

is “willing” to work if willing to accept and perform for hire such work as is reasonably appropriate to his or her employment circumstances. A claimant is “ready” for work if he or she (1) is in a position to receive notice of work and is willing to accept and perform such work, and (2) is prepared to be present with the customary equipment at the location of such work within the time usually allotted.

Under RRB regulation 20 CFR 327.15, a claimant may be requested at any time to show, as evidence of willingness to work, that reasonable efforts are being made to obtain work. In order to determine whether a claimant is; (a) available for work, and (b) willing to work, the RRB utilizes Forms UI-38, UI Claimant’s Report of Efforts to Find Work, and UI-38s, School Attendance and Availability Questionnaire, to

obtain information from the claimant and Form ID-8k, Questionnaire—Reinstatement of Discharged or Suspended Employee, from the union representative. One response is completed by each respondent. The RRB proposes the following changes to the Forms UI-38 and UI-38s. The RRB proposes no changes to Forms UI-38, UI-38s, and ID-8k.

#### ESTIMATE OF ANNUAL RESPONDENT BURDEN

Form No.	Annual responses	Time (minutes)	Burden (hours)
UI-38s (in person) * .....	59	6	6
UI-38s (by mail) * .....	119	10	20
UI-38 .....	3,485	11.5	668
ID-8k .....	6,461	5	538
Total .....	10,124	.....	1,232

*Additional Information or Comments:* To request more information or to obtain a copy of the information collection justification, forms, and/or supporting material, contact Kennisha Tucker at (312) 469-2591 or [Kennisha.Tucker@rrb.gov](mailto:Kennisha.Tucker@rrb.gov). Comments regarding the information collection should be addressed to Brian Foster, Railroad Retirement Board, 844 North Rush Street, Chicago, Illinois 60611-1275 or emailed to [Brian.Foster@rrb.gov](mailto:Brian.Foster@rrb.gov). Written comments should be received within 60 days of this notice.

**Brian D. Foster,**  
Clearance Officer.

[FR Doc. 2020-26414 Filed 11-27-20; 8:45 am]

**BILLING CODE 7905-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meetings

**TIME AND DATE:** Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission Asset Management Advisory Committee (“AMAC”) will hold a public meeting on Tuesday, December 1, 2020 at 9:00 a.m.

**PLACE:** The meeting will be conducted by remote means. Members of the public may watch the webcast of the meeting on the Commission’s website at [www.sec.gov](http://www.sec.gov).

**STATUS:** The meeting will begin at 9:00 a.m. and will be open to the public by webcast on the Commission’s website at [www.sec.gov](http://www.sec.gov).

**MATTERS TO BE CONSIDERED:** On November 9, 2020, the Commission issued notice of the meeting (Release No. 34-90376), indicating that the meeting is open to the public and inviting the public to submit written comments to AMAC. This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

The meeting will include a discussion of matters in the asset management industry relating to (1) the Private Investments Subcommittee; (2) the ESG Subcommittee, including a discussion of potential recommendations from that Subcommittee; and (3) the Diversity and Inclusion Subcommittee, including a panel discussion on improving diversity and inclusion.

The meeting will also include a discussion of AMAC’s administrative matters during a portion of the meeting that will not be open to the public.

**CONTACT PERSON FOR MORE INFORMATION:** For further information, please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551-5400.

Dated: November 24, 2020.

**Vanessa A. Countryman,**  
Secretary.

[FR Doc. 2020-26413 Filed 11-25-20; 11:15 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-90478; File No. SR-PEARL-2020-26]

### Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 2618, Risk Settings and Trading Risk Metrics

November 23, 2020.

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 November 13, 2020, MIAx PEARL, LLC (“MIAx PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 the Substance of the Proposed Rule Change

The Exchange is filing a proposed rule change to provide Equity Members<sup>3</sup> the Net Notional Trade Value risk setting, an additional optional risk setting under Exchange Rule 2618 when trading equity securities on the Exchange’s equity trading platform (referred to herein as “MIAx PEARL Equities”). The Exchange also proposes to make a non-

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

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

<sup>3</sup> See Exchange Rule 1901 for the definition of Equity Member.

substantive technical clarifications to paragraphs (a)(5) and (6) of Exchange Rule 2618.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/pearl> 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

The purpose of the proposed rule change is to adopt the "Net Notional Trade Value" risk setting, which would provide Equity Members an additional optional risk setting under Exchange Rule 2618 when trading equity securities on MIAX PEARL Equities.<sup>4</sup> The Exchange also proposes to make a non-substantive technical clarifications to paragraphs (a)(5) and (6) of Exchange Rule 2618.

