

domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* October 2, 2024.

FOR FURTHER INFORMATION CONTACT:

Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on September 23, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 379 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-735, K2024-28.

Sean C. Robinson,

Attorney, Corporate and Postal Business Law.

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POSTAL SERVICE

Product Change—Priority Mail Express, Priority Mail, and USPS Ground Advantage® Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List.

DATES: *Date of required notice:* October 2, 2024.

FOR FURTHER INFORMATION CONTACT:

Sean C. Robinson, 202-268-8405.

SUPPLEMENTARY INFORMATION: The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on September 24, 2024, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail & USPS Ground Advantage® Contract 384 to Competitive Product List*. Documents are available at www.prc.gov, Docket Nos. MC2024-740, K2024-33.

Sean C. Robinson,

Attorney, Corporate and Postal Business Law.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-34-101196; File No. SR-ICC-2024-008]

Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the ICC Back-Testing Framework

September 26, 2024.

I. Introduction

On July 30, 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”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its Back-Testing Framework (“BTF”).³ The proposed rule change was published for comment in the **Federal Register** on August 23, 2024.⁴ The Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

A. Background

ICC is registered with the Commission as a clearing agency for the purpose of clearing Credit Default Swap (“CDS”) contracts.⁵ In addition to clearing CDS contracts, ICC also clears options to purchase index CDS contracts, which are also known as “Index Swaptions.”

As noted above, the proposed rule change would amend ICC’s BTF. The BTF describes how ICC conducts back-testing and how ICC remediates poor back-testing results. The proposed rule change would amend ICC’s BTF to (1) better describe how ICC treats its back-testing Index Swaption positions that expire in-the-money and within the margin period of risk (“MPOR”),⁶ and

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ ICC’s Back-Testing Framework summarizes its formal statistical approach to determining whether its Value-at-Risk (VaR) model can reliably forecast risk.

⁴ Securities Exchange Act Release No. 100679 (Aug. 8, 2024), 89 FR 66154 (Aug. 14, 2024) (File No. SR-ICC-2024-008) (“Notice of Filing”).

⁵ Capitalized terms not otherwise defined herein have the meanings assigned to them in ICC’s BTF or Clearing Rules, as applicable.

⁶ “Margin-period-of-risk or ‘MPOR’ is a maturity factor that is applied to reflect the length of exposure period over which the defaulted portfolio is exposed to changes in value.” Securities Exchange Act Release No. 100008 (Apr. 22, 2024), 89 FR 32496 (Apr. 26, 2024) (File No. SR-ICC-2024-003) (“Notice of Filing”).

(2) make other updates and clarifications.

B. Index Swaption Positions

ICC’s proposed rule change would revise Subsection 2.4 (“Detailed Daily-Portfolio Back-Testing Results”) of the BTF to (1) add a description of ICC’s treatment of expiring in-the-money and within-the-MPOR Index Swaption positions, and (2) add an illustrative example in the form of a new Table 5.

1. Subsection 2.4: Description of Expiring In-the-Money Index Swaption Positions

The proposed rule change would revise Subsection 2.4 to explain how ICC treats its back-testing Index Swaption positions that expire in-the-money and within the MPOR. ICC proposes that when a particular portfolio contains Index Swaption positions that expire within the MPOR, ICC would replace the Mark-to-Market (“MTM”) values of the expired option positions with the corresponding Intrinsic Values (“IV”). In doing so, ICC would use the end-of-day (“EOD”) prices as of the given day that ICC is back-testing.

In carrying out this process, ICC would use the following assumptions, as noted in the revised Subsection 2.4:⁷

- i. The IV is positive for a bought option position and negative for a sold option position that is in-the-money.
- ii. The option position with positive IV results in an option exercise on the expiration date and reflects the positive value to the option holder buying/selling the underlying index position at the fixed strike price and selling/buying the underlying index position at the EOD-price for a profit.
- iii. The sold option position, with negative IV, results in the assignment of an underlying index position to the seller of the option on the expiration date.
- iv. The assigned underlying index position could be bought or sold protection depending on the type of sold option instrument.
- v. The unrealized P/L for the exercised/assigned option positions are computed against the underlying MTM value for all days after the CDS index option’s expiration date.

2. Addition of Table 5 to Subsection 2.4

The proposed rule change also would add to Subsection 2.4 a new Table 5, entitled “Minimum 5-Day P/L Detail for Expiring Options Positions.” Table 5 would provide an illustrative example of the back-testing computation described in the BTF and the unrealized profit/loss (“P/L”) for an in-the-money Index Swaption position that expires within the MPOR.

⁷ Currently, the BTF assigns a standardized P/L value of \$0.00 to such positions.

