

above should allow the Exchanges to monitor the use of conference calls.

Based on the foregoing, the Commission believes that the proposed rule changes present no novel regulatory issues and therefore finds the proposed rule changes to be consistent with the Act. The Commission believes that it is reasonable for NYSE and NYSE MKT to allow floor brokers to use personal cellular or wireless telephones on their equities Floors, subject to Exchange approval, registration requirements, and a regulatory framework similar to that which currently exists for use of Exchange authorized and Exchange provided portable telephones on their equities Floors, and for the use of personal cellular telephones on options floors, in compliance with Exchange Rules and federal securities laws. The Commission expects that the Exchanges will monitor compliance with Exchange rules by floor brokers using personal cellular or wireless telephones on the Floor and will inform the Commission if they encounter unanticipated difficulties in enforcing their rules, and make any subsequent changes to their rules to address these issues, or otherwise find that the use of personal telephones raises regulatory concerns.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³⁷ that the proposed rule changes (SR-NYSE-2017-07 and SR-NYSEMKT-2017-16), each as modified by their respective Amendment No. 1, be, and hereby are, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁸

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017-14670 Filed 7-12-17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81105; File Nos. SR-DTC-2017-003, SR-NSCC-2017-004, SR-FICC-2017-007]

Self-Regulatory Organizations; The Depository Trust Company; National Securities Clearing Corporation; Fixed Income Clearing Corporation; Order Approving Proposed Rule Changes, as Modified by Amendments No. 1, To Adopt the Clearing Agency Policy on Capital Requirements and the Clearing Agency Capital Replenishment Plan

July 7, 2017.

I. Introduction

On April 6, 2017, The Depository Trust Company (“DTC”), National Securities Clearing Corporation (“NSCC”), and Fixed Income Clearing Corporation (“FICC,” each a “Clearing Agency,” and collectively, the “Clearing Agencies”), filed with the Securities and Exchange Commission (“Commission”) proposed rule changes SR-DTC-2017-003, SR-NSCC-2017-004, and SR-FICC-2017-007, respectively, pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² On April 13, 2017, the Clearing Agencies each filed Amendment No. 1 to their respective proposed rule changes. Amendments No. 1 made technical corrections to each Exhibit 5 of the proposed rule change filings. The proposed rule changes, as modified by Amendments No. 1 (hereinafter, “Proposed Rule Changes”), were published for comment in the **Federal Register** on April 25, 2017.³ The Commission did not receive any comment letters on the Proposed Rule Changes. For the reasons discussed below, the Commission approves the Proposed Rule Changes.

II. Description of the Proposed Rule Changes

The Proposed Rule Changes are proposals by the Clearing Agencies to adopt the Clearing Agency Policy on Capital Requirements (“Policy”) and the Clearing Agency Capital Replenishment Plan (“Plan”), as described below.

A. Overview of the Policy

The Policy is designed to provide the Clearing Agencies with a framework for holding sufficient liquid net assets (“LNA”) funded by equity to cover

potential general business losses, as required under applicable regulatory standards.⁴ Pursuant to the Policy, the Clearing Agencies would hold LNA funded by equity in amounts designed to satisfy each Clearing Agency’s General Business Risk Capital Requirement and Credit Risk Capital Requirement, as described below. The sum of a Clearing Agency’s General Business Risk Capital Requirement and Credit Risk Capital Requirement constitutes its Total Capital Requirement. In addition to the Total Capital Requirement, the Policy would provide for the maintenance of an additional, discretionary amount of LNA funded by equity (*i.e.*, a “Buffer”), also described below.

