SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101488; File No. SR–Phlx–2024–54]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing of Proposed Rule Change To Amend Options 3, Section 13 Related to XND

October 31, 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 October 18, 2024, Nasdaq PHLX LLC (''Phlx'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a 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 amend Options 3, Section 13, Price Improvement XL (''PIXL'').

The text of the proposed rule change is available on the Exchange's website at *https://listingcenter.nasdaq.com/rulebook/phlx/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 Exchange proposes to amend Options 3, Section 13, Price Improvement XL (''PIXL'') to permit orders for the accounts of appointed Market Makers to be solicited for PIXL Auctions for XND options only. XND options are options based on 1/100 the value of the Nasdaq-100 (''XND'' or ''XND options''). Today, Cboe Exchange, Inc. (''Cboe'') permits orders for the accounts of Market-Makers with an appointment in SPX to be solicited for the Initiating Order submitted for execution against an Agency Order in SPX options into an AIM Auction pursuant to Rule 5.37.[3]

The Exchange proposes to amend Options 3, Section 13(a)(8) to permit orders for the accounts of Market Makers with an appointment in XND to be solicited for the Initiating Order[4] submitted for execution against a PIXL Order in XND options into a PIXL Auction pursuant to Options 3, Section 13. Today, Options 3, Section 13(a)(8) provides that, ''[a]n Initiating Order may not be a solicited order for the account of any Exchange Lead Market Maker, SQT, RSQT or non-streaming Market Maker assigned in the affected series.'' No similar restriction applies to crossing transactions in open outcry trading, where XND options also trade. As further discussed below, brokers seeking liquidity to execute against Public Customer orders on the trading floor regularly solicit appointed XND Market Makers for this liquidity, as they are generally the primary source of pricing and liquidity for those options.

The Exchange believes not permitting Market Makers appointed in XND to participate as contras in the PIXL Auction in XND makes it difficult for brokers to find sufficient liquidity to fill their customer orders. For example, if a Public Customer order is not fully executable against electronic bids and offers, a floor broker can attempt to execute the order, or remainder thereof, on the trading floor, where the liquidity to trade with this remainder is generally provided by Market Makers in the open outcry trading crowd. Additionally, brokers may solicit liquidity from upstairs Market Maker firms.

The Exchange believes brokers will have difficulty finding sufficient liquidity to initiate PIXL Auctions from only market participants that are not Market-Makers appointed in XND, thereby denying smaller, retail-sized XND options price improvement benefits. The Exchange believes it is appropriate to permit orders for the account of appointed XND Market Makers, similar to Cboe's SPX, to be submitted as the contra order, as the Exchange believes the liquidity provided by XND Market Makers will need to be available for brokers to initiate PIXL Auctions in XND and create potential price improvement opportunities for those retail-sized orders. If XND Market Makers cannot be solicited for XND PIXL Auctions, the Exchange believes brokers may not be able to initiate as many XND PIXL Auctions for their retail orders, which may reduce the price improvement opportunities available for those orders. The Exchange notes that today, there are three electronic Market Maker firms with XND appointments.

In multi-list classes, many Market Makers serve as both appointed Market Makers on the Exchange and as away market makers that are registered on other options exchanges. These firms, as a result, can use their accounts for their away market maker activities for being solicited with respect to PIXL Auctions. In general, solicited orders submitted as the Initiating Order for PIXL Auctions are almost always comprised of orders for the accounts of away market makers. However, XND is an exclusively listed class on the Exchange, so a firm cannot serve as an XND away market maker. Permitting orders for the account of an appointed XND Market Makers, similar to Cboe's SPX, to be submitted as the contra order will allow brokers to more efficiently locate liquidity to initiate PIXL Auctions to fill their Public Customer orders, particularly during times of volatility, which may create additional execution and price improvement opportunities for Public Customers at all times. The Exchange believes the proposed rule change will, therefore, provide retail-sized orders with similar price improvement opportunities with PIXL as is the case with the trading floor. Permitting XND Market Makers to serve as contra parties to crossing transactions submitted into a PIXL Auction will also further align PIXL Auctions with XND crossing executions that occur on the trading floor. XND Market Makers frequently serve as contra parties to crossing transactions on the trading floor.

Implementation

The Exchange proposes to implement this rule change on or before Q2 of 2025.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 91116 (February 11, 2021), 86 FR 10154 (February 18, 2021) (SR–Cboe–2020–050) Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Amend Rules 5.37 and 5.73 Related to the Solicitation of Market Makers for SPX Initiating Orders in the Automated Improvement Mechanism and FLEX Automated Improvement Mechanism.

[4] The ''Initiating Order'' is an order comprised of principal interest or a solicited order(s) submitted to trade against the order the submitting agency order on behalf of a Public Customer, broker-dealer, or any other entity or ''PIXL Order.'' *See* Phlx Options 3, Section 13.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[5] in general, and furthers the objectives of Section 6(b)(5) of the Act.[6] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[7] requirements that the rules of an exchange be 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.

In particular, the Exchange believes the proposed rule change will benefit investors. The proposed rule change will permit the primary XND liquidity providers on the Exchange to provide the liquidity necessary for brokers to initiate XND PIXL Auctions for their Public Customer orders. If brokers can solicit the primary liquidity providers in XND for PIXL Auctions the Exchange believes brokers will be able to more efficiently locate liquidity to fill their Public Customer orders, particularly during times of volatility. The Exchange believes the proposed rule change will, therefore, provide retail-sized orders with similar price improvement opportunities as on the trading floor. As a result, the Exchange believes the proposed rule change will permit sufficient liquidity to be available for PIXL Auctions, which may create additional execution and price improvement opportunities for Public Customers, including retail customers.