C. Other Additions and Revisions to Table 3, Table 4, and Section 6

In addition to the changes related to Index Swaption positions, the proposed rule change also would make updates and clarifications to other sections of the BTF. The proposed rule change would change references from “P&L” in Table 3 and Table 4 to “P/L” to consistently refer to “profit or loss” throughout the BTF. Moreover, the proposed rule change would update Section 6, “Revision History,” to reflect the revisions proposed herein. Finally, the proposed rule change would add a new footnote 1 in Subsection 1.1. This footnote would explain that the term “Net Asset Value” is also referred to and is equivalent to “Mark-to-Market,” as used in the BTF.

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 the rules and regulations thereunder applicable to such organization.⁸ Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization [“SRO”] that proposed the rule change.”⁹

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements, must all be sufficiently detailed and specific to support an affirmative Commission finding,¹⁰ and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.¹¹ Moreover, “unquestioning reliance” on an SRO’s representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.¹²

After carefully considering the proposed rule change, the Commission

finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to ICC. For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹³ and Rule 17Ad–22(e)(6)(vi)(A).¹⁴

A. Consistency With Section 17A(b)(3)(F) of the Act

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of ICC be designed, to promote the prompt and accurate clearance and settlement of securities transactions.¹⁵

As noted above, the proposed rule change primarily would add to the BTF description of how ICC back-tests Index Swaptions positions that expire in-the-money within the MPOR. The proposed rule change also would ensure the consistent use of the term “P/L” and explain the equivalence of the terms “Net Asset Value” and “Mark-to-Market.”

The enhanced description of ICC’s approach to back-testing Index Swaptions positions that expire in-the-money within the MPOR would strengthen ICC’s back-testing by making the results a more accurate representation of potential P/L for such positions. Under the BTF as revised, ICC would calculate P/L for such positions, using the assumptions and process described above, rather than just assuming zero value for all as per the current practice.

Consistent use of the term “P/L” and establishing the equivalence of the terms “Net Asset Value” and “Mark-to-Market” would also strengthen ICC’s back-testing. The changes would help ensure the consistent and clear operation of the BTF by eliminating any potential confusion among the use of these terms. This should, in turn, help support the accuracy and reliability of ICC’s back-testing.

Thus, the proposed rule change would help ensure that ICC continues to reliably forecast risk and that its back-testing accurately verifies that the number of actual, observed losses is consistent with the number of projected losses. Because ICC uses back-testing to forecast and manage the risk associated with clearing Index Swaption transactions, these improvements to the BTF should help ICC avoid losses that could result from the mismanagement of such risk. Because such losses could disrupt ICC’s ability to operate and thus

clear and settle transactions, the Commission finds the proposed rule change would promote the prompt and accurate clearance and settlement of securities and derivative transactions.

Therefore, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.¹⁶

B. Consistency With Rule 17Ad–22(e)(6)(vi)(A) of the Act

Rule 17Ad–22(e)(6)(vi)(A) requires ICC to establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, at a minimum is monitored by management on an ongoing basis and is regularly reviewed, tested, and verified by conducting backtests of its margin model at least once each day using standard predetermined parameters and assumptions.¹⁷

The proposed changes described above will enhance ICC’s risk-based margin system by enhancing ICC’s ability to calculate P/L more precisely for back-testing by factoring in accurate P/L values of ITM Index Swaption positions. This enhancement, along with the other changes detailed herein, will ensure that the predetermined parameters and assumptions (here, the BTF) that ICC management relies upon to regularly review, test, and verify its margin requirements are more accurate than the previous iteration of ICC’s risk-based margin system.

Therefore, the Commission finds that the proposed rule change is consistent with Rule 17Ad–22(e)(6)(vi)(A).¹⁸

IV. Conclusion

Based on the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and with the requirements of Section 17A(b)(3)(F) of the Act¹⁹ and Rule 17Ad–22(e)(6)(vi)(A).²⁰

It is therefore ordered pursuant to Section 19(b)(2) of the Act²¹ that the proposed rule change (SR–ICC–2024–008), be, and hereby is, approved.²²

⁸ 15 U.S.C. 78s(b)(2)(C).

⁹ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

¹⁰ *Id.*

¹¹ *Id.*

¹² *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017) (“*Susquehanna*”).

¹³ 15 U.S.C. 78q–1(b)(3)(F).

¹⁴ 17 CFR 240.17Ad–22(e)(6)(vi)(A).

¹⁵ 15 U.S.C. 78q–1(b)(3)(F).

¹⁶ 15 U.S.C. 78q–1(b)(3)(F).

¹⁷ 17 CFR 240.17Ad–22(e)(6)(vi)(A).

¹⁸ 17 CFR 240.17Ad–22(e)(6)(vi)(A).

¹⁹ 15 U.S.C. 78q–1(b)(3)(F).