The Policy would describe how the Treasury group of The Depository Trust & Clearing Corporation (“Treasury”)⁵ would monitor and manage the LNA funded by equity to satisfy the Total Capital Requirement at all times.⁶ More specifically, each Clearing Agency would manage its LNA funded by equity in a number of ways, including (i) taking steps to maintain an appropriate and sustainable level of profitability; (ii) maintaining the Buffer in addition to the Total Capital Requirement; (iii) taking steps to increase the amount of LNA funded by equity when necessary; and (iv) maintaining a viable plan for the replenishment of equity through the Plan.⁷ The Policy would further provide that DTCC would maintain insurance policies that cover certain potential Clearing Agency losses.⁸

1. General Business Risk Capital Requirement

According to the Policy, each Clearing Agency would calculate the General Business Risk Capital Requirement by first calculating three separate amounts related to general business risk. Specifically, each Clearing Agency would calculate an amount based on (i) the Clearing Agency’s general business risk profile (“Risk-Based Capital Requirement”);⁹ (ii) the time estimated

⁴ Notice, 82 FR at 19127; *see also* 17 CFR 240.17Ad-22(e)(15).

⁵ The Depository Trust & Clearing Corporation (“DTCC”) is the parent company of the Clearing Agencies. DTCC operates on a shared services model with respect to the Clearing Agencies. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to a Clearing Agency.

⁶ Notice, 82 FR 19128.

⁷ Notice, 82 FR 19128–19129.

⁸ Notice, 82 FR 19129.

⁹ Each Clearing Agency would calculate its Risk-Based Capital Requirement by identifying the general business risk profile of that Clearing Agency through (i) analysis of business performance, key

Continued

³⁷ 15 U.S.C. 78s(b)(2).

³⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 80491 (April 19, 2017), 82 FR 19127 (April 25, 2017) (SR-DTC-2017-003, SR-NSCC-2017-004, SR-FICC-2017-007) (“Notice”).

to execute a recovery or orderly wind-down of the critical operations of the Clearing Agency ("Recovery/Wind-down Capital Requirement");¹⁰ and (iii) an analysis of the Clearing Agency's estimated operating expenses for a six-month period ("Operating Expense Capital Requirement").¹¹ The Clearing Agencies would calculate each of these three amounts annually.¹² The greatest amount would constitute each Clearing Agency's General Business Risk Capital Requirement.¹³

The Policy would require the Clearing Agencies to hold an amount of LNA funded by equity to meet the General Business Risk Capital Requirement in cash and cash equivalents, which are

performance indicators, and market environment; and (ii) comparison of financial performance versus the Clearing Agency's budget. Notice, 82 FR 19128. Under the Policy, business risks that make up a Clearing Agency's general business risk profile would include, for example, the risk that revenues decline or expenses grow, the operational risks of deficiencies in its systems or disruptions to processing from internal or external events, or investment risk of loss of financial resources. *Id.* Treasury would then calculate the amount necessary to cover those potential general business losses so the Clearing Agency can continue operations and services if the losses materialize. *Id.* The sum of these amounts would constitute that Clearing Agency's Risk-Based Capital Requirement. *Id.*

¹⁰ Each Clearing Agency would determine its Recovery/Wind-down Capital Requirement as the amount that each Clearing Agency's Board of Directors ("Board") deems sufficient to ensure a recovery or orderly wind-down of critical operations and services of the Clearing Agency. Notice, 82 FR 19128. On an annual basis, and in order to assist each Board in making its determination, Treasury would calculate the greater of (i) the estimated amount sufficient to ensure a recovery of critical operations and services of the Clearing Agency; and (ii) the estimated amount sufficient to ensure an orderly wind-down of critical operations and services of the Clearing Agency. *Id.* Under the Policy, the Treasury would make these calculations in consultation with and reference to the plans maintained by the Clearing Agencies that are developed by the Clearing Agencies in compliance with Rule 17Ad-22(e)(3)(ii) under the Act. *Id.*; see also 17 CFR 240.17Ad-22(e)(3). The Commission granted the Clearing Agencies a temporary exemption from compliance with the recovery and wind-down plan requirements of Rule 17Ad-22(e)(3)(ii). See Securities Exchange Act Release No. 80378 (April 5, 2017) (S7-03-14). Until such time as the Clearing Agencies have recovery and wind-down plans that are approved by their Boards in anticipation of compliance with Rule 17Ad-22(e)(3)(ii), the Recovery/Wind-down Capital Requirement of each Clearing Agency would be assumed to be zero. Notice, 82 FR 19129. The General Business Risk Capital Requirement would therefore be the greater of the Risk-Based Capital Requirement and the Operating Expense Capital Requirement.