The Exchange also believes the proposed rule change will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it will align the XND PIXL Auction process with the open outcry crossing process, and thus align the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contras in both types of auctions in XND. Currently, XND Market Makers may be solicited with respect to crossing transactions on the trading floor. However, pursuant to Options 3, Section 13 governing PIXL, XND Market Makers would not be able to be solicited to initiate PIXL Auctions. The Exchange believes there is no reason to restrict XND Market Makers' ability to provide liquidity into XND PIXL Auctions when they are able to similarly provide, and do provide, that liquidity for open outcry XND crossing transactions. Today, Cboe permits orders for the accounts of Market-Makers with an appointment in SPX to be solicited for the Initiating Order submitted for execution against an Agency Order in SPX options into an AIM Auction pursuant to Cboe Rule 5.37.

The Exchange believes the proposed rule change will promote competition in XND PIXL Auctions, including competition to initiate XND PIXL Auctions, which will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors. As noted above, there are three electronic Market Maker firms with XND appointments. The Exchange believes the availability of this liquidity available to PIXL Orders will positively affect the experience for PIXL Orders and overall quality of the auctions. Furthermore, the Exchange believes increasing the number of market participants available to be solicited may increase competition to provide Initiating Orders, which may lead to a PIXL Auction being initiated at a better price. More market participants competing to provide Initiating Orders may lead to solicited parties providing more aggressive initial prices. The Exchange believes the ability of all market participants, including appointed Market Makers that did not submit an Initiating Order, to submit responses to a PIXL Auction will continue to provide competition for executions against Agency Orders. The Exchange does not believe the proposed rule change will adversely impact the quoting behavior of XND Market Makers.

The Exchange believes any risk that appointed Market Makers may misuse the nonpublic information of an upcoming XND PIXL Auction is de minimis. Currently, that same risk is present for non-appointed Market Makers, but the Exchange has not observed any trends of solicited market participants separately submitting unrelated orders as a result of knowledge of impending PIXL Auctions in other classes. Phlx Options 3, Section 13(d) prohibits a pattern or practice of submitting multiple orders in response to a PAN at a particular price point that exceeds, in the aggregate, the size of the PIXL Order, will be deemed conduct inconsistent with just and equitable principles of trade and a violation of General 9, Section 1(c). Further, Phlx General 9, Section 21 requires members to establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material, nonpublic information by members and their associated persons.

Finally, the Exchange believes the proposed rule change is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because it will permit orders for accounts of appointed XND Market Makers to be solicited in the same manner as orders for the accounts of all other market participants in XND PIXL Auctions. Currently, all market participants other than appointed XND Market Makers would be able to be solicited as the contra and submit responses in PIXL Auctions, while appointed XND Market Makers would be restricted to only submitting responses. The Exchange believes that this proposal may increase execution and price improvement opportunities for Public Customers' XND orders, where the ability for away market makers to provide liquidity is limited.

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 Exchange does not believe the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act because it will provide XND Market Makers with the same execution opportunities in PIXL Auctions that would be available to all other market participants. Additionally, the proposed rule change will align open outcry and electronic crossing auctions for XND and the execution and price improvement opportunities available in both auctions by permitting the same participants to be solicited as contras in both types of auctions across XND. As a result, the Exchange believes it is appropriate for the electronic crossing mechanism to more closely replicate the open outcry crossing process in XND in order to minimize any impact on the market for those options. Unlike in multi-list classes, Market Maker firms cannot serve as XND market makers at other options exchanges. The Exchange further believes the restriction of this change to XND will preserve certain aspects of market structure that are important to maintain Market Maker

[5] 15 U.S.C. 78f(b)

[6] 15 U.S.C. 78f(b)(5).

[7] 15 U.S.C. 78f(b)(5).

incentives to provide electronic liquidity in XND options.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because it relates to orders in an exclusively listed class submitted into a PIXL Auction on the Exchange. Additionally, the Exchange notes that Cboe permits orders for the accounts of Market-Makers with an appointment in SPX to be solicited for the Initiating Order submitted for execution against an Agency Order in SPX options into an AIM Auction pursuant to Cboe Rule 5.37. The Exchange believes the proposed rule change may improve price competition for smaller-sized orders within PIXL Auctions for XND options, because the primary liquidity providers will be available for the solicitation necessary to initiate those auctions.

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

No written comments were either solicited or received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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.* Please include file number SR–Phlx–2024–54 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–Phlx–2024–54. 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–Phlx–2024–54 and should be submitted on or before November 27, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[8]

Vanessa A. Countryman,

Secretary.

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[8] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101489; File No. SR–ICC–2024–012]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the ICC End-of-Day Price Discovery Policies and Procedures

October 31, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on October 21, 2024, ICE Clear Credit LLC (''ICC'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II and III below, which Items have been primarily prepared by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The principal purpose of the proposed rule change is to revise the End-of-Day Price Discovery Policies and Procedures (''EOD Procedures''). These revisions do not require any changes to the ICC Clearing Rules (the ''Rules'').

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICC 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. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

ICC proposes to revise the EOD Procedures, which sets out ICC's end-of-day (''EOD'') price discovery process that provides prices for cleared contracts using submissions made by Clearing Participants (''CPs''). ICC believes such revisions will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.