²⁰ 17 CFR 240.17Ad–22(e)(6)(vi)(A).

²¹ 15 U.S.C. 78s(b)(2).

²² 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).

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

Vanessa A. Countryman,
Secretary.

[FR Doc. 2024–22563 Filed 10–1–24; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101195; File No. SR–BX–2024–036]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Initiate Fees for the Distribution of BX Trade Outline

September 26, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on September 13, 2024, Nasdaq BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, 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 Substance of the Proposed Rule Change

The Exchange proposes to initiate fees for the distribution of BX Trade Outline.

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/bx/rules>, 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 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 initiate fees for the distribution of BX Trade Outline. Distributor fees will be \$750 per month for the End of Day product, and \$1,500 per month for the Intra-Day product.³

Historical data will be available through ad hoc requests for information for \$500 per month of End of Day information, and \$750 per month for historical information. Current Distributors⁴ will also be able to purchase the most recent 36 months of historical data⁵ at the discounted price of \$6,000 for End of Day information, and \$9,000 for Intra-Day information. Historical information will be available starting in December 2014.

BX Options Trade Outline

BX Options Trade Outline will provide aggregate quantity and volume information for trades on the Exchange for all series⁶ during a trading session.⁷ Information is provided in the following categories: (i) total exchange volume for Intra-Day information and total exchange and industry volume for End of Day information for each reported series; (ii) open interest for the series; (iii) aggregate quantity of trades and aggregate trade volume effected to open a position,⁸ characterized by origin type

³ This proposal was initially filed on September 3, 2024, as SR–BX–2024–034. On September 13, 2024, SR–BX–2024–034 was withdrawn and replaced with the instant filing to clarify the time period for availability of historical information.

⁴ A “Current Distributor” is any firm that purchases either the End of Day Product for the current month, or the Intra-Day Product for the current month in the same month that the 36 months of historical End of Day or Intra-Day data is ordered.

⁵ The most recent 36 months is measured based on the date of purchase of the 36 months of data by a Current Distributor.

⁶ Every options series trades as a distinct symbol; the terms “series” and “symbol” are therefore synonyms.

⁷ See Securities Exchange Act Release No. 100792 (August 21, 2024), 89 FR 68676 (August 27, 2024) (SR–BX–2024–028).

⁸ This would include the aggregate number of “opening purchase transactions,” defined as a BX Options Transaction that creates or increases a long position in an options contract, *see* Options 1, Section 1(a)(35), and the aggregate number of “opening writing transactions,” defined as a BX Options Transaction that creates or increases a short position in an options contract. *See* Options 1, Section 1(a)(36).

(Customers,⁹ Broker-Dealers,¹⁰ BX Options Market Makers,¹¹ Firms,¹² and Professionals¹³); and (iv) aggregate quantity of trades and aggregate trade volume effected to close a position,¹⁴ characterized by origin type (Customers, Broker-Dealers, BX Options Market Makers, Firms, and Professionals).¹⁵

Information will be provided on an End of Day, Intra-Day, and historical basis.

End of Day Information

The BX Trade Outline End of Day file will provide opening buy, closing buy, opening sell and closing sell information, including option first trade price, option high trade price, option low trade price, and option last trade price.

The End of Day file will be updated during an overnight process with additional fields¹⁶ and will be available the following morning, providing aggregate data for the entire trading session.

Intra-Day Information

Intra-Day information will be released in scheduled “snapshots” available

⁹ The term “Customer” applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Options 1, Section 1(a)(48)). *See* Options 7, Section 1(a).

¹⁰ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category. *See* Options 7, Section 1(a).

¹¹ The term “BX Options Market Maker” is a Participant that has registered as a Market Maker on BX Options pursuant to Options 2, Section 1, and must also remain in good standing pursuant to Options 2, Section 9. In order to receive Market Maker pricing in all securities, the Participant must be registered as a BX Options Market Maker in at least one security. *See* Options 7, Section 1(a).

¹² The term “Firm” applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC. *See* Options 7, Section 1(a).

¹³ The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Options 1, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants. *See* Options 7, Section 1(a).

¹⁴ This would include the aggregate number of “closing purchase transactions” in the affected series, defined as a BX Options Transaction that reduces or eliminates a short position in an options contract, *see* Options 1, Section 1(a)(19), and the aggregate number of “closing writing transactions,” defined as a BX Options Transaction that reduces or eliminates a long position in an options contract. *See* Options 1, Section 1(a)(20).

¹⁵ These are the same types of information available on PHOTO, and the other trade outline products offered by Nasdaq exchanges.

¹⁶ The additional fields are: First Trade Price, High Trade Price, Low Trade Price, Last Trade Price, Underlying Close, Moneyness, Total Exchange volume, Total Industry Volume for the Series, and Open Interest.

²³ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.