

in taking such steps to replenish financial resources.

#### *D. Consistency With Rule 17Ad-22(e)(15) Under the Exchange Act*

Rule 17Ad-22(e)(15)<sup>16</sup> states that a clearing agency shall “identify, monitor, and manage, the covered clearing agency’s general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses . . .” by “[m]aintaining a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should its equity fall close to or below the amount required under paragraph (e)(15)(ii) of this section.”<sup>17</sup>

The Commission believes the proposed rule is consistent with Rule 17Ad-22(e)(15). The proposed rule has been approved by the ICEEU Board of Directors, would be reviewed and updated annually, and would outline the tools available to restore additional capital if needed. Specifically, the proposed rule serves as a part of a broader recovery plan and is intended to document tools, arrangements and procedures for replenishing capital when needed, including as a result of losses from general business risk. The capital restoration levels detailed in the proposed rule are based on ICEEU’s legal capital requirements and its own target capital level. These are designed to exceed the amount required under Rule 17Ad-22(e)(15)(ii).<sup>18</sup>

#### **IV. Conclusion**

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act<sup>19</sup> and Rules 17Ad-22(e)(2)(v), (e)(3)(ii), and (e)(15) thereunder.<sup>20</sup>

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act<sup>21</sup> that the proposed rule change (SR-ICEEU-2022-027), be, and hereby is, approved.<sup>22</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

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

[FR Doc. 2023-04682 Filed 3-7-23; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-97026; File No. SR-NYSEARCA-2023-19]**

### **Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rule 6.76AP-O**

March 2, 2023.

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 February 23, 2023, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III 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 6.76AP-O (Order Execution and Routing) regarding the treatment of routable orders. 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 6.76AP-O (Order Execution and Routing) regarding the treatment of routable orders.

##### Background

Rule 6.76AP-O describes the Exchange’s process for order execution and routing. First, subject to certain pricing parameters and allocation guarantees, the Exchange will match eligible interest (*i.e.*, an Aggressing Order or Aggressing Quote)<sup>4</sup> against contra-side interest according to the price-time priority ranking of the resting interest, per Rule 6.76P-O (Order Ranking and Display).<sup>5</sup> Per Rule 6.76AP-O(b), after being matched to the extent possible with local interest (on the Consolidated Book) per paragraph (a) of this Rule, routable orders (or portions thereof) may be routed to Away Market(s) if marketable.<sup>6</sup> The Exchange proposes to amend Rule 6.76AP-O(b) to add new text regarding the handling of such orders as set forth below.

##### Proposed Rule Change

The Exchange’s current order handling and routing system was recently implemented in connection with the Exchange’s migration to the Pillar trading platform in July 2022.<sup>7</sup> The Exchange has been operating on Pillar for approximately six months and has identified a performance optimization that will reduce unnecessary processing by Pillar.

Specifically, the Exchange proposes that once an order needs to be routed to an Away Market, Pillar will then determine the venue(s) to which the order should be routed. Currently, this evaluation of price(s) and volume(s) on Away Markets is constantly available in

<sup>4</sup> See Rule 6.76P-O(a)(5) defining “Aggressing Order” or “Aggressing Quote” as referring to “a buy (sell) order or quote that is or becomes marketable against sell (buy) interest on the Consolidated Book.”

<sup>5</sup> See Rule 6.76AP-O(a)(1)(A)-(D) (setting forth the criteria for executing incoming interest against the quote of an LMM, up to 40% of the incoming interest, up to the size of the LMM’s quote (the “LMM Guarantee”).

<sup>6</sup> See Rule 6.76AP-O(b)(2) (providing that orders with an instruction not to route are processed per Rule 6.62P-O (Orders and Modifiers)).

<sup>7</sup> The Exchange announced the migration of the fifth and final tranche of symbols to the Pillar trading platform, via Trader Update, available here: <https://www.nyse.com/trader-update/history#110000440092>.

<sup>16</sup> 17 CFR 240.17Ad-22(e)(15).

<sup>17</sup> 17 CFR 240.17 Ad-22(e)(15)(iii).

<sup>18</sup> 17 CFR 240.17 Ad-22(e)(15)(ii).

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>20</sup> 17 CFR 240.17Ad-22(e)(2)(v), (e)(3)(ii), and (e)(15).

<sup>21</sup> 15 U.S.C. 78s(b)(2).

