

Rule 15g-5 requires brokers and dealers to disclose to customers the amount of compensation to be received by their sales agents in connection with penny stock transactions. The purpose of the rule is to increase the level of disclosure to investors concerning penny stocks generally and specific penny stock transactions.

The Commission estimates that approximately 170 broker-dealers will spend an average of approximately 87 hours annually to comply with the rule. Thus, the total time burden is approximately 14,790 hours per year.

*Written comments are invited on:* (a) whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted by August 12, 2024.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: June 5, 2024.

**Sherry R. Haywood,**  
*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100279; File No. SR-NYSENAT-2024-17]

### Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 7.19

June 5, 2024.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934

(“Act”) <sup>2</sup> and Rule 19b-4 thereunder, <sup>3</sup> notice is hereby given that on May 31, 2024, NYSE National, Inc. (“NYSE National” or the “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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 7.19 to make additional pre-trade risk controls available to Entering Firms. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, 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 self-regulatory organization 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 those 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 parts of such statements.

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

###### 1. Purpose

The Exchange proposes to amend Rule 7.19 to make additional pre-trade risk controls available to Entering Firms.

###### Background and Proposal

In 2020, in order to assist ETP Holders' efforts to manage their risk, the Exchange amended its rules to add Rule 7.19 (Pre-Trade Risk Controls), <sup>4</sup> which established a set of optional pre-trade risk controls by which Entering Firms

and their designated Clearing Firms <sup>5</sup> could set credit limits and other pre-trade risk controls for an Entering Firm's trading on the Exchange and authorize the Exchange to take action if those credit limits or other pre-trade risk controls are exceeded.

The Exchange has recently received several requests from market participants to create an additional risk control to restrict the overall rate of orders. The Exchange notes that several other exchanges—including the Cboe equities exchanges, MEMX, and the MIAx Pearl equities exchange (“MIAx Pearl”) <sup>6</sup>—currently offer risk controls substantially similar to the one proposed here. As such, market participants are already familiar with these risk checks, such that the ones proposed by the Exchange in this filing are not novel.

In light of these requests, the Exchange proposes to amend Rule 7.19(b)(2) to add a new subparagraph (G), which would provide that the Single Order Risk Controls available to Entering Firms would include “controls to restrict the overall rate of orders.”

As with the Exchange's existing risk controls, use of the pre-trade risk controls proposed herein would be optional. The Exchange proposes no other changes to Rule 7.19 or its Commentary.

###### Continuing Obligations of ETP Holders Under Rule 15c3-5

The proposed Pre-Trade Risk Controls described here are meant to supplement, and not replace, the ETP Holders' own internal systems, monitoring, and procedures related to risk management. The Exchange does not guarantee that these controls will be sufficiently comprehensive to meet all of an ETP Holder's needs, the controls are not designed to be the sole means of risk management, and using these controls will not necessarily meet an ETP Holder's obligations required by Exchange or federal rules (including, without limitation, the Rule 15c3-5 under the Act <sup>7</sup> (“Rule 15c3-5”). Use of the Exchange's Pre-Trade Risk Controls will not automatically constitute compliance with Exchange or federal rules and responsibility for compliance

<sup>5</sup> The terms “Entering Firm” and “Clearing Firm” are defined in Rule 7.19.

<sup>6</sup> See, e.g., Cboe BZX Equities Rule 11.13 Interpretations and Policies .01 paragraph (f); Cboe BYX Equities Rule 11.13 Interpretations and Policies .01 paragraph (f); Cboe EDGA Equities Rule 11.10 Interpretations and Policies .01 paragraph (f); Cboe EDGX Equities Rule 11.10 Interpretations and Policies .01 paragraph (f); MEMX Rule 11.10 Interpretations and Policies .01 paragraph (f); and MIAx Pearl Equities Rule 2618(a)(1)(H).

<sup>7</sup> See 17 CFR 240.15c3-5.

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 88905 (May 19, 2020), 85 FR 31582 (May 26, 2020) (SR-NYSENAT-2020-17). Later, in 2023, the Exchange amended its rules to make additional pre-trade risk controls available to Entering Firms. See Securities Exchange Act Release No. 96919 (February 14, 2023), 88 FR 10569 (February 21, 2023) (SR-NYSENAT-2023-07).

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

with all Exchange and SEC rules remains with the ETP Holder.<sup>8</sup>

#### Timing and Implementation

The Exchange anticipates implementing the proposed change in the second quarter of 2024 and, in any event, will implement the proposed rule change no later than the end of September 2024. The Exchange will announce the timing of such changes by Trader Update.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</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, and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed additional Pre-Trade Risk Control would provide Entering Firms with enhanced abilities to manage their risk with respect to orders on the Exchange. The proposed additional Pre-Trade Risk Control is not novel; it is based on existing risk settings already in place on the Cboe, MEMX, and MIAX Pearl exchanges and market participants are already familiar with the types of protections that the proposed risk control affords.<sup>11</sup> As such, the Exchange believes that the proposed additional Pre-Trade Risk Control would provide a means to address potentially market-impacting events, helping to ensure the proper functioning of the market.

<sup>8</sup> See also Commentary .01 to Rule 7.19, which provides that “[t]he pre-trade risk controls described in this Rule are meant to supplement, and not replace, the ETP Holder’s own internal systems, monitoring and procedures related to risk management and are not designed for compliance with Rule 15c3–5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the ETP Holder.”

