

All submissions should refer to file number SR–PEARL–2024–57. 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–PEARL–2024–57 and should be submitted on or before January 8, 2025.

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

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

[FR Doc. 2024–29928 Filed 12–17–24; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–101890; File No. SR–DTC–2023–801]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Amendment No. 1 to Advance Notice To Raise Prefunded Liquidity Resources Through the Periodic Issuance and Private Placement of Senior Notes

December 12, 2024.

On August 15, 2023, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission

(“Commission”) advance notice SR–DTC–2023–801 (“Initial Filing”) pursuant Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”) <sup>1</sup> and Rule 19b–4(n)(1)(i) under the Securities Exchange Act of 1934 (“Act”).<sup>2</sup> The Initial Filing was published for comment in the **Federal Register** on August 31, 2023.<sup>3</sup> The Commission has received comment on the Initial Filing.<sup>4</sup> Notice is hereby given that on December 3, 2024, DTC filed with the Commission Amendment No. 1 to the Initial Filing as described in Items I, II and III below, which Items have been prepared by the clearing agency. This Amendment No. 1 supersedes and replaces the Initial Filing in its entirety. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

Pursuant to the Clearing Supervision Act <sup>5</sup> and Rule 19b–4(n)(1)(i) under the Act,<sup>6</sup> DTC is filing this Amendment No. 1 to advance notice SR–DTC–2023–801 <sup>7</sup> in connection with a proposal to raise prefunded liquidity resources through the periodic issuance and private placement of senior notes (“Debt Issuance”). The proceeds from the Debt Issuance would supplement DTC's existing default liquidity risk management resources, as described in greater detail below.

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, the clearing agency included statements concerning the purpose of and basis for the Advance Notice and discussed any comments it received on the Advance Notice. The text of these statements may be examined at the places specified in Item IV below. The clearing agency has prepared summaries, set forth in sections A and B below, of the most significant aspects of such statements.

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b–4(n)(1)(i).

<sup>3</sup> Securities Exchange Act Release No. 98227 (Aug. 25, 2023), 88 FR 60251 (Aug. 31, 2023).

<sup>4</sup> Comments on the Initial Filing are available at <https://www.sec.gov/comments/sr-dtc-2023-801/srdtc2023801.htm>.

<sup>5</sup> 12 U.S.C. 5465(e)(1).

<sup>6</sup> 17 CFR 240.19b–4(n)(1)(i).

<sup>7</sup> See Securities Exchange Act Release No. 98227 (Aug. 25, 2023), 88 FR 60251 (Aug. 31, 2023) (SR–DTC–2023–801).

#### (A) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants, or Others

Written comments on the advance notice have not been solicited or received. DTC will notify the Commission of any written comments received by DTC. If any written comments are received by DTC, they will be publicly filed as an Exhibit 2 to this filing.

Persons submitting comments are cautioned that, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on how to submit comments, available at [www.sec.gov/regulatory-actions/how-to-submit-comments](https://www.sec.gov/regulatory-actions/how-to-submit-comments). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202–551–5777.

DTC reserves the right not to respond to any comments received.

#### (B) Advance Notice Filed Pursuant to Section 806(e) of the Clearing Supervision Act

##### Description of Proposed Change

DTC is proposing to raise prefunded liquidity through the periodic issuance and private placement of senior notes to qualified institutional investors in an aggregate amount not to exceed \$3 billion, as described in greater detail below. The proceeds of the Debt Issuance would supplement DTC's qualifying liquidity resources, which are described in the Clearing Agency Liquidity Risk Management Framework (“Framework”) <sup>8</sup> and include cash deposits to its Participants Fund and cash that would be obtained by drawing upon DTC's committed 364-day credit facility with a consortium of banks (“Line of Credit”).<sup>9</sup>

<sup>8</sup> See Securities Exchange Act Release Nos. 82377 (Dec. 21, 2017), 82 FR 61617 (Dec. 28, 2017) (SR–DTC–2017–004; SR–FICC–2017–008; SR–NSCC–2017–005). Following the completion of the initial issuance and private placement of senior notes, the Clearing Agencies would file a proposed rule change to amend the Framework to include the proceeds of the Debt Issuance as an additional qualifying liquidity resource of DTC.