<sup>22</sup> In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>23</sup> 17 CFR 200.30-3(a)(12).

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

<sup>25</sup> U.S.C. 78a.

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

Pillar regardless of whether an order needs to be routed. The Exchange believes that limiting this evaluation solely to when Pillar determines that an order is eligible for routing would optimize Pillar performance because it would eliminate inefficient processing within Pillar. The Exchange believes that the proposed optimization change to process routing information more efficiently would result in faster order processing to the benefit of all market participants.

To effect this change, the Exchange proposes to specify how it will handle marketable routable orders during the discrete period that such orders are being evaluated for routing.<sup>8</sup> If such an order is deemed marketable against Away Market interest,<sup>9</sup> Pillar will make a determination as to the destination, price and size for each routed portion of the order pursuant to Rule 6.94–O(a) (Order Protection).<sup>10</sup> To clarify this proposed order handling, the Exchange proposes to add rule text to Rule 6.76AP–O(b), which would provide that “[w]hile determining the venue(s) to which the order(s) will be routed, such order(s) may<sup>11</sup> be held non-displayed at the contra-side ABBO<sup>12</sup> and ranked in its respective priority category, per Rule 6.76P–O(e), behind any displayed interest at that price.<sup>13</sup> The Exchange notes that such marketable orders remain executable against incoming interest and interest in the Consolidated Book.

Market participants have the option of designating their orders as non-routable (and executable solely against interest on the Exchange) or routable (and executable against interest available on the Exchange or an Away Market). For participants that choose the latter,

<sup>8</sup> The Exchange’s routing determination typically takes a few microseconds.

<sup>9</sup> See Rule 1.1. (defining “Away Market” as referring to any Trading Center (1) with which the Exchange maintains an electronic linkage, and (2) that provides instantaneous responses to orders routed from the Exchange).

<sup>10</sup> See Rule 6.94–O(a) (providing that, subject to exceptions, “[m]embers shall not effect Trade-Throughs”).

<sup>11</sup> To avoid creating a locked or crossed market, the Exchange will hold a routable order in a non-displayed state while making the routing determination. However, when a previously displayed order is to be routed, such order will remain displayed while Pillar makes its routing determination.

<sup>12</sup> See Rule 1.1. (defining “ABBO” (or “Away Market BBO”) as referring to the best bid(s) or offer(s) disseminated by Away Markets and calculated by the Exchange based on market information the Exchange receives from OPRA).

<sup>13</sup> See Rule 6.76P–O(e) (providing that at each price, trading interest is assigned to one of three priority categories: Priority 1—Market Orders; Priority 2—Display Orders; and Priority 3—Non-Display Orders”).

proposed Rule 6.76AP–O(b) will clarify the status of such orders in the Consolidated Book during evaluation.

The Exchange anticipates implementing the applicable technology changes in the second quarter of 2023 and will announce by Trader Update the implementation date of this proposed rule change.

## 2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),<sup>14</sup> in general, and furthers the objectives of Section 6(b)(5),<sup>15</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 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.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system because it is designed to optimize performance on the Pillar trading platform, and would specify the Exchange’s handling of marketable routable orders during the discrete period that such orders are being evaluated for routing. The Exchange believes that the proposed optimization change to process routing information more efficiently would result in faster order processing to the benefit of all market participants. In addition, the Exchange believes the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market system by adding clarity and transparency to Exchange rules that a routable order may<sup>16</sup> be held non-displayed at the ABBO during the period that it is being evaluated for routing.

Further, the Exchange notes that market participants have the option of designating their orders as non-routable (and executable solely against interest on the Exchange) or routable (and executable against interest available on the Exchange or an Away Market). The proposed change would remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it

will clarify the status of such orders in the Consolidated Book during evaluation.

## 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. The proposed change is not intended to address competition, but rather is being made in connection with technology changes designed to optimize performance on the Pillar trading platform. The proposed change would apply to all similarly-situated market participants that trade on the Exchange.

## 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>17</sup> and Rule 19b–4(f)(6) thereunder.<sup>18</sup> Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6)(iii) thereunder.<sup>19</sup>

At any time within 60 days of the filing of such 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

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>18</sup> 17 CFR 240.19b–4(f)(6).

<sup>19</sup> 17 CFR 240.19b–4(f)(6)(iii). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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>14</sup> 15 U.S.C. 78f(b).