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

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

<sup>11</sup> See *supra* note 6.

In addition, the Exchange believes that the proposed rule change will protect investors and the public interest because the proposed additional Pre-Trade Risk Control is a form of impact mitigation that will aid Entering Firms in minimizing their risk exposure and reduce the potential for disruptive, market-wide events. The Exchange understands that ETP Holders implement a number of different risk-based controls, including those required by Rule 15c3–5. The controls proposed here will serve as an additional tool for Entering Firms to assist them in identifying any risk exposure. The Exchange believes the proposed additional Pre-Trade Risk Control will assist Entering Firms in managing their financial exposure which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Finally, the Exchange believes that the proposed rule change does not unfairly discriminate among the Exchange’s ETP Holders because use of the proposed additional Pre-Trade Risk Control is optional and is not a prerequisite for participation on the Exchange.

#### *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 will have a positive effect on competition because, by providing Entering Firms additional means to monitor and control risk, the proposed rule will increase confidence in the proper functioning of the markets. The Exchange believes the proposed additional Pre-Trade Risk Control will assist Entering Firms in managing their financial exposure which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system. As a result, the level of competition should increase as public confidence in the markets is solidified.

#### *C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

No written comments were solicited or received with respect to the proposed rule change.

#### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>12</sup> and Rule 19b–4(f)(6) thereunder.<sup>13</sup> 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>14</sup> and Rule 19b–4(f)(6) thereunder.<sup>15</sup>

A proposed rule change filed under Rule 19b–4(f)(6)<sup>16</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),<sup>17</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become effective and operative upon filing with the Commission. The Exchange states that the proposed rule change is tied to a technological release that the Exchange plans to implement by the end of June 2024, that such release may be ready before the 30-day operative delay has elapsed, and the Exchange seeks to implement the proposed rule change without delay. The Exchange explains that the proposed rule change will assist Entering Firms in minimizing their risk exposure, which could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system, and that the proposed rule change is not novel as it is based on existing risk settings already in place on other exchanges. For these reasons, and because the proposed rule change does not raise any new or novel regulatory issues, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>13</sup> 17 CFR 240.19b–4(f)(6).

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

<sup>15</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>16</sup> 17 CFR 240.19b–4(f)(6).

<sup>17</sup> 17 CFR 240.19b–4(f)(6)(iii).

interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>18</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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NYSENAT-2024-17 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-NYSENAT-2024-17. 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-NYSENAT-2024-17 and should be submitted on or before July 2, 2024.

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

**Sherry R. Haywood,**  
*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100274; File No. SR-ICC-2024-003]

#### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Collateral Risk Management Framework

June 5, 2024.

#### I. Introduction

On April 16, 2024, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to revise its Collateral Risk Management Framework ("CRMF"). The proposed rule change was published for comment in the **Federal Register** on April 26, 2024.<sup>3</sup> The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

<sup>19</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC Collateral Risk Management Framework; Exchange Act Release No. 100008 (Apr. 22, 2024), 89 FR 32496 (Apr. 26, 2024) (File No. SR-ICC-2024-003) ("Notice").

#### II. Description of the Proposed Rule Change

ICC is registered with the Commission as a clearing agency for the purpose of clearing credit default swaps ("CDS") contracts. The CRMF describes ICC's risk management methodology for the collateral it accepts from Clearing Participants to collateralize their individual credit exposure to ICC, including a description of ICC's quantitative risk management approach that accounts for the risk associated with fluctuations of collateral asset prices (*i.e.*, "haircuts"). Collateral used to cover obligations are subject to a "haircut" assessment, where the assets are priced and posted at a discount to account for certain market risks. The current CRMF contemplates two risk measures for the haircut model approach—a 2-day 99.9% Value-at-Risk ("VaR") and a 5-day Expected Shortfall ("ES")—and requires ICC to use the measure that produces the more conservative result. Based on a comprehensive review of its risk calculations and data, ICC has determined that VaR has never produced the more conservative measurement and, therefore, ICC has always used the ES measurement instead of VaR.<sup>4</sup> These risk calculations and data also show that ES will continue to produce more conservative results compared to VaR in essentially all circumstances going forward.

Based on these results, the purpose of the proposed rule change is to amend ICC's CRMF to permit ICC to rely solely on the ES to establish its haircut factors for the purposes of pricing and posting collateral. To do so, the proposed rule change would remove all references to the VaR from the CRMF.

The proposed rule change also would remove, renumber, and revise certain figures in the CRMF. The current CRMF contains various charts, graphs, and other figures (collectively, "Figures") by which ICC displays the data used to establish the relevant measurements, including Figures relevant to both the VaR and ES measurements. To effectively remove all references to VaR from the CRMF, the proposed rule change also would remove and revise certain Figures as necessary to effectuate the removal of VaR from the CRMF. Specifically, in connection with the deletion of the 2-day 99.9% VaR risk measure, the proposed rule change

<sup>4</sup> See Notice, *supra* note 3, at 32496. ICC has provided responses to Commission requests for collateral risk data and analysis as part of its confidential Exhibit 3 to File No. SR-ICC-2024-003. The confidential collateral risk data that ICC provided to the Commission as part of this filing shows the risk calculations conducted by ICC.

<sup>18</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).