

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 a.m. and 3 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-NYSEAMER-2022-51 and should be submitted on or before December 7, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

J. Matthew DeLesDernier,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96279; File No. SR-FINRA-2022-025]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change To Amend FINRA Rule 11880 (Settlement of Syndicate Accounts) To Revise the Syndicate Account Settlement Timeframe for Corporate Debt Offerings

November 9, 2022.

I. Introduction

On August 5, 2022, the Financial Industry Regulatory Authority, Inc. ("FINRA") 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 a proposed rule change to amend FINRA Rule 11880 (Settlement of Syndicate Accounts) to revise the syndicate account settlement timeframe for corporate debt offerings. The proposed rule change was published for comment in the **Federal Register** on August 18, 2022.³ On September 28, 2022, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ The Commission received comment letters on the proposal.⁶ This order approves the proposed rule change.

II. Description of the Proposed Rule Change

In its filing, FINRA states that underwriting groups ordinarily form syndicate accounts to process the income and expenses of the syndicate.⁷ The syndicate manager is responsible for maintaining syndicate account records and must provide to each selling syndicate member an itemized statement of syndicate expenses no later than the date of the final settlement of the syndicate account.⁸ Syndicate

members record the expected payments from the syndicate manager as "receivables" on their books and records but generally syndicate managers do not provide the payments for up to 90 days after the syndicate settlement date.⁹ FINRA Rule 11880(b) provides that the syndicate manager in a public offering of corporate securities must effect the final settlement of syndicate accounts within 90 days following the "syndicate settlement date."¹⁰

FINRA is proposing to amend FINRA Rule 11880 (Settlement of Syndicate Accounts) to revise the syndicate account settlement timeframe for corporate debt offerings. Specifically, FINRA is proposing to establish a two-stage syndicate account settlement approach whereby the syndicate manager for corporate debt offerings would be required to remit to each syndicate member at least 70 percent of the gross amount due to such syndicate member within 30 days following the syndicate settlement date, with any final balance due remitted within 90 days following the syndicate settlement date.

FINRA states its belief that the proposed rule change will benefit syndicate members by reducing the exposure of syndicate members to the credit risk of the syndicate manager during the pendency of account settlements.¹¹ FINRA also states that the proposed rule change will benefit syndicate members, including capital-constrained small firms, by allowing them to obtain earlier access to the funds earned from an offering without significantly increasing the risks of resettlements.¹² In addition, FINRA states that the proposed staged approach will provide these benefits to syndicate members while easing compliance for syndicate managers by permitting them to retain 30 percent of the gross amount earned by syndicate members to cover expenses and remit any balance due to the syndicate members within the current 90-day period following the syndicate settlement date.¹³

FINRA has stated that it will announce an effective date for the rule change of January 1, 2023 in a *Regulatory Notice*.¹⁴

⁹ See *id.*

¹⁰ See FINRA Rule 11880(a)(4) (defining "syndicate settlement date" as "the date upon which corporate securities of a public offering are delivered by the issuer to or for the account of the syndicate members").

¹¹ See Notice, 87 FR at 50896-7.

¹² See *id.* at 50897.

¹³ See *id.*

¹⁴ See *id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 95494 (Aug. 12, 2022), 87 FR 50896 (Aug. 18, 2022) ("Notice").

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 95937 (Sept. 28, 2022), 87 FR 60230 (Oct. 4, 2022).

⁶ Comments received on the proposed rule change are available at <https://www.sec.gov/comments/sr-finra-2022-025/srfinra2022025.htm>.

⁷ See Notice, 87 FR at 50896.

⁸ See *id.*

¹⁹ 17 CFR 200.30-3(a)(12).

III. Discussion and Commission Findings

After careful review of the proposal and the comment letters, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.¹⁵ In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,¹⁶ which requires, among other things, that the rules of a national securities association be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest.

The Commission believes that the proposed rule change is reasonably designed to reduce a number of risks associated with syndicate debt issuances, including counterparty and liquidity risk. Specifically, it would reduce the exposure of syndicate members to the potential deterioration of the credit of syndicate managers during the pendency of account settlement. Further, a shorter syndicate settlement timeframe would result in lower liquidity risk for certain syndicate members by providing syndicate members with earlier access to capital and improve the syndicate member's liquidity position where their own net capital is limited. Additionally, because the proposed rule change is expected to benefit smaller firms, especially those that are capital-constrained, the Commission believes that the proposed rule change is reasonably designed to have positive effects on competition and thereby to remove impediments to, and perfect the mechanism of a free and open market. Alleviation of liquidity constraints would create opportunities for the syndicate members, especially those that are capital-constrained, to participate in more new offerings and enhance their ability to compete with other firms, maintain business operations, or use the funds for other purposes. This may reduce barriers to entering the corporate debt underwriting market and could ultimately result in an increase in the supply of underwriters and lower costs for corporate debt issuers and investors.

At the same time, the Commission believes that the proposed rule change is reasonably designed not to impact negatively the ability of syndicate

managers to run the syndicate settlement account process or unduly burden syndicate managers, given the technological advances that have been made since the 90-day syndicate account settlement timeframe was adopted in 1987, such as electronic order entry and accounting systems.¹⁷ Specifically, FINRA stated that in more than 95% of offerings from 2016 to 2018, the debt security is priced, allocated to investors, and starts trading in the secondary market all within the same day, meaning a large part of syndicate income can be accounted for within days after the date of issuance.¹⁸

Commenters supported approval of the proposed rule change¹⁹ and some commenters encouraged the Commission to act quickly to approve it so that FINRA can meet its proposed January 1, 2023 effective date.

For the reasons noted above, the Commission finds that the proposed rule change is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁰ that the proposed rule change (SR-FINRA-2022-025) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96291; File No. SR-CboeEDGA-2022-017]

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.10(d) To Permit Affiliated Users To Enable EdgeRisk Self Trade Prevention

November 9, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,²

¹⁷ See Notice, 87 FR at 50900.

¹⁸ See *id.* at 50898.

¹⁹ See Letter from Michael Decker, Senior Vice President for Public Policy, Bond Dealers of America, to Secretary, Commission, dated September 8, 2022; Letter from Joseph Corcoran, Managing Director, Associate General Counsel, SIFMA, to Vanessa Countryman, Secretary, Commission, dated September 8, 2022; Letter from Anonymous, dated October 12, 2022.

²⁰ 15 U.S.C. 78s(b)(2).

²¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on October 27, 2022, Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) proposes to amend Exchange Rule 11.10(d) (“EdgeRisk Self Trade Prevention (“ERSTP”) Modifiers”) to permit affiliated Users to enable Self Trade Prevention at the parent company level. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/edga/), at the Exchange's Office of the Secretary, 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 Exchange proposes to amend Rule 11.10(d) (“EdgeRisk Self Trade Prevention (“ERSTP”) Modifiers”) to add the term “affiliate identifier” to the definition of “Unique Identifier” while also adding a description of eligibility to utilize the proposed affiliate identifier.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f); *infra* Section III.

¹⁶ 15 U.S.C. 78o-3(b)(6).