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

<sup>16</sup> See *supra* note 11.

under Section 19(b)(2)(B)<sup>20</sup> of the Act 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-NYSEARCA-2023-19 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-NYSEARCA-2023-19. 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 the 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-NYSEARCA-2023-19 and

should be submitted on or before March 29, 2023.

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

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2023-04687 Filed 3-7-23; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-97019; File No. SR-CBOE-2022-058]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Approving a Proposed Rule Change To Amend Rule 10.3 Regarding Margin Requirements

March 2, 2023.

#### I. Introduction

On November 14, 2022, Cboe Exchange, Inc. (the "Exchange" or "Cboe") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Cboe Rule 10.3 regarding margin requirements related to cash-settled index options written against exchange-traded funds ("ETF(s)") that track the same index underlying the option. The proposed rule change was published for comment in the **Federal Register** on December 2, 2022.<sup>3</sup> On January 10, 2023, the Exchange consented to an extension of the time period in which the Commission must approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to March 2, 2023. The Commission received no comment letters on the proposal. This order approves the proposed rule change.

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

The Exchange proposed to amend Cboe Rule 10.3, which sets forth margin requirements, and certain exceptions to those requirements, applicable to security positions of Trading Permit Holders' ("TPHs") customers. Specifically, the Exchange stated that Cboe Rule 10.3(c)(5) generally requires

TPHs to obtain from a customer, and maintain, a margin deposit for short cash-settled index options in an amount equal to 100% of the current market value of the option plus 15% (if overlying a broad-based index) or 20% (if overlying a narrow-based index) of the amount equal to the index value multiplied by the index multiplier minus the amount, if any, by which the option is out-of-the-money.<sup>4</sup> The minimum margin required for such an option is 100% of the option current market value plus 10% of the index value multiplied by the index multiplier for a call or 10% of the exercise price multiplied by the index multiplier for a put.<sup>5</sup>

By contrast, Rule 10.3(c)(5)(C)(iii) provides that no margin is required for a call (put) option contract or warrant carried in a short position where there is carried in the same account a long (short) position in equivalent units of the underlying security,<sup>6</sup> and no margin is required for a call (put) index option contract or warrant carried in a short position where there is carried in the same account a long (short) position in an (1) underlying stock basket,<sup>7</sup> (2) index mutual fund, (3) index portfolio receipt ("IPR"),<sup>8</sup> or (4) index portfolio

<sup>4</sup> See Notice at 74201. According to the Exchange, the out-of-the-money amount for a call is any excess of the aggregate exercise price of the option or warrant over the product of the current (spot or cash) index value and the applicable multiplier. The out-of-the-money amount for a put is any excess of the product of the current (spot or cash) index value and the applicable multiplier over the aggregate exercise price of the option or warrant. See *id.* at 74201, n.8.

<sup>5</sup> See *id.* at 74201.

<sup>6</sup> The Exchange states that in computing margin on a position in the underlying security, (a) in the case of a call, the current market value to be used must not be greater than the exercise price and (b) in the case of a put, margin will be the amount required by Cboe Rule 10.3(b)(2), plus the amount, if any, by which the exercise price of the put exceeds the current market value of the underlying. See *id.* at 74201, n.3.

<sup>7</sup> The Exchange defines "underlying stock basket" to mean a group of securities that includes each of the component securities of the applicable index and which meets the following conditions: (a) the quantity of each stock in the basket is proportional to its representation in the index, (b) the total market value of the basket is equal to the underlying index value of the index options or warrants to be covered, (c) the securities in the basket cannot be used to cover more than the number of index options or warrants represented by that value and (d) the securities in the basket shall be unavailable to support any other option or warrant transaction in the account. See Cboe Rule 10.3(a)(7). See also Notice at 74201, n.4.

<sup>8</sup> The Exchange defines IPRs as securities that (a) represent an interest in a unit investment trust ("UIT") which holds the securities that comprise an index on which a series of IPRs is based; (b) are issued by the UIT in a specified aggregate minimum number in return for a "Portfolio Deposit" consisting of specified numbers of shares of stock plus a cash amount; (c) when aggregated in the same specified minimum number, may be

<sup>21</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> See Exchange Act Release No. 96395 (Nov. 28, 2022), 87 FR 74199 (Dec. 2, 2022) ("Notice").

<sup>20</sup> 15 U.S.C. 78s(b)(2)(B).