of the Exchange as compared to the much greater number of members at other options exchanges (as described above). Not only does MIAX Emerald have less than half the number of members as certain other options exchanges, but there are also a number of the Exchange's Members that do not connect directly to MIAX Emerald. There are a number of large market makers and broker-dealers that are members of other options exchange but not Members of MIAX Emerald. Additionally, other exchanges have similar connectivity alternatives for their participants, including similar low-latency connectivity, but with much higher rates to connect.⁵³ The Exchange is also unaware of any assertion that its existing fee levels or the Proposed Fees would somehow unduly impair its competition with other options exchanges. To the contrary, if the fees charged are deemed too high by market participants, they can simply disconnect.

While the Exchange recognizes the distinction between connecting to an exchange and trading at the exchange, the Exchange notes that it operates in a highly competitive options market in which market participants can readily connect and trade with venues they desire. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. The Exchange believes that the proposed changes reflect this competitive environment.

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,⁵⁴ and Rule 19b-4(f)(2)⁵⁵ 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.

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-EMERALD-2019-39 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-EMERALD-2019-39. 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-EMERALD-2019-39 and should be submitted on or before January 28, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁶

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87879; File No. SR-DTC-2019-009]

Self-Regulatory Organizations; The Depository Trust Company; Order Approving a Proposed Rule Change To Amend the Redemptions Guide Relating to the Call Lottery Process for Partial Redemptions

January 2, 2020.

I. Introduction

On October 31, 2019, The Depository Trust Company ("DTC") 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 proposed rule change SR-DTC-2019-009. The proposed rule change was published for comment in the **Federal Register** on November 19, 2019.³ The Commission did not receive any comment letters on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

DTC proposes to modify its Procedures⁴ set forth in the DTC Corporate Actions Redemptions Service Guide ("Redemptions Guide")⁵ in order to amend its call lottery process relating to the processing of partial redemptions ("Partial Calls") with respect to allocations made for odd lot positions in a called Security held by a Participant.

⁵⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 87526 (November 13, 2019), 84 FR 63915 (November 19, 2019) (SR-DTC-2019-009) ("Notice").

⁴ Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), available at http://www.dtcc.com/-/media/Files/Downloads/legal/rules/dtc_rules.pdf.

⁵ Available at <http://www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Redemptions.pdf>.

⁵³ See *supra* note 50.

⁵⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

⁵⁵ 17 CFR 240.19b-4(f)(2).

A. Background

Partial Calls and the Call Lottery

An issuer of a Security may be allowed under the terms of the issue to call a portion of the par value of the issue outstanding for redemption at certain times during the life of the issue, *i.e.*, a Partial Call.⁶ In such case, some investors may have all or a portion of their position redeemed by the issuer, while others may not have any portion of their position redeemed.

When an issuer initiates a Partial Call, DTC's Procedures require the trustee for the issue to publish notice of such event or mail notice of the event, including the specific amount to be redeemed, to the registered holders.⁷ After DTC receives or collects notice of the Partial Call, DTC creates an announcement through its redemptions service,⁸ and preliminary call notice information is made available to Participants.⁹

Under DTC's Procedures set forth in the Redemptions Guide relating to a Partial Call, DTC allocates the called Securities among Participants that hold the applicable Security by means of an impartial lottery, based upon Participants' net long positions as of the close of business on the day prior to the publication of the call notice.¹⁰ Upon performing the call lottery, DTC reports the results to Participants.¹¹

Odd Lots

An odd lot occurs when a Participant holds a position in a Security that is not within the stated increments of the Security, *i.e.*, the par value at which, pursuant to the terms of the issue, the Security can be purchased and traded. For example, a bond contract for a Security may provide that all purchases must be made in authorized denominations equal to a multiple of \$5,000, the minimum incremental value. Therefore, any amount held by a Participant that is not a multiple of \$5,000, such as a position with a value of \$5,001, would be an odd lot.¹² DTC

states that running the lottery with the odd lot position intact could result in another Participant being driven into an odd lot position.¹³

B. Proposed Change

DTC proposes to amend its Redemptions Guide to revise its call lottery process such that, for issues where the incremental value is \$5,000 or less, Participants with odd lot positions would have their positions adjusted down to the nearest value that is divisible by the minimum incremental value for purposes of the lottery. However, the Participant would continue to hold the Securities reduced from its position for this purpose in its Account. Thus, the Participant with the initial odd lot for issues where the incremental value is \$5,000 or less would continue to maintain an odd lot position after the lottery is run, and no new odd lot positions would be created.

In addition, a copyright date in the text of the Redemptions Guide is currently shown as 1999–2014. DTC proposes to revise the text of the Redemptions Guide to reflect a copyright date of 1999–2019.

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act¹⁴ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. After carefully considering the proposed rule change, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC. In particular, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.¹⁵

Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions and assure the safeguarding of securities and funds which are in the custody or control of

holder's account at the Participant that held the full position prior to the split is not in a par value amount that is a multiple of the authorized denomination, then an odd lot amount could be created in the Participant's DTC account.

¹³ DTC states that odd lot positions are more difficult to trade due to the terms of the issue requiring trades to be made only in multiples of the incremental value. *Supra* note 3, at 4.

¹⁴ 15 U.S.C. 78s(b)(2)(C).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

the clearing agency or for which it is responsible.¹⁶

As described above, the proposal would prevent the creation of new odd lot positions during the lottery process for issues where the incremental value is \$5,000 or less, which would facilitate the allocation of positions that are more amenable to trading for transactions that are processed and settled through DTC's system. Therefore, the proposal should promote the prompt and accurate clearance and settlement of securities transactions that are processed and settled through DTC's system.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and, in particular, with the requirements of Section 17A of the Act¹⁷ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act¹⁸ that proposed rule change SR–DTC–2019–009, be, and hereby is, approved.¹⁹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87880; File No. SR–ICEEU–2019–029]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Immediate Effectiveness of Proposed Rule Changes Relating to Clearing Member Charges and Rates of Return on Cash and Collateral in Relation to Margin Deposits and Guaranty Fund Contributions for All Clearing Member House and Customer Accounts

January 2, 2020.

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

¹⁶ *Id.*

¹⁷ 15 U.S.C. 78q–1.

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

²⁰ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

⁶ See *id.* at 19.

⁷ See *id.*

⁸ DTC's redemptions service includes announcing, collecting, allocating, and reporting redemption and maturity payments on behalf of its Participants holding Eligible Securities. See *id.* at 7.

⁹ See *id.* at 19.

¹⁰ See *id.*

¹¹ See *id.* at 21.

¹² An odd lot position may be created, for example, as a result of a beneficial holder's account at a Participant being split into two accounts as a result of divorce or the administration of the estate of the beneficial holder. If the division of the assets in the beneficial holder's account at the Participant ultimately results in a portion of the beneficial holder's position in the subject Security being transferred to another Participant, and the remaining balance of the Security in the beneficial