¹¹ Notice, 82 FR 19128.

¹² *Id.*

¹³ Treasury would annually determine the Operating Expense Capital Requirement of each Clearing Agency by calculating the greater of (i) six times the average monthly operating expense for that Clearing Agency, over the prior twelve-month period, and (ii) a prospective operating expense estimate based on forecasted expense data. Notice, 82 FR 19129.

highly liquid securities or bank deposits.¹⁴ The Policy also would require each Clearing Agency to hold such amount in addition to the resources held by each Clearing Agency to cover certain credit and liquidity risks, as required under applicable regulatory standards.¹⁵

2. Credit Risk Capital Requirement

As a second component of the Total Capital Requirement, the Policy would provide that each Clearing Agency maintain a Credit Risk Capital Requirement, in accordance with each Clearing Agency's respective rules.¹⁶ Specifically, the rules of each Clearing Agency provide, in part, that in the event of a participant¹⁷ default, NSCC will apply at least 25 percent of its retained earnings, each division of FICC will apply up to 25 percent of its retained earnings, and DTC may apply its retained earnings.

The Credit Risk Capital Requirement is different than the general business risk regulatory requirement. Whereas the latter is designed to address general business risks, pursuant to Rule 17Ad-22(e)(15) under the Act,¹⁸ the Credit Risk Capital Requirement is designed to help address potential losses due to a participant default that were not covered through margin requirements, which is not required by that rule.¹⁹

3. Buffer

In addition to calculating and maintaining the Total Capital Requirement, the Clearing Agencies would each calculate and maintain a Buffer (*i.e.*, a discretionary amount of additional LNA funded by equity).²⁰ The Buffer would generally equal approximately four to six months of operating expenses for the respective Clearing Agency based on various factors, including historical fluctuations of LNA funded by equity and estimates of potential losses from general business risk.²¹ Treasury would reassess the Buffer periodically.²²

¹⁴ *Id.*

¹⁵ Notice, 82 FR 19128; see also 17 CFR 240.17Ad-22(e)(15)(ii)(A).

¹⁶ See DTC Rule 4, GSD Rule 4, MBS Rule 4, and NSCC Rule 3 and Addendum E, available at <http://dtcc.com/legal/rules-and-procedures>. Notice, 82 FR 19128.

¹⁷ FICC and NSCC refer to their participants as "Members," while DTC refers to its participants as "Participants." These terms are defined in the rules of each of the Clearing Agencies. *Supra* note 16. In this filing "participant" or "participants" refers to both the Members of FICC and NSCC and the Participants of DTC.

¹⁸ See 17 CFR 240.17Ad-22(e)(15).

¹⁹ Notice, 82 FR 19128.

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

B. Overview of the Plan

The Plan is designed to provide a viable mechanism for raising additional LNA funded by equity should a Clearing Agency's equity fall close to or below the amount required by the Total Capital Requirement.²³ The Plan would do so by establishing (i) roles and responsibilities for implementation of the Plan; (ii) circumstances triggering implementation of the Plan; (iii) guiding principles for implementation and execution of the Plan; and (iv) a description of the tools for replenishment.²⁴ The Plan would provide for annual review and approval by the respective Board of each Clearing Agency (or such committees as may be delegated authority by the respective Board).²⁵

1. Roles and Responsibilities

Pursuant to the Plan, Treasury would be responsible for identifying the triggering events for replenishing the LNA funded by equity. The Plan would outline the steps Treasury would take, including identifying the required equity, analyzing that Clearing Agency's financial outlook, and selecting the appropriate replenishment tools.²⁶ The Board of the affected Clearing Agency would be responsible for approving the proposal for implementation of the Plan, once triggered, and reviewing a report on the replenishment of the Plan.²⁷