#### Net Notional Risk Setting

The Exchange recently adopted the Gross Notional Trade Value risk setting to help Equity Members manage their risk.<sup>5</sup> In that proposal, the Exchange also proposed to allow an Equity Member that does not self-clear the ability to allocate and revoke<sup>6</sup> the

responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a)(2) of Exchange Rule 2618, which presently only includes the Gross Notional Trade Value risk setting, to a Clearing Member<sup>7</sup> that clears transactions on behalf of the Equity Member, if designated in a manner prescribed by the Exchange.<sup>8</sup>

The Exchange now proposes to offer Net Notional Trade Value, an additional optional risk setting that would authorize the Exchange to take automated action if a designated limit for an Equity Member is breached. Like Gross Notional Trade Value, Net Notional Trade Value would provide Equity Members with enhanced abilities to manage their risk with respect to orders on the Exchange. The Exchange proposes to set forth Net Notional Trade Value under paragraph (a)(2) of Rule 2618 as follows:

- The "Net Notional Trade Value" which refers to a pre-established maximum daily dollar amount for purchases and sales across all symbols, where purchases are counted as positive values and sales are counted as negative values. For purposes of calculating the Net Notional Trade Value, only executed orders are included.

Like Gross Notional Trade Value, the proposed Net Notional Trade Value risk setting is similar to credit controls measuring net exposure provided for in paragraph (a)(1)(A) of Exchange Rule 2618 and allow limits to be set at the Market Participant Identifier ("MPID"), session, and firm level.<sup>9</sup> Therefore, the proposed risk management functionality would allow an Equity Member to manage its risk more comprehensively and across various level settings. Further, like our existing credit controls measuring gross exposure, the proposed risk setting would also be based on a

adjusting the risk settings identified in proposed paragraph (a), the settings applied by the Equity Member would be applicable.

<sup>7</sup> The term "Clearing Member" refers to a Member that is a member of a Qualified Clearing Agency and clears transactions on behalf of another Member. See Exchange Rule 2620(a). Exchange Rule 2620(a) also: (i) Outlines the process by which a Clearing Member shall affirm its responsibility for clearing any and all trades executed by the Equity Member designating it as its Clearing Firm; and (ii) provides that the rules of a Qualified Clearing Agency shall govern with respect to the clearance and settlement of any transactions executed by the Equity Member on the Exchange.

<sup>8</sup> See *supra* note 5.

<sup>9</sup> One difference between this proposed rule change and those of BZX and EDGX is that both BZX and EDGX only allow the net credit risk limits to be set at the MPID Level or to a subset of orders identified within that MPID (the "risk group identifier" level). See *supra* note 4. The Exchange believes allowing for limits to be set at the MPID, session, or firm level provides Equity Members greater flexibility in managing their risk exposure.

notional execution value. The Exchange notes that the current gross notional control noted in paragraph (a)(2)(A) of Exchange Rule 2618 will continue to be available in addition to the proposed risk setting.

Like for the Gross Notional Trade Value risk setting,<sup>10</sup> the processes set forth under existing paragraphs (a)(3) through (6) of Exchange Rule 2618 would also apply to the Net Notional Trade Value Risk Setting and are further described below.

Equity Members that do not self-clear may, pursuant to paragraph (a)(4) of Exchange Rule 2618, allocate and revoke<sup>11</sup> the responsibility of establishing and adjusting the Net Notional Trade Value risk settings to a Clearing Member that clears transactions on behalf of the Equity Member in the identical manner as they may do today for the Gross Notional Trade Value risk setting.<sup>12</sup>

By way of background and as explained in its proposal to adopt the Gross Notional Trade Value risk setting,<sup>13</sup> Exchange Rule 2620(a) requires that all transactions passing through the facilities of the Exchange shall be cleared and settled through a Qualified Clearing Agency using a continuous net settlement system.<sup>14</sup> As reflected in Exchange Rule 2620(a), this requirement may be satisfied by direct participation, use of direct clearing services, or by entry into a corresponding clearing arrangement with another Equity Member that clears through a Qualified Clearing Agency (*i.e.*, a Clearing Member). If an Equity Member clears transactions through another Equity Member that is a Clearing Member, such Clearing Member shall affirm to the Exchange in writing, through letter of authorization, letter of guarantee or other agreement acceptable to the Exchange, its agreement to assume responsibility for clearing and settling any and all trades executed by the Equity Member

<sup>10</sup> See *supra* note 5.