<sup>9</sup> Capitalized terms not defined herein are defined in the Rules, By-Laws and Organization Certificate of DTC (“Rules”) available at [www.dtcc.com/-/](https://www.dtcc.com/-/)

More precisely, while the specific terms of any future Debt Issuance would depend on a number of factors, as described in greater detail below, DTC is requesting the authority to use the proceeds of any Debt Issuance as default liquidity.<sup>10</sup>

DTC, along with its affiliates, National Securities Clearing Corporation (“NSCC”) and Fixed Income Clearing Corporation (“FICC,” and, together with NSCC and DTC, the “Clearing Agencies”), maintain the Framework which sets forth the manner in which DTC measures, monitors and manages the liquidity risks that arise in or are borne by it.<sup>11</sup> DTC’s liquidity risk management strategy and tools are designed to maintain sufficient available liquid resources to complete system-wide settlement on each business day, with a high degree of confidence and notwithstanding the failure to settle of the Participant, or affiliated family of Participants, with the largest settlement obligation.<sup>12</sup>

The proposed Debt Issuance would provide DTC with an additional source of default liquidity, which would allow it to (a) diversify its sources of default liquidity, including the concentration of liquidity providers, and (b) mitigate risks to DTC that it is unable to secure default liquidity resources in an amount necessary to meet its liquidity needs. DTC utilizes certain rules-based tools, including the Net Debit Cap and the Collateral Monitor, to manage the liquidity risks its Participants’ present to it.<sup>13</sup> These two controls work together to protect the DTC settlement system in the event of a Participant default. The Collateral Monitor requires net debit settlement obligations, as they accrue intraday, to be fully collateralized and the Net Debit Cap limits the amount of

any Participant’s net debit settlement obligation to an amount that can be satisfied with DTC’s default liquidity resources.

As stated above, DTC currently maintains two key default liquidity resources to draw upon in the event of a Participant default: cash deposits to its Participants Fund and cash that would be obtained by drawing upon the Line of Credit.<sup>14</sup> By allowing DTC to diversify its sources of default liquidity, the proposal would allow DTC flexibility in the number of resources it has at its disposal, as well as which resources it accesses and at what levels when it has a liquidity need. Diversification mitigates the risk, for example, that DTC is unable to renew its Line of Credit, which is renewed annually and dependent on continued lender interest, at the targeted amount by providing DTC with an alternative and supplemental source of default liquidity. Additionally, diversification of DTC’s sources of default liquidity would provide DTC with the flexibility needed to properly manage anticipated changes to its liquidity needs, thereby allowing DTC to optimize its liquidity resources in line with its liquidity needs. Lastly, allowing DTC to mitigate the risk that it is unable to secure default liquidity resources in an amount necessary to meet its liquidity needs, supports DTC’s liquidity risk management strategy. Therefore, providing additional certainty, stability, and safety to DTC, its Participants, and the U.S. markets that it serves.

*Terms of the Debt Issuance.* The timing of a Debt Issuance would depend on a number of factors, including, for example, market conditions for the issuance of senior notes and the timing of any changes to DTC’s liquidity needs. However, when it determines to do so it would engage a trustee and underwriting banks to issue the senior notes to qualified institutional investors through a private placement and offering in reliance on an exemption from registration under Section 4(a)(2) of the Securities Act of 1933.<sup>15</sup> DTC would be party to certain transaction documents in connection with each issuance and private placement, including an indenture with the trustee and purchase agreements. The purchase

agreements would each be based on the standard form of dealer agreement for similar debt issuances, which is published by the Securities Industry and Financial Markets Association.

While the anticipated material terms and conditions of a future Debt Issuance are summarized below, the actual terms of a future Debt Issuance would depend on a number of factors, including DTC’s liquidity needs and the debt market conditions at the time of issuance. Therefore, with the exception of the authorized aggregate amount that DTC may issue of \$3 billion, the anticipated terms summarized below are reasonable estimates, but may not reflect the actual terms of a future Debt Issuance.

DTC is proposing to issue up to an aggregate amount of \$3 billion in senior notes, as DTC deems reasonable, or as necessitated by liquidity needs. While, at the time of this filing, DTC would not need to issue up to the aggregate amount of \$3 billion based on its current liquidity requirements, DTC believes that is advisable to authorize up to this aggregate amount in order to help manage its potential future liquidity needs and the potential risk that it is not able to obtain the requisite amounts from its other sources of default liquidity.