2. Triggers

Under the Plan, the circumstances that could trigger the Plan would be (i) when equity held by a Clearing Agency is at or below the Clearing Agency's Total Capital Requirement, plus the equivalent of one month of operating expenses of that Clearing Agency, as determined pursuant to the Policy; or (ii) the Board of a Clearing Agency determines that the Plan should be implemented.²⁸ The Plan would identify certain risks that, if realized, may cause these triggers to occur, including, for example, unexpected declines in revenue, disruptions to systems or processes that lead to large losses, or investment risks.²⁹

3. Guiding Principles

The Plan would set forth a number of guiding principles. For example, the Plan would provide that Treasury should have the necessary flexibility

²³ Notice, 82 FR 19129.

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.*

and discretion, as appropriate, to implement the Plan, including the ability to determine, based on appropriate analysis, the sequence and combination of replenishment tools to be used.³⁰ Similarly, the Plan would provide that the prioritization of replenishment tools should be based on each tool's capacity, at the time the Plan is implemented, to return the affected Clearing Agency's LNA funded by equity to an appropriate level, in the shortest possible timeframe.³¹

4. Replenishment Tools

The Plan would identify the replenishment tools that may be utilized when the Plan is triggered, as well as the estimated timeframe for using each tool. Specifically, the Plan would provide for two types of replenishment tools: (i) Bridge financing, which would provide immediate financing but would be considered only an initial step in implementation of the Plan; and (ii) capital replenishment, which would provide the affected Clearing Agency with the required additional equity.³²

According to the Plan, the replenishment tools could be effectuated by either DTCC or by a Clearing Agency directly.³³ Actions that may be taken by DTCC to provide needed equity to the affected Clearing Agency, in the form of bridge financing or a capital replenishment, include (i) contributing existing prefunded resources to the affected Clearing Agency; (ii) borrowing under an existing line of credit to which DTCC is a party; (iii) making a claim for insurance proceeds, when applicable; (iv) authorizing, issuing, and selling shares of common stock of DTCC to certain DTCC shareholders, pursuant to the terms and restrictions set forth in the DTCC Certificate of Incorporation and the DTCC Fourth Amended and Restated Shareholders Agreement;³⁴ (v) issuing or selling preferred stock by DTCC; or (vi) selling or divesting of assets or businesses.³⁵ Actions that may be taken by each Clearing Agency to raise the needed equity include increasing fees for services, when appropriate, or decreasing expenses.³⁶

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization.³⁷ After carefully considering the Proposed Rule Changes, the Commission finds that the Proposed Rule Changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to the Clearing Agencies. Specifically, the Commission finds that the Proposed Rule Changes are consistent with Section 17A(b)(3)(F) of the Act³⁸ and Rule 17Ad-22(e)(15) under the Act.³⁹

A. Consistency With Section 17A(b)(3)(F)

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of the Clearing Agencies be designed to assure the safeguarding of securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible.⁴⁰

As described above, the Policy and the Plan are designed to provide a framework to help each Clearing Agency monitor, identify, and manage their respective general business risks. In addition, the Policy and the Plan, together, would require each of the Clearing Agencies to prepare, calculate, and maintain sufficient LNA funded by equity to cover the General Business Risk Capital Requirement, Credit Risk Capital Requirement, and the Buffer.

As detailed above, the Policy would provide that, in order to cover potential general business losses, the General Business Risk Capital Requirement would be calculated and maintained as the larger of (i) an amount calculated based on the Clearing Agency's general business risk profile; (ii) an amount based on the time estimated to execute a recovery or orderly wind-down of the critical operations of the Clearing Agency; and (iii) an amount based on an analysis of the Clearing Agency's estimated operating expenses for a six-month period. The Policy would further require the Clearing Agencies to maintain the Credit Risk Capital Requirement to help address potential losses due to a participant default that were not covered through margin requirements, and the Buffer. The Policy would provide that the available LNA

funded by equity would be continuously monitored and managed to ensure satisfaction of the Total Capital Requirement. Meanwhile, the Plan would provide a mechanism for raising additional LNA funded by equity should a Clearing Agency's equity fall close to or below the amount required by the Total Capital Requirement. Under such a framework, the Clearing Agencies could be better positioned to withstand stress caused by a general business loss or a participant default, and be better positioned to continue their critical operations and services, which helps to promote the prompt and accurate clearance and settlement of securities transactions.