<sup>11</sup> As discussed below, if an Equity Member revokes the responsibility of establishing and adjusting the risk settings identified in proposed paragraph (a), the settings applied by the Equity Member would be applicable.

<sup>12</sup> See *supra* note 5.

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

<sup>14</sup> The term "Qualified Clearing Agency" means a clearing agency registered with the Commission pursuant to Section 17A of the Act that is deemed qualified by the Exchange. See Exchange Rule 1901. The rules of any such clearing agency shall govern with the respect to the clearance and settlement of any transactions executed by the Member on the Exchange.

<sup>4</sup> The proposed rule changes are substantially similar to a recent rule amendment by Cboe BZX Exchange, Inc. ("BZX") and Cboe EDGX Exchange, Inc. ("EDGX"). See Interpretation and Policy .03 to BZX Rule 11.13 and Interpretation and Policy .03 to EDGX Rule 11.10. See Securities Exchange Act Nos. 88599 (April 8, 2020) 85 FR 20793 (April 14, 2020) (the "BZX Approval"); and 88783 (April 30, 2020), 85 FR 26991 (May 6, 2020) (the "EDGX Notice"). See also Securities Exchange Act Release Nos. 89032 (June 9, 2020), 85 FR 36246 (June 15, 2020) (SR-CboeBZX-2020-44); and 89000 (June 3, 2020), 85 FR 35344 (June 9, 2020) (SR-CboeEDGX-2020-023).

<sup>5</sup> See Securities Exchange Act Release No. 89971 (September 23, 2020), 85 FR 61053 (September 29, 2020) (SR-PEARL-2020-16).

<sup>6</sup> As discussed below, if an Equity Member revokes the responsibility of establishing and

designating it as its clearing firm.<sup>15</sup> Thus, while not all Equity Members are Clearing Members, all Equity Members are required either to clear their own transactions or to have in place a relationship with a Clearing Member that has agreed to clear transactions on their behalf in order to conduct business on the Exchange. Therefore, the Clearing Member that guarantees the Equity Member's transactions on the Exchange has a financial interest in the risk settings utilized within the System<sup>16</sup> by the Equity Member.

Paragraph (a) of Rule 2620 allows Clearing Members an opportunity to manage their risk of clearing on behalf of other Equity Members, if authorized to do so by the Equity Member trading on MIAX PEARL Equities. Such functionality is designed to help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. Like it does today for the Gross Notional Trade Value risk setting, an Equity Member may allocate or revoke the responsibility of establishing and adjusting the risk settings for the Net Notional Trade Value risk setting to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibility, an Equity Member cedes all control and ability to establish and adjust such risk settings to its Clearing Member unless and until such responsibility is revoked by the Equity Member, as discussed in further detail below. Because the Equity Member is responsible for its own trading activity, the Exchange will not provide a Clearing Member authorization to establish and adjust the Net Notional Trade Value risk setting on behalf of an Equity Member without first receiving consent from the Equity Member. The Exchange considers an Equity Member to have provided such consent if it allocates the responsibility to establish and adjust risk settings to its Clearing Member in a manner prescribed by the Exchange. By allocating such responsibilities to its Clearing Member, the Equity Member consents to the Exchange taking action, as set forth in paragraph (a)(6) of Exchange Rule 2618, with respect to the Equity Member's trading activity. Specifically, like for the Gross Notional Trade Value risk setting, if the Net Notional Trade Value risk settings established by the Clearing Member are breached, the Equity

Member consents that the Exchange will automatically block new orders submitted and cancel open orders until such time that the applicable risk setting is adjusted to a higher limit by the Clearing Member. An Equity Member may also revoke responsibility allocated to its Clearing Member pursuant to (a)(6) of Exchange Rule 2618 at any time in a manner prescribed by the Exchange.

Like for the Gross Notional Trade Value risk setting, paragraph (a)(3) Exchange Rule 2618 provides that either an Equity Member or its Clearing Member, if allocated such responsibility pursuant to paragraph (a)(4) of Exchange Rule 2618, may establish and adjust limits for the Net Notional Trade Value risk setting. An Equity Member or Clearing Member may establish and adjust limits for the risk setting in a manner prescribed by the Exchange. The risk management web portal page will also provide a view of all applicable limits for each Equity Member, which will be made available to the Equity Member and its Clearing Member, as discussed in further detail below.

Paragraph (a)(5) of Exchange Rule 2618 provides optional alerts to signal when an Equity Member is approaching its designated limit. If enabled, the alerts would generate when the Equity Member breaches certain percentage thresholds of its designated risk limit, including the proposed Net Notional Trade Value risk setting, as determined by the Exchange. Based on current industry standards, in its proposal to adopt the Gross Notional Trade Value risk setting, the Exchange initially set these thresholds at seventy-five or ninety percent of the designated risk limit.<sup>17</sup> These thresholds would also apply to the Net Notional Trade Value risk setting. Both the Equity Member and Clearing Member<sup>18</sup> would have the option to enable the alerts via the risk management tool on the web portal and designate email recipients of the notification. The proposed alert system is meant to warn an Equity Member and Clearing Member of the Equity Member's trading activity, and will have no impact on the Equity Member's order and trade activity if a warning percentage is breached. Proposed paragraph (a)(6) of Exchange Rule 2618 would authorize the Exchange to automatically block new orders submitted and cancel all open orders in the event that a risk setting is breached.

The Exchange will continue to block new orders submitted until the Equity Member or Clearing Member, if allocated such responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, adjusts the risk settings to a higher threshold. The proposed functionality is designed to assist Equity Members and Clearing Members in the management of, and risk control over, their credit risk. Further, the proposed functionality would allow the Equity Member to seamlessly avoid unintended executions that exceed their stated risk tolerance.

Like it did for the Gross Notional Trade Value risk setting,<sup>19</sup> the Exchange does not guarantee that the proposed Net Notional Trade Value risk setting and the processes described in paragraphs (a)(2) through (6) are sufficiently comprehensive to meet all of an Equity Member's risk management needs. Pursuant to Rule 15c3-5 under the Act,<sup>20</sup> a broker-dealer with market access must perform appropriate due diligence to assure that controls are reasonably designed to be effective, and otherwise consistent with the rule.<sup>21</sup> Use of the Exchange's risk settings included in proposed paragraphs (a)(2) through (6) of Exchange Rule 2618 will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance with all Exchange and SEC rules remains with the Equity Member.

Lastly, as the Exchange currently has the authority to share any of an Equity Member's risk settings specified in paragraph (a) of Exchange Rule 2618 under Exchange Rule 2620(f) with the Clearing Member that clears transactions on behalf of the Equity Member. Existing Exchange Rule 2620(f) provides the Exchange with authority to directly provide Clearing Members that clear transactions on behalf of an Equity Member, to share any of the Equity Member's risk settings set forth under paragraph (a) of Exchange Rule 2618.<sup>22</sup> The purpose of such a provision under Exchange Rule 2620(f) was

<sup>19</sup> See *supra* note 5.

<sup>20</sup> 17 CFR 240.15c3-5.

<sup>21</sup> See Division of Trading and Markets, Responses to Frequently Asked Questions Concerning Risk Management Controls for Brokers or Dealers with Market Access, available at <https://www.sec.gov/divisions/marketregr/faq-15c-5-risk-management-controls-bd.htm>.

<sup>22</sup> By using the optional risk settings provided in paragraph (a) of Exchange Rule 2618, an Equity Member opts-in to the Exchange sharing its risk settings with its Clearing Member. Any Equity Member that does not wish to share such risk settings with its Clearing Member can avoid sharing such settings by becoming a Clearing Member. See, e.g., Securities Exchange Act Release No. 89563 (August 14, 2020), 85 FR 51510 (August 20, 2020) (SR-PEARL-2020-03) ("Equities Approval Order").

<sup>15</sup> An Equity Member can designate one Clearing Member per MPID associated with the Equity Member.

<sup>16</sup> See Exchange Rule 100 for a definition of "System."

<sup>17</sup> See *supra* note 5.

<sup>18</sup> A Clearing Member would have the ability to enable alerts regardless of whether it was allocated responsibilities pursuant to proposed paragraph (a)(4) of Exchange Rule 2618.

implemented to reduce the administrative burden on participants on MIAX PEARL Equities, including both Clearing Members and Equity Members, and to ensure that Clearing Members receive information that is up to date and conforms to the settings active in the System. Further, the provision was adopted because the Exchange believed such functionality would help Clearing Members to better monitor and manage the potential risks that they assume when clearing for Equity Members of the Exchange. Paragraph (f) of Exchange Rule 2620 further authorizes the Exchange to share any of an Equity Member's risk settings specified in paragraph (a)(2) to Exchange Rule 2618 with the Clearing Member that clears transactions on behalf of the Equity Member.

The Exchange notes that the use by an Equity Member of the risk settings offered by the Exchange is optional. By using these proposed optional risk settings, an Equity Member therefore also opts-in to the Exchange sharing its designated risk settings with its Clearing Member. The Exchange believes that its proposal to offer an additional risk setting will allow Equity Members to better manage their credit risk. Further, by allowing Equity Members to allocate the responsibility for establishing and adjusting such risk settings to its Clearing Member, the Exchange believes Clearing Members may reduce potential risks that they assume when clearing for Equity Members of the Exchange. The Exchange also believes sharing a Member's risk settings set forth under paragraph (a)(2) to Exchange Rule 2618, including the proposed Net Notional Trade Value risk setting, directly with Clearing Members reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members, and ensures that Clearing Members are receiving information that is up to date and conforms to the settings active in the System.

#### Non-Substantive Clarification

The Exchange proposes to clarify that paragraphs (a)(5) and (6) of Exchange Rule 2618 apply only to the existing Gross Notional Trade Value and proposed Net Notional Trade Value risk setting set forth under paragraph (a)(2) of Exchange Rule 2618.<sup>23</sup> This is consistent with the rules of other exchanges, but the Exchange believes this clarification is necessary due to the different structure of the Exchange Rule 2618. The Exchange does not propose to

make any other changes to paragraphs (a)(5) and (6) of Exchange Rule 2618.

#### 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,<sup>24</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>25</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

#### Net Notional Trade Value

Specifically, the Exchange believes the proposed amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system because it provides additional functionality for an Equity Member to manage its credit risk. Like for the Gross Notional Trade Value risk setting,<sup>26</sup> the processes set forth under existing paragraphs (a)(3) through (6) of Exchange Rule 2618 would also apply to the Net Notional Trade Value Risk Setting. In addition, the proposed risk setting could provide Clearing Members, who have assumed certain risks of Equity Members, greater control over risk tolerance and exposure on behalf of their correspondent Equity Members, if allocated responsibility pursuant to proposed paragraph (a)(4) of Exchange Rule 2618, while also providing an alert system that would help to ensure that both Equity Members and its Clearing Member are aware of developing issues. As such, the Exchange believes that the proposed risk settings would provide a means to address potentially market-impacting events, helping to ensure the proper functioning of the market.

In addition, the Exchange believes that the proposed rule change is designed to protect investors and the public interest because the proposed functionality is a form of risk mitigation that will aid Equity Members and Clearing Members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. In turn, the introduction of such risk management functionality could enhance the integrity of trading on the

securities markets and help to assure the stability of the financial system.

Further, the Exchange believes that the proposed rule will foster cooperation and coordination with persons facilitating transactions in securities because the Exchange will provide alerts when an Equity Member's trading activity reaches certain thresholds, which will be available to both the Equity Member and Clearing Member. As such, the Exchange may help Clearing Members monitor the risk levels of correspondent Equity Members and provide tools for Clearing Members, if allocated such responsibility, to take action.

The proposal will permit Clearing Members who have a financial interest in the risk settings of Equity Members to better monitor and manage the potential risks assumed by Clearing Members, thereby providing Clearing Members with greater control and flexibility over setting their own risk tolerance and exposure. To the extent a Clearing Member might reasonably require an Equity Member to provide access to its risk settings as a prerequisite to continuing to clear trades on the Equity Member's behalf, the Exchange's proposal to share those risk settings directly reduces the administrative burden on participants on the Exchange, including both Clearing Members and Equity Members. Moreover, providing Clearing Members with the ability to see the risk settings established for Equity Members for which they clear will foster efficiencies in the market and remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposal also ensures that Clearing Members are receiving information that is up to date and conforms to the settings active in the System. The Exchange believes that the proposal is consistent with the Act, particularly Section 6(b)(5),<sup>27</sup> because it will foster cooperation and coordination with persons engaged in facilitating transactions in securities and more generally, will protect investors and the public interest, by allowing Clearing Members to better monitor their risk exposure and by fostering efficiencies in the market and removing impediments to and perfect the mechanism of a free and open market and a national market system.

Finally, the Exchange believes that the proposed rule change does not unfairly discriminate among the Exchange's Members because use of the risk settings is optional and are not a prerequisite for participation on the

<sup>23</sup> See, e.g., Interpretation and Policy .03 to EDGX Rule 11.13.

<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 15 U.S.C. 78f(b)(5).

<sup>26</sup> See *supra* note 5.

<sup>27</sup> 15 U.S.C. 78f(b)(5).

Exchange. The proposed risk settings are completely voluntary and, as they relate solely to optional risk management functionality, no Equity Member is required or under any regulatory obligation to utilize them.

Like for the Gross Notional Trade Value risk setting, the processes set forth under existing paragraphs (a)(3) through (6) of Exchange Rule 2618, which were previously filed with the Commission for immediate effectiveness, would also apply to the Net Notional Trade Value risk setting.<sup>28</sup> The proposed rule change is also based on Interpretation and Policy .03 of EDGX Rule 11.10 and Interpretation and Policy .03 of BZX Rule 11.13, with a few minor differences.<sup>29</sup> First, both BZX and EDGX only allow the net credit risk limits to be set at the MPID level or to a subset of orders identified within that MPID (the “risk group identifier” level) while the Exchange proposes to allow the risk limits to be set at the MPID, session, and firm level. Second, EDGX proposed additional changes to its Rule 11.13(a) to allow their clearing members access to its members risk settings. The Exchange does not need to include similar changes in this proposal as Exchange Rule 2620(a) already provides Clearing Members this ability and includes text identical to that which EDGX recently adopted.<sup>30</sup> Also unlike EDGX, the Exchange’s proposed Net Notional Trade Value and existing credit controls measuring net exposure are both based on notional execution value. The controls noted in paragraph (h) of Interpretation and Policy .03 of the EDGX Rules are applied based on a combination of outstanding orders on the EDGX book and notional execution value, while their Net Credit Risk Limit is based on notional execution value only, as the Exchange proposes herein and currently does so for its Gross Notional Trade Value risk setting. The Exchange notes that it proposes to generate alerts when the Equity Member breaches certain percentage thresholds of its designated risk limit, as determined by the Exchange. Based on current industry standards, the Exchange anticipates initially setting these thresholds at seventy-five or ninety percent of the designated risk limit. The Exchange notes that EDGX stated these thresholds would be set at fifty, seventy, or ninety percent. These differences also exist in the Exchange’s proposal to adopt the Gross Notional Trade Value risk setting, which was previously filed for immediate

effectiveness and published by the Commission.<sup>31</sup>

#### Non-Substantive Clarifications

The Exchange also believes its non-substantive, technical clarifications to paragraphs (a)(5) and (6) of Exchange Rule 2618 is consistent with Section 6(b)(5)<sup>32</sup> because they will remove impediments to and perfect the mechanism of a free and open market and a national market system. The proposed clarification to paragraphs (a)(5) and (6) of Exchange Rule 2618 that is applies only to the existing Gross Notional Trade Value and proposed Net Notional Trade Value risk setting set forth under paragraph (a)(2) of Exchange Rule 2618<sup>33</sup> is consistent with the rules of other exchanges, but the Exchange believes this clarification is necessary due to the different structure of the Exchange Rule 2618. These changes to Exchange Rule 2618(a)(5) and (6) promote just and equitable principles of trade by making the Exchange’s rules clearer and easier to understand, thereby avoiding potential investor confusion.

#### B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposal may have a positive effect on competition because it would allow the Exchange to offer risk management functionality that is comparable to functionality that has been adopted by other national securities exchanges.<sup>34</sup> Further, by providing Equity Members and their Clearing Members additional means to monitor and control risk, the proposed rule may increase confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Equity Members and Clearing Members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. Lastly, the proposed clarifications to Exchange Rule 2618(a)(5) and (6) simply seek to make the Exchange’s rules clearer and easier to understand, and, therefore, do

they impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### 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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>35</sup> and Rule 19b-4(f)(6) thereunder.<sup>36</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 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-PEARL-2020-26 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

<sup>35</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>36</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>28</sup> See *supra* note 5.

<sup>29</sup> See *supra* note 4.

<sup>30</sup> *Id.*

<sup>31</sup> See *supra* note 5.

<sup>32</sup> 15 U.S.C. 78f(b)(5).

<sup>33</sup> See, e.g., Interpretation and Policy .03 to EDGX Rule 11.13.

<sup>34</sup> *Id.*

Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–PEARL–2020–26. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of 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–PEARL–2020–26, and should be submitted on or before December 21, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90492]

### Statement on Central Counterparties Authorized Under the European Markets Infrastructure Regulation Seeking To Register as a Clearing Agency or To Request Exemptions From Certain Requirements Under the Securities Exchange Act of 1934

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Policy statement; guidance.

**SUMMARY:** The Securities and Exchange Commission (“SEC”) is issuing a policy statement and guidance regarding future applications from a central counterparty (“CCP”) authorized under the European Market Infrastructure Regulation (“EMIR”) and based in the European Union (an “EU CCP”) that is seeking to register as a clearing agency with the SEC under the Securities Exchange Act of 1934 (“Exchange Act”) and future requests by EU CCPs for exemptions from certain SEC requirements.

**DATES:** The Commission's policy statement is effective November 30, 2020.

**FOR FURTHER INFORMATION CONTACT:** Matthew Lee, Assistant Director; Stephanie Park, Senior Special Counsel; or Claire Noakes, Special Counsel; at 202–551–7000 in the Division of Trading and Markets, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

**SUPPLEMENTARY INFORMATION:** The SEC regulates as clearing agencies two EU CCPs authorized under EMIR that provide CCP services for security-based swaps.<sup>1</sup> Where an EU CCP has been authorized under EMIR, it is subject to requirements that are generally consistent with the same international standards for CCPs as are the SEC's requirements for CCPs. Based on these factors, the SEC is issuing this policy statement and guidance to describe the processes for EU CCPs seeking to register as clearing agencies or to request exemptions from SEC requirements. To provide transparency into SEC processes and to highlight efficient ways that EU CCPs can comply with SEC rules, this policy statement and guidance identifies the information that an EU CCP can provide in its registration application and provides a summary of the factors that the SEC will consider, as applicable, with respect to future requests for exemptions. Specifically, with respect to the registration process, EU CCPs can use preexisting materials, including self-assessments, in their applications to demonstrate compliance with EMIR and consistency with SEC requirements for CCPs. Such materials and self-assessments could facilitate both the EU

CCP's efficient preparation of the application and the SEC's review of applications for registration. With respect to requests for exemptions, the SEC identifies below specific factors that it will consider if relevant to a particular future request for an exemption by an EU CCP. As an example of one such factor, an EU CCP may request an exemption because it has determined that the application of SEC requirements would impose unnecessary, duplicative, or inconsistent requirements in light of EMIR requirements to which it is subject. Issuing this policy statement and guidance is relevant to the SEC's ongoing dialogue with the European Commission (“EC”) regarding the EC's consideration of whether to find the SEC's regulatory framework for CCPs equivalent to EMIR.

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## I. Introduction

The SEC regulates centralized clearance and settlement systems for securities, including those provided by CCPs and central securities depositories (“CSDs”). As part of the Securities Acts Amendments of 1975 (“1975 Amendments”), Congress directed the SEC to facilitate the establishment of a national system for the prompt and accurate clearance and settlement of securities transactions.<sup>2</sup> Since the enactment of the 1975 Amendments, the SEC has given regular consideration to how non-U.S. clearing agencies fit within the SEC's regulatory framework under the Exchange Act.<sup>3</sup> The SEC also acted to facilitate the central clearing of credit default swaps by permitting certain entities that performed CCP services to clear and settle credit default

<sup>1</sup> The Commission has based this statement, in part, on its experience regulating EU CCPs for security-based swaps, and therefore this release primarily discusses the Commission's processes for registration as a clearing agency and for requesting exemptions with respect to such CCPs. However, the Commission notes that the policy and guidance set forth in this statement, by its terms and as set forth below, also applies to an EU CCP that clears securities other than security-based swaps.

<sup>2</sup> See 15 U.S.C. 78q–1(a)(2); see also Report of the Senate Committee on Banking, Housing & Urban Affairs, S. Rep. No. 94–75, at 4 (1975) (stating that “[t]he Committee believes the banking and security industries must move quickly toward the establishment of a fully integrated national system for the prompt and accurate processing and settlement of securities transactions”).

<sup>3</sup> See Release No. 34–11904 (Dec. 5, 1975), 40 FR 57872 (Dec. 12, 1975) (considering requests for exemptions from non-U.S. clearing agencies).

<sup>37</sup> 17 CFR 200.30–3(a)(12).