The senior notes would be represented by unsecured, unsubordinated and non-convertible medium-term and long-term global notes held in the name of DTC (as the central securities depository) or its nominee, Cede & Co. The notes would be issued and transferred only through the book-entry system of DTC. The senior notes would be interest bearing at either fixed or floating interest rates that are set at market rates customary for such type of debt and reflective of the creditworthiness of DTC.

DTC expects the average maturity of the senior notes issued under the Debt Issuance would be no shorter than approximately two years and no longer than approximately ten years, which are the typical lengths of medium-term and long-term debt. DTC does not believe maturities over ten years would be suitable as debt with longer maturities are generally more expensive to issue and may present higher risks related to interest rates. DTC would time each debt issuance and stagger maturity dates of each issuance in order to ladder the maturities. DTC would have the ability to make use of optional features to redeem the issued senior notes, in whole or in part, at any time prior to the maturity date of notes. More specifically, DTC would have the option to prepay any amount of principal owed on the issued senior notes before such

[media/Files/Downloads/legal/rules/dtc\\_rules.pdf](#). See also Securities Exchange Act Release No. 80605 (May 5, 2017), 82 FR 21850 (May 10, 2017) (SR–DTC–2017–802; SR–NSCC–2017–802).

<sup>10</sup> In addition to default liquidity, DTC may use the proceeds of a Debt Issuance to prepay a prior Debt Issuance before maturity but would not use the proceeds for any other purpose. DTC filed as a confidential exhibit to this filing a sample term sheet that may be indicative of the possible terms of any future Debt Issuance.

<sup>11</sup> *Supra* note 6. Each of the Clearing Agencies is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, which operates on a shared service 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 relevant services to the Clearing Agencies.

<sup>12</sup> *Id.*

<sup>13</sup> A description of the calculation of each Participant’s Net Debit Cap and Collateral Monitor is available in the Settlement Service Guide. See DTC Settlement Service Guide, available at [www.dtcc.com/-/media/Files/Downloads/legal/service-guides/Settlement.pdf](#).

<sup>14</sup> Under DTC Rule 10 (Discretionary Termination) and DTC Rule 11 (Mandatory Termination), a Participant will be in default if it fails to pay any amount due to DTC within specified timeframes, including the failure to fund a settlement obligation, to pay required deposits to the Participants Fund or to pay adequate assurances to DTC within the required timeframes. See *supra* note 7.

<sup>15</sup> 15 U.S.C. 77d(a)(2).

payment is due, *i.e.*, before the maturity date.

DTC would hold the proceeds from the Debt Issuance in either its cash deposit account at the Federal Reserve Bank of New York (“FRBNY”) or in accounts at other creditworthy financial institutions in accordance with the Clearing Agency Investment Policy.<sup>16</sup> These amounts would be available to draw to complete settlement as needed.

*DTC Liquidity Risk Management.* DTC’s liquidity needs for settlement are driven by protecting DTC against the possibility that a Participant may fail to pay its settlement obligations on a business day. The tools available to DTC under its Rules (*e.g.*, the Participants Fund, Net Debit Cap and Collateral Monitor) allow it to regularly test the sufficiency of liquid resources on an intraday and end-of-day basis and adjust to stressed circumstances during a settlement day to protect itself and Participants against liquidity exposure under normal and stressed market conditions.<sup>17</sup> DTC calculates its liquidity needs per Participant (at a legal entity level) and further aggregates these amounts at a family level (that is, including all affiliated Participants, based on the assumption that all such affiliates may fail simultaneously). In this regard, DTC monitors settlement flows and net-debit obligations on a daily basis, determines the appropriateness of each Participant’s Net Debit Cap and monitors net settlement activity.

As noted above, the Framework describes DTC’s liquidity risk management strategy, which is designed to maintain sufficient liquid resources to complete system-wide settlement on each business day, with a high degree of confidence and notwithstanding the failure to settle of the Participant, or affiliated family of Participants, with the largest settlement obligation.<sup>18</sup> The Framework also describes how DTC meets its requirement to hold qualifying liquid resources, as such term is defined

<sup>16</sup> See Securities Exchange Act Release Nos. 79528 (Dec. 12, 2016), 81 FR 91232 (Dec. 16, 2016) (SR-DTC-2016-007, SR-FICC-2016-005, SR-NSCC-2016-003); 84949 (Dec. 21, 2018), 83 FR 67779 (Dec. 31, 2018) (SR-DTC-2018-012, SR-FICC-2018-014, SR-NSCC-2018-013). Following the issuance of a Notice of No Objection by the Commission of this proposