market effects related to equities and options, among other things. Based on this analysis, the SEC approved the CAT Funding Model as compliant with the Exchange Act. CAT Fee 2025–2 is calculated and implemented in accordance with the CAT Funding Model as approved by the SEC.

As discussed above, each of the inputs into the calculation of CAT Fee 2025–2 is reasonable and the resulting fee rate for CAT Fee 2025–2 calculated in accordance with the CAT Funding Model is reasonable. Therefore, CAT Fee 2025–2 would not impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Exchange Act.

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) of the Act [183] and paragraph (f)(2) of Rule 19b–4 thereunder.[184] 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 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 (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–EMERALD–2025–13 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–2025–13. 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–EMERALD–2025–13 and should be submitted on or before August 1, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[185]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–12921 Filed 7–10–25; 8:45 am]

BILLING CODE 8011–01–P

[183] 15 U.S.C. 78s(b)(3)(A).

[184] 17 CFR 240.19b–4(f)(2).

[185] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103399; File No. SR–FICC–2025–014]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Amend and Restate the Cross-Margining Agreement Between FICC and CME

July 8, 2025.

I. Introduction

On May 9, 2025, Fixed Income Clearing Corporation (''FICC'') 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–FICC–2025–014 (''Proposed Rule Change'') to make changes to FICC's cross-margining arrangement with the Chicago Mercantile Exchange, Inc. (''CME''), which is incorporated as part of FICC's Government Securities Division (''GSD'') Rule Book. The Proposed Rule Change was published for comment in the **Federal Register** on May 28, 2025.[3] The Commission has received no comments on the proposed rule change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Background

FICC is a central counterparty (''CCP''), which means it interposes itself as the buyer to every seller and seller to every buyer for the financial transactions it clears. FICC's Government Securities Division (''GSD'') provides trade comparison, netting, risk management, settlement, and central counterparty services for the U.S. Government securities market.[4] As such, FICC is exposed to the risk that one or more of its members may fail to make a payment or to deliver securities.

A key tool that FICC uses to manage its credit exposures to its members is the daily collection of margin from each member. A member's margin is designed to mitigate potential losses associated with liquidation of the member's portfolio in the event of that member's default. The aggregated amount of all GSD members' margin

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 103096 (May 21, 2025), 90 FR 22538 (May 28, 2025) (File No. SR–FICC–2025–014) (''Notice of Filing'').

[4] FICC's Mortgage-Backed Securities Division provides similar services for mortgage-backed securities. For purposes of this Order, ''FICC'' refers to GSD.

constitutes the Clearing Fund, which FICC would be able to access should a defaulted member's own margin be insufficient to satisfy losses to FICC caused by the liquidation of that member's portfolio. Each member's margin consists of a number of applicable components, including a value-at-risk charge designed to capture the potential market price risk associated with the securities in a member's portfolio.

Margin requirements are typically designed, in part, to recognize the potential relationship between products in a member's portfolio (*e.g.,* some products may naturally gain value when others lose value). Members may, however, hold assets or enter into transactions that reduce risk, but are not visible to the CCP. For example, a market participant might purchase a debt security, and at the same time, contract to sell the same security in the future. The risk to the market participant is a combination of these two offsetting transactions as opposed to the risk of each added together because it is unlikely that both positions would lose value at the same time under normal market conditions.

To recognize potential offsets in the risk presented by related products, FICC has an ongoing Cross-Margining Arrangement with CME, which acts as a CCP for futures related to the debt instruments that FICC clears.[5] In 2023, FICC and CME entered into the Amended and Restated Cross-Margining Agreement (the ''Existing Agreement''), that allows FICC and CME (referred to as ''Clearing Organizations'' in the Existing Agreement) to consider the net risk of a participant's eligible positions at each Clearing Organization when setting margin requirements for such positions, including by defining the methodology to determine offsets between cleared products that could reduce the margin requirement of an FICC member.[6]

Pursuant to the terms of the Existing Agreement, a joint clearing member of the Clearing Organizations (a ''Joint Clearing Member'') that participates in the Cross-Margining Arrangement may designate any of its accounts at FICC (except its Sponsoring Member Omnibus Account) to be cross-margined with a cross-margining account on the books of CME (each such account, a ''Cross-Margining Account'').[7] In addition, a Joint Clearing Member may include in a Cross-Margining Account both its proprietary positions and those of an affiliate, as long as the affiliate is not a customer under certain Commission rules and its account on the records of the Joint Clearing Member is a ''proprietary account'' within the meaning of 17 CFR 1.3 (an ''Eligible Affiliate'').[8]

On December 13, 2023, the Commission adopted amendments to the standards applicable to covered clearing agencies that clear transactions in U.S. Treasury securities (''Treasury CCAs''), such as FICC.[9] These amendments require Treasury CCAs to establish, implement, maintain, and enforce written policies and procedures reasonably designed to, among other things, calculate, collect, and hold margin for direct participants' proprietary positions separately and independently from margin calculated, collected, and held for indirect participants that rely on the services provided by the direct participant to access the Treasury CCA's payment, clearing, or settlement facilities.[10]

On November 21, 2024, the Commission approved amendments to the GSD Rules that were designed to implement the new requirements of Rule 17ad–22(e)(6)(i),[11] which went into effect on March 24, 2025.[12] These amendments establish new account structures to accommodate direct and indirect participants. Specifically, these amendments would require a Netting Member to ensure that transactions it submits to FICC for the benefit of an indirect participant are recorded in an Indirect Participants Account, such as an Agent Clearing Member Omnibus Account, rather than in one of the Netting Member's Proprietary Accounts.[13] However, the regulations promulgated by the Commodity Futures Trading Commission (''CFTC'') applicable to the positions that a Joint Clearing Member maintains at CME for an Eligible Affiliate require that such positions be maintained in the Joint Clearing Member's house account in which the Joint Clearing Member may also maintain its own proprietary positions.[14]

III. Description of the Proposed Rule Change

The proposed rule change consists of a proposed Second Amended and Restated Cross-Margining Agreement (the ''Proposed Agreement'') between FICC and CME.[15] FICC states that the purpose of the Proposed Agreement is to make certain technical changes that are designed to account for this difference in account structure so that an Eligible Affiliate of a Joint Clearing Member that accesses FICC's clearing services and the Cross-Margining Arrangement through a Joint Clearing Member will continue to be able to participate in the Cross-Margining Arrangement in accordance with Rule 17ad–22 and the GSD Rules.[16] FICC further states that such amendments would promote the maintenance of lower risk and more balanced portfolios and facilitate the access of indirect participants to central clearing in accordance with Rule 17ad–22.[17]

FICC states that these changes would not otherwise affect the functioning of the Cross-Margining Arrangement, including the calculation of margin

[5] CME provides central counterparty services for futures, options, and swaps. *See* Financial Stability Oversight Council (''FSOC'') 2012 Annual Report, Appendix A, *https://home.treasury.gov/system/files/261/here.pdf* (last visited July 17, 2023).

[6] *See* Securities Exchange Act Release No. 98327 (Sept. 8, 2023), 88 FR 63185 (Sept. 14, 2023) (''FICC–CME 2023 Order''). *See also* Section 4, ''Calculation of the Cross-Margin Requirements'' of the Existing Agreement, *available at https://www.dtcc.com/~/media/Files/Downloads/legal/rules/ficc_cme_crossmargin_agreement.pdf.* The Existing Agreement is incorporated by reference in the FICC Government Securities Division (''GSD'') Rulebook (''GSD Rules''), *available at www.dtcc.com/legal/rules-and-procedures.aspx.* Unless otherwise specified, capitalized terms not defined herein shall have the meanings ascribed to them in the GSD Rules, which includes the Amended and Restated Cross-Margining Agreement.

[7] *See* Recital C of the Existing Agreement, *supra* note 6.

[8] *See* Section 1 (defining ''Cross-Margining Account'' and ''Proprietary Account'') of the Existing Agreement, *supra* note 6.

[9] *See* Securities Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714 (Jan. 16, 2024) (S7–23–22).

[10] 17 CFR 240.17ad–22(e)(6)(i).

[11] *See* Securities Exchange Act Release No. 101695 (Nov. 21, 2024), 89 FR 93763 (Nov. 27, 2024) (SR–FICC–2024–007); 17 CFR 240.17ad–22(e)(6)(i).

[12] GSD Important Notice (Feb. 26, 2025), *available at www.dtcc.com/-/media/Files/pdf/2025/2/26/GOV1909-25.pdf.*

[13] *See supra* note 9.

[14] *See* 7 U.S.C. 6d (permitting the commingling of futures customer property solely with the property of other futures customers); 17 CFR 1.3 (deeming the holder of a ''proprietary account'' not to be a customer for purposes of 7 U.S.C. 6d); 17 CFR 1.3 (defining ''proprietary account'' as a ''commodity futures . . . account carried on the books and records of an individual, a partnership, corporation or other type of association: . . . (2) Of which ten percent or more is owned by one of the following persons, or an aggregate of ten percent or more of which is owned by more than one of the following persons: . . . (vii) A business affiliate that directly or indirectly controls such individual, partnership, corporation or association; or (viii) A business affiliate that, directly or indirectly is controlled by or is under common control with, such individual, partnership, corporation or association. . . .'').

[15] The proposed Second A&R Agreement, *available at https://www.sec.gov/files/rules/sro/ficc/2025/34-103096-ex5.pdf,* would replace the Existing Agreement in its entirety and would be incorporated into the GSD Rules.

[16] *See* Notice of Filing, *supra* note 3, 90 FR at 22539.

[17] *See* Notice of Filing, *supra* note 3, 90 FR at 22540.

reductions and default management, under the Existing Agreement.[18]

A. Changes To Address the Requirements of Rule 17ad–22(e)(6)(i) and the Related GSD Rules

The Proposed Agreement would continue to permit a Joint Clearing Member to subject eligible positions cleared for an Eligible Affiliate to the cross-margining arrangement.[19] However, it would require any such positions cleared at FICC to be recorded in an Agent Clearing Member Omnibus Account. More specifically, the Proposed Agreement would contain a new clause providing that in the event transactions or positions maintained in a Cross-Margining Account are not the proprietary transactions or positions of the Cross-Margining Participant,[20] then such transactions or positions and margin may only be maintained in a Cross-Margining Account at FICC if (i) the transactions, positions and margin are maintained by the Cross-Margining Participant for an Eligible Affiliate, and (ii) the Account in which the transactions and positions in FICC Eligible Products are recorded is an Agent Clearing Member Omnibus Account that contains exclusively the transactions and positions of the Eligible Affiliate(s).[21] The Proposed Agreement would add certain provisions to the Cross-Margining Agreement (Common Member) attached as Appendix A to the Proposed Agreement (the ''Common Member Agreement''), which all Joint Clearing Members would be required to execute with the Clearing Organizations. Those provisions would consist of representations by the Joint Clearing Member to the Clearing Organizations that these conditions regarding Eligible Affiliate transactions are met.[22]

FICC states that, because of these changes, in no circumstance would any proprietary securities positions of the Joint Clearing Member at FICC (or any proprietary margin securing those positions) be incorporated into or netted against FICC's calculation of the margin requirement applicable to the positions the Joint Clearing Member carries for its Eligible Affiliates.[23]

B. Proposals To Address the Role of Participating Affiliates as Principal

The Proposed Agreement would include changes to reflect the role of a Participating Affiliate as principal on the Eligible Positions recorded in an Agent Clearing Member Omnibus Account.[24] Under the GSD Rules, when an Agent Clearing Member clears an Agent Clearing Member Transaction for an Executing Firm Customer, it ''acts solely as agent.'' [25] Accordingly, the Executing Firm Customer which is an Eligible Affiliate participating in cross-margining (*i.e.,* a ''Participating Affiliate'') is a principal on such transaction. The proposed Second A&R Agreement would adjust a number of defined terms, including ''Cross-Margin VM Gain,'' ''Cross-Margin VM Loss,'' ''Liquidation Cost,'' ''Margin,'' ''Other VM Gain,'' ''Other VM Loss,'' ''Variation Margin,'' as well as the provisions of Section 7 relating to the termination of a Cross-Margining Participant, to recognize that payment or delivery obligations may be owed by or to an Eligible Affiliate), rather than by or to the Joint Clearing Member.

In addition, the Proposed Agreement would make additions to the Common Member Agreement to ensure that, as is the case with the Existing Agreement, FICC and CME would be able to look to the entirety of a Participating Affiliate's Eligible Positions and all associated margin to satisfy the obligations arising from the Joint Clearing Member's Cross-Margining Accounts at FICC and CME.[26] In particular, the Proposed Agreement would require each Joint Clearing Member to agree in the Common Member Agreement, as agent for each of its Participating Affiliates, that each such Participating Affiliate (i) unconditionally promises to pay any amounts owing in respect of the Cross-Margining Accounts established for such Participating Affiliate (each, an ''Affiliate Account''), (ii) agrees that it is jointly and severally liable for any payment obligation in respect of any Cross-Margining Account of the Joint Clearing Member, in an amount up to the liquidation value of the positions maintained for the Participating Affiliate in any Affiliate Account and, without duplication, the value realized on any margin or other collateral held for any such account, and (iii) agrees it is bound by the GSD Rules and the CME rules as applicable to a Participating Affiliate and by the provisions of the Proposed Agreement and Common Member Agreement.

In order to ensure the effectiveness of these agreements by a Joint Clearing Member on behalf of its Participating Affiliates,[27] each Joint Clearing Member would represent and warrant in the Common Member Agreement that it has full power and authority to bind each of its Participating Affiliates to the foregoing terms and that before permitting an Eligible Affiliate to be a Participating Affiliate it will have obtained such Participating Affiliate's written consent to such terms. The proposed Common Member Agreement would require each Joint Clearing Member to provide such written consent to the Clearing Organizations upon their request. The Proposed Agreement would also include revisions to the security interest language in the Common Member Agreement so that the obligations secured include those of the Participating Affiliate, and that the Joint Clearing Member grants the security interest on behalf of itself and each Participating Affiliate.[28]

These proposed changes to the Common Member Agreement would ensure that, if a Joint Clearing Member defaults and FICC makes payment to CME pursuant to the cross-guarantee set forth in the proposed Second A&R Agreement,[29] FICC would be able to set off and apply to its claim for reimbursement the positive liquidation value of each Participating Affiliate's

[18] *See* Notice of Filing, *supra* note 3, 90 FR at 22540. FICC further states that it will make changes to the Service Level Agreement between FICC and CME that supplements the Existing Agreement, to ensure conformance with the Proposed Agreement. *Id.*

[19] *See supra* note 7.

[20] A Cross-Margining Participant is a Joint Clearing Member that has become, or a Clearing Member that is part of a pair of Cross-Margining Affiliates each of which has become, a participant in the cross-margining arrangement between FICC and CME. *See* Section 1 of the Existing Agreement, *supra* note 6.

[21] *See* GSD Rule 8, Section 5, *supra* note 6. A Joint Clearing Member and any Eligible Affiliate(s) would need to satisfy FICC's requirements to be an Agent Clearing Member and an Executing Firm, respectively, in accordance with the applicable GSD Rule. FICC offers two different types of Indirect Participant Accounts for use without margin segregation: the Agent Clearing Member Omnibus Account and the Sponsoring Member Omnibus Account. The GSD Rules do not currently permit a Joint Clearing Member to designate a Sponsoring Member Omnibus Account as a Cross-Margining Account. *See* GSD Rule 3A, Section 10(h), *supra* note 6. FICC is not proposing to change this limitation. *See* Notice of Filing, *supra* note 3, 90 FR at 22540 n. 15.

[22] *See* Appendix A, ''Fixed Income Clearing Corporation/Chicago Mercantile Exchange Inc. Cross-Margining Participant Agreement (Common Member)'' of the Proposed Agreement, *supra* note 15.

[23] *See* Notice of Filing, *supra* note 3, 90 FR at 22540.

[24] *See* Notice of Filing, *supra* note 3, 90 FR at 22540.

[25] *See* GSD Rules, Rule 8, Section 5(b), *supra* note 6.

[26] *See* Notice of Filing, *supra* note 3, 90 FR at 225401.

[27] *See* Notice of Filing, *supra* note 3, 90 FR at 22541.

[28] *See id.*

[29] The cross-guarantee would remain unchanged. *See* Section 8, ''Guaranty of FICC to CME'' and Section 9 ''Guaranty of CME to FICC'' of the Existing Agreement, *supra* note 6.

positions and the margin securing such positions.[30]

C. Proposals Relating to Customer Protection

The Proposed Agreement would include provisions to ensure that, consistent with the Existing Agreement, the use of the Cross-Margining Arrangement by Participating Affiliates would not affect the customer protections available to any non-participating customers of the Joint Clearing Member under the Securities Investor Protection Act (''SIPA''), the stockbroker liquidation provisions of Subchapter III of Chapter 7 of the Bankruptcy Code, the commodity broker liquidation provisions of Subchapter IV of Chapter 7 of the Bankruptcy Code, or the Commodity Futures Trading Commission's Part 190 regulations thereunder (collectively, the ''Customer Protection Regimes'').[31] Specifically, the Proposed Agreement would limit the scope of Eligible Affiliates to entities that are Non-Customers, which the Proposed Agreement would define as ''any Affiliate of the Clearing Member (i) that is not a 'customer' of the Clearing Member within the meaning of Securities Investor Protection Act, Subchapter III of Chapter 7 of the U.S. Bankruptcy Code, or Rule 15c3–3 as promulgated under the Act,[32] and (ii) whose Eligible Positions in CME Eligible Products are carried in a Proprietary Account of the Clearing Member.'' [33]

In addition, the Proposed Agreement would require that each Affiliate Account be limited to the positions of Non-Customers (or in the case of an Affiliate Account at CME, the Joint Clearing Member's proprietary positions) and any margin posted to FICC in relation to such an account would not be subject to segregation. Specifically, it would require a Joint Clearing Member to represent in the Common Member Agreement that any Participating Affiliate is a Non-Customer, that any Cross-Margining Account (whether at CME or FICC) includes exclusively the positions of Non-Customers or the Joint Clearing Member, and that any margin posted to FICC in relation to an Eligible Affiliate account is not subject to segregation under the Rules. These proposed changes are designed to ensure that no Participating Affiliate would have a claim under any Customer Protection Regime in relation to its Affiliate Account or Eligible Positions that could disrupt the priority rights of any customers of a Joint Clearing Member under those regimes to segregated pools of property.[34]

D. Proposal To Extend the Termination Notification Period

The Proposed Agreement would extend the prior written notification period for either party to terminate the Cross-Margining Arrangement from 30 days to 180 days.[35] FICC states that, while this proposed change is not required to facilitate the principal purpose of the Proposed Agreement, which is to allow Eligible Affiliates to participate in the Cross-Margining Arrangement consistently with the Separate Margining Requirement and Separate Margining Amendments, it would provide for a more effective timeframe for the Parties to unwind the Cross-Margining Arrangement, which would benefit FICC as well as all Cross-Margining Participants, including any Eligible Affiliates, where applicable.[36]

IV. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act [37] 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 Exchange Act and the rules and regulations thereunder applicable to such organization. After carefully considering the Proposed Rule Change, the Commission finds that the proposal is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to FICC. More specifically, the Commission finds that the proposal is consistent with Section17A(b)(3)(F) of the Act,[38] and Rules 17Ad–22(e)(6)(ii), (e)(4)(i), and (e)(18)(iv)(C) [39] thereunder, as described in detail below.

A. Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act, requires, in part, that the rules of a clearing agency be designed to, among other things, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible; to remove impediments to and help perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions; and to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions.[40]

First, as described in section III.A above, the proposed rule change would amend the Existing Agreement to continue to permit a Joint Clearing Member to subject eligible positions cleared for an Eligible Affiliate to be cross-margined, but would require that such positions cleared at FICC be recorded in an Agent Clearing Member Omnibus Account. By doing so, the proposed rule change should continue to allow Joint Clearing Members and Participating Affiliates to access cross-margining in the same manner as they currently do while addressing the differences between the new Commission rule and the CFTC rule. This change is therefore consistent with removing impediments to and helping perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.[41]

Second, as described in Section III.B above, the proposed rule change would amend the Existing Agreement to allow FICC and CME to continue to look to the entirety of a Participating Affiliate's cross-margined positions and all associated margin to satisfy the obligations arising from the Joint Clearing Member's Cross-Margining Accounts at FICC and CME. The Existing Agreement currently allows FICC and CME to apply to a Joint

[30] *See* Notice of Filing, *supra* note 3, 90 FR at 22540. The Proposed Agreement also includes certain acknowledgments and agreements from each Joint Clearing Member, as agent for each Participating Affiliate, about the treatment of CME-cleared positions and CME-held margin and the Participating Affiliate's rights and obligations related thereto. *See* Appendix A, ''Fixed Income Clearing Corporation/Chicago Mercantile Exchange Inc. Cross-Margining Participant Agreement (Common Member)'' of the Proposed Agreement, *supra* note 15.

[31] *See* Notice of Filing, *supra* note 3, 90 FR at 22541.

[32] In order for an Affiliate to constitute a non-customer for purposes of SIPA, the Affiliate would generally need to enter into a subordination agreement with the Joint Clearing Member pursuant to which the Affiliate agrees and acknowledges that its FICC-cleared positions and margin maintained in a Cross-Margining Account will not receive customer treatment under the Exchange Act or SIPA or be treated as ''customer property'' as defined in 11 U.S.C. 741 in a liquidation of the Joint Clearing Member.

[33] *See* Notice of Filing, *supra* note 3, 90 FR at 22541.

[34] *See* Notice of Filing, *supra* note 3, 90 FR at 22541.

[35] Pursuant to the Existing Agreement, either Party may terminate the Agreement without cause by delivering written notice of termination to the other Party specifying a termination date not less than 30 days following the date on which such notice is sent. *See* Sections 15(a) and (b), ''Termination'' of the Existing Agreement, *supra* note 6.

[36] *See* Notice of Filing, *supra* note 3, 90 FR at 22541–42.

[37] 15 U.S.C. 78s(b)(2)(C).

[38] 15 U.S.C. 78q–1(b)(3)(E) and 15 U.S.C. 78q–1(b)(3)(F).

[39] 17 CFR 240.17ad–22(e)(4)(i); 17 CFR 240.17ad–22(e)(6)(i); 17 CFR 240.17ad–22(e)(18)(iv)(C).

[40] 15 U.S.C. 78q–1(b)(3)(F).

[41] *Id.*

Clearing Member's obligations arising from its Cross-Margining Accounts, any of the positions forming part of the Joint Clearing Member's Cross-Margining Accounts, and any associated margin, including positions carried by the Joint Clearing Member for an affiliate. By retaining the ability of FICC and CME to look to a Participating Affiliate's positions and associated margin to satisfy a Joint Clearing Member's obligations, the proposed rule change should ensure that the Participating Affiliates' use of cross-margining under the new FICC account structure does not increase FICC's or CME's risk exposure in relation to the Cross-Margining Arrangement. Accordingly, the proposed rule change would serve to limit FICC's risk related to a default of a Joint Clearing Member or its Participating Affiliate and thereby enhance FICC's ability to safeguard funds and securities in its custody or control.

Third, as described in section III.C above, the proposed rule change would include provisions to ensure that the participation of Participating Affiliates would not disrupt the claims of any non-participating customers of a Joint Clearing Member under the Customer Protection Regimes for the return of their funds or securities held at FICC. More specifically, the proposed rule change would require that when an Affiliate Account contains positions carried for Participating Affiliates, such positions must be positions of Non-Customers that have not elected margin segregation. By doing so, the proposed rule change would ensure that neither Participating Affiliates nor others whose positions are carried in Affiliate Accounts are eligible to make claims under the Customer Protection Regimes that could reduce the property available to satisfy any veritable customer claims against a Joint Clearing Member. Accordingly, the proposed rule changes would help ensure that funds and securities in FICC's control or custody that are held for customers remain safeguarded for those customers to the same extent as would be the case in the absence of the Cross-Margining Arrangement.

Fourth, as described in section III.D above, the proposed rule change would extend the prior written notification period for either party to terminate the Cross-Margining Arrangement from 30 days to 180 days. This expanded timeframe should facilitate FICC's and CME's ability to unwind the cross-margining arrangement in an effective and efficient manner for both FICC and CME, as well as the Cross-Margining Participants. By providing an effective timeframe for unwinding the arrangement, the proposed rule change is consistent with fostering cooperation and coordination of persons engaged in clearance and settlement of securities transactions.

For the foregoing reasons, the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.

B. Rule 17ad–22(e)(6)(i)

Rule 17ad–22(e)(6)(i) under the Act requires that a covered clearing agency, like FICC, establish a risk-based margin system that, at a minimum, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market and, if the covered clearing agency provides central counterparty services for U.S. Treasury securities, calculates, collects, and holds margin amounts from a direct participant for its proprietary positions in Treasury securities separately and independently from margin calculated and collected from that direct participant in connection with U.S. Treasury securities transactions by an indirect participant that relies on the services provided by the direct participant to access the covered clearing agency's payment, clearing, or settlement facilities.[42] As described in section III.A, the proposed rule change would require that the FICC-cleared eligible positions of a Participating Affiliate be carried in an Agent Clearing Member Omnibus Account. Accordingly, the proposed rule change should ensure that the FICC-cleared positions of a Participating Affiliate are never netted against any FICC-cleared positions of its Joint Clearing Member in FICC's calculation of margin requirements, consistent with the requirements of Rule 17ad–22(e)(6)(i).[43]

C. Rule 17Ad–22(e)(4)(i)

Rule 17ad–22(e)(4)(i) under the Act requires that a covered clearing agency, like FICC, establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively identify, measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes by maintaining sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.[44] As discussed in section III.B above, the proposed rule change would include changes to the Common Member Agreement to ensure that FICC can continue to look to all of the positions a Joint Clearing Member carries in a Cross-Margining Account at FICC or CME, and all associated margin, to satisfy that Joint Clearing Member's obligations in relation to a Cross-Margining Account, even when those positions are carried for a Participating Affiliate. By doing so, the proposed rule change should ensure that the Separate Margining Requirement and FICC's implementing rules thereof do not reduce the scope of resources that FICC can rely upon to satisfy cross-margining exposures, which should, in turn, help ensure that FICC continues to maintain sufficient financial resources to cover its credit exposures to each participant fully with a high degree of confidence, consistent with Rule 17ad–22(e)(4)(i).[45]

D. Rule 17ad–22(e)(18)(iv)(C)

Rule 17ad–22(e)(18)(iv)(C) under the Act requires, among other things, that a covered clearing agency that provides central counterparty services for transactions in U.S. Treasury securities, like FICC, establish, implement, maintain and enforce written policies and procedures reasonably designed to ensure that it has appropriate means to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants.[46] As described in section III.A above, the proposed rule change should ensure that Eligible Affiliates would continue to be able to participate in the Cross-Margining Arrangement consistent with the new Commission and FICC rules. As the Commission previously has recognized, the ability to participate in cross-margining has benefits for market participants, including capital and margin efficiencies.[47] These benefits could incentivize market participants, including indirect participants that are Eligible Affiliates, to submit more eligible secondary market transactions in U.S. Treasury securities for clearing under the Cross-Margining Arrangement because of these margin efficiencies. Therefore, the proposed rule change is consistent with facilitating access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants.[48]

[42] 17 CFR 240.17ad–22(e)(6)(i).

[43] 17 CFR 240.17ad–22(e)(6)(i).

[44] 17 CFR 240.17ad–22(e)(4)(i).

[45] 17 CFR 240.17ad–22(e)(4)(i).

[46] 17 CFR 240.17ad–22(e)(18)(iv)(C).

[47] *See, e.g.,* FICC–CME 2023 Order, *supra* note 6, 88 FR at 63187.

[48] 17 CFR 240.17ad–22(e)(18)(iv)(C).

V. 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 Act [49] and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act [50] that proposed rule change SR–FICC–2025–014, be, and hereby is, APPROVED.[51]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[52]

Sherry R. Haywood,

Assistant Secretary.

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[49] 15 U.S.C. 78q–1.

[50] 15 U.S.C. 78s(b)(2).

[51] In approving the Proposed Rule Changes, the Commission considered its impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[52] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103403; File No. SR–PEARL–2025–30]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule To Establish Fees for Industry Members Related to Reasonably Budgeted Costs of the National Market System Plan Governing the Consolidated Audit Trail for the Period From July 1, 2025 Through December 31, 2025

July 8, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'' or ''Exchange Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on June 30, 2025, MIAX PEARL, LLC (''MIAX Pearl'' or ''Exchange'') filed with the Securities and Exchange Commission (the ''SEC'' or ''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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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

The Exchange proposes to amend the Exchange's Fee Schedule (''Fee Schedule'') applicable to equity securities trading on the Exchange to establish fees for Industry Members [3] related to reasonably budgeted CAT costs of the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'') for the period from July 1, 2025 through December 31, 2025. These fees would be payable to Consolidated Audit Trail, LLC (''CAT LLC'' or the ''Company'') and referred to as CAT Fee 2025–2, and would be described in a section of the Exchange's fee schedule entitled ''Consolidated Audit Trail Funding Fees.'' The fee rate for CAT Fee 2025–2 would be $0.000009 per executed equivalent share. CAT Executing Brokers will receive their first monthly invoice for CAT Fee 2025–2 in August 2025 calculated based on their transactions as CAT Executing Brokers for the Buyer (''CEBB'') and/or CAT Executing Brokers for the Seller (''CEBS'') in July 2025. As described further below, CAT Fee 2025–2 is anticipated to be in place for six months, and is anticipated to recover approximately one-half of the costs set forth in the reasonably budgeted CAT costs for 2025. CAT LLC intends for CAT Fee 2025–2 to replace CAT Fee 2025–1 (which has a fee rate of $0.000022), as discussed herein.[4]

The text of the proposed rule change is available on the Exchange's website at *https://www.miaxglobal.com/markets/us-options/pearl-options/rule-filings* at MIAX Pearl'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*

On July 11, 2012, the Commission adopted Rule 613 of Regulation NMS, which required the self-regulatory organizations (''SROs'') to submit a national market system (''NMS'') plan to create, implement and maintain a consolidated audit trail that would capture customer and order event information for orders in NMS securities across all markets, from the time of order inception through routing, cancellation, modification or execution.[5] On November 15, 2016, the Commission approved the CAT NMS Plan.[6] Under the CAT NMS Plan, the Operating Committee has the discretion to establish funding for CAT LLC to operate the CAT, including establishing fees for Industry Members to be assessed by CAT LLC that would be implemented on behalf of CAT LLC by the Participants.[7] The Operating Committee adopted a revised funding model to fund the CAT (''CAT Funding Model''). On September 6, 2023, the Commission approved the CAT Funding Model after concluding that the model was reasonable and that it satisfied the requirements of Section 11A of the Exchange Act and Rule 608 thereunder.[8]

The CAT Funding Model provides a framework for the recovery of the costs to create, develop and maintain the CAT, including providing a method for allocating costs to fund the CAT among Participants and Industry Members. The CAT Funding Model establishes two categories of fees: (1) CAT fees assessed by CAT LLC and payable by certain Industry Members to recover a portion of historical CAT costs previously paid by the Participants (''Historical CAT Assessment'' fees); and (2) CAT fees assessed by CAT LLC and payable by Participants and Industry Members to

[3] An ''Industry Member'' is defined as ''a member of a national securities exchange or a member of a national securities association.'' *See* Miami International Securities Exchange, LLC (''MIAX Rule'') Rule 1701(u). The Exchange notes that MIAX Chapter XVII is incorporated by reference into the Exchange's rulebook. As such, MIAX Chapter XVII also applies to the Exchange. *See also* Section 1.1 of the CAT NMS Plan. Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the CAT NMS Plan and/or the CAT Compliance Rule. *See* MIAX Rule 1701.

[4] *See* paragraph (a)(iv) of Consolidated Audit Trail Funding Fees. *See* Exchange Fee Schedule, Section 6)a). *See also* Securities Exchange Act Rel. No. 102155 (Dec. 27, 2024) 90 FR 4826 (Jan. 16, 2025) (SR–PEARL–2024–65) (''Fee Filing for CAT Fee 2025–1'').

[5] Securities Exchange Act Rel. No. 67457 (July 18, 2012), 77 FR 45722 (Aug. 1, 2012).

[6] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''CAT NMS Plan Approval Order'').

[7] Section 11.1(b) of the CAT NMS Plan.

[8] Securities Exchange Act Rel. No. 98290 (Sept. 6, 2023), 88 FR 62628 (Sept. 12, 2023) (''CAT Funding Model Approval Order'').