Furthermore, as described above, by setting aside and maintaining the Total Capital Requirement for each Clearing Agency to absorb potential losses due to general business risk and a participant default, the Policy and the Plan are designed to help reduce the possibility of the Clearing Agencies' failure, mitigate the risk of financial loss contagion caused by the Clearing Agencies' failure, which could help further assure the safeguarding of securities and funds which are in the custody or control of the Clearing Agencies, or for which they are responsible. Accordingly, the Commission believes that the Proposed Rule Changes are consistent with the requirements of Section 17A(b)(3)(F) of the Act.⁴¹

B. Consistency With Rule 17Ad-22(e)(15)

Rule 17Ad-22(e)(15) under the Act requires the Clearing Agencies to establish, implement, maintain and enforce written policies and procedures reasonably designed to identify, monitor, and manage their respective general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that the Clearing Agencies can continue operations and services as a going concern if those losses materialize, including by satisfying Rule 17Ad-22(e)(15)(i) through (iii).⁴²

Rule 17Ad-22(e)(15)(i) under the Act requires the Clearing Agencies to determine the amount of LNA funded by equity based upon its general business risk profile and the length of time required to achieve a recovery or orderly wind-down, as appropriate, of its critical operations and services if such action is taken.⁴³ In addition, Rule

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ *Id.*

³⁴ See Securities Exchange Act Release No. 74142 (January 27, 2015), 80 FR 5188 (January 30, 2015); (SR-FICC-2014-810; SR-NSCC-2014-811; SR-DTC-2014-812).

³⁵ Notice, 82 FR 19129-19130.

³⁶ Notice, 82 FR 19130.

³⁷ 15 U.S.C. 78s(b)(2)(C).

³⁸ 15 U.S.C. 78q-1(b)(3)(F).

³⁹ 17 CFR 240.17Ad-22(e)(15).

⁴⁰ 15 U.S.C. 78q-1(b)(3)(F).

⁴¹ *Id.*

⁴² 17 CFR 240.17Ad-22(e)(15).

⁴³ 17 CFR 240.17Ad-22(e)(15)(i).

17Ad–22(e)(15)(ii) requires, in part, that the Clearing Agencies hold LNA funded by equity equal to the greater of either (i) six months of the covered clearing agency's current operating expenses, or (ii) the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and services of the covered clearing agency.⁴⁴

As described above, pursuant to the Policy, each Clearing Agency would be required to calculate and maintain their respective Total Capital Requirement. The Total Capital Requirement would be calculated by summing each Clearing Agency's respective General Business Risk Capital Requirement and Credit Risk Capital Requirement, and would be satisfied by LNA funded by equity. Specifically, as detailed above, the Policy would provide that the General Business Risk Capital Requirement would be calculated as the larger of (i) an amount calculated based on the Clearing Agency's general business risk profile, defined as its Risk-Based Capital Requirement; (ii) an amount based on the time estimated to execute a recovery or orderly wind-down of the critical operations of the Clearing Agency, defined as its Recovery/Wind-down Capital Requirement; and (iii) an amount based on an analysis of the Clearing Agency's estimated operating expenses for a six-month period, defined as its Operating Expense Capital Requirement.

By requiring each Clearing Agency to calculate its General Business Risk Capital Requirement as the larger amount of the Risk-Based Capital Requirement, the Recovery/Wind-down Capital Requirement, and the Operating Expense Capital Requirement, and by requiring the General Business Risk Capital Requirement with LNA funded by equity, the Commission believes that the Policy is consistent with Rule 17Ad–22(e)(15)(i) and (ii) under the Act.⁴⁵

Rule 17Ad–22(e)(15)(ii) under the Act further requires, in part, that the LNA funded by equity held by the Clearing Agencies pursuant to Rule 17Ad–22(e)(15)(ii) shall be (A) in addition to resources held to cover participant defaults or other credits and liquidity risks; and (B) of high quality and sufficiently liquid to allow the Clearing Agencies to meet their current and projected operating expenses under a range of scenarios, including in adverse market conditions.⁴⁶

As described above, the Policy would identify the General Business Risk Capital Requirement of each Clearing Agency as a separate component of each Clearing Agency's Total Capital Requirement, and would provide that LNA funded by equity as General Business Risk Capital Requirement be in addition to (i) LNA funded by equity held as that Clearing Agency's Credit Risk Capital Requirement; (ii) resources held by that Clearing Agency in compliance with Rule 17Ad–22(e)(4) under the Act for credit risk (which resources are also held in addition to that Clearing Agency's Credit Risk Capital Requirement);⁴⁷ and (iii) resources held by that Clearing Agency in compliance with Rule 17Ad–22(e)(7) under the Act for liquidity risk.⁴⁸ Additionally, the Policy would provide that the Clearing Agencies must meet their Total Capital Requirement by holding LNA funded by equity in cash, highly liquid securities, or bank deposits, to comply with Rule 17Ad–22(e)(15)(ii)(B). Moreover, the Policy would provide that the available LNA funded by equity would be continuously monitored and managed to ensure satisfaction of the Total Capital Requirement. Therefore, the Commission believes that adoption of the Policy is consistent with Rule 17Ad–22(e)(15)(ii)(A) and (B) under the Act.⁴⁹

Rule 17Ad–22(e)(15)(iii) requires the Clearing Agencies to maintain a viable plan, approved by their Boards, and updated at least annually, for raising additional equity should the LNA funded by equity fall close to or below the amount required.⁵⁰ As described above, the Plan would designate to Treasury the responsibilities of monitoring the sufficiency of each Clearing Agency's LNA funded by equity and the triggering events for implementation of the Plan. The Plan also would provide tools to raise additional LNA funded by equity, in the event that such capital drops near or below the Total Capital Requirement. In addition, the Plan would provide that the respective Boards of the Clearing Agencies, or such committees as may be delegated authority by the respective Boards, would review and approve the Plan annually. Therefore, the Commission believes that adoption of the Plan is consistent with Rule 17Ad–22(e)(15)(iii) under the Act.⁵¹

III. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Changes are consistent with the requirements of the Act and in particular with the requirements of Section 17A(b)(3)(F)⁵² and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that proposed rule changes SR–DTC–2017–003, SR–NSCC–2017–004, and SR–FICC–2017–007 be, and hereby are, *approved*.⁵³

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁴

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81092; File No. SR–BOX–2017–22]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend IM–3120–2 to Rule 3120 To Extend the Pilot Program That Eliminated the Position Limits for Options on SPDR S&P 500 ETF (“SPY”) (“SPY Pilot Program”)

July 7, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on June 29, 2017, BOX Options Exchange LLC (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 the Substance of the Proposed Rule Change

The Exchange proposes to amend IM–3120–2 to Rule 3120 to extend the pilot program that eliminated the position

⁵² 15 U.S.C. 78q–1(b)(3)(F).

⁵³ In approving the Proposed Rule Changes, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

⁵⁴ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

⁴⁷ 17 CFR 240.17Ad–22(e)(4).

⁴⁸ 17 CFR 240.17Ad–22(e)(7).

⁴⁹ 17 CFR 240.17Ad–22(e)(15)(ii)(A), (B).

⁵⁰ 17 CFR 240.17Ad–22(e)(15)(iii).

⁵¹ *Id.*

⁴⁴ 17 CFR 240.17Ad–22(e)(15)(ii).

⁴⁵ 17 CFR 240.17Ad–22(e)(15)(i), (ii).

⁴⁶ 17 CFR 240.17Ad–22(e)(15)(iii)(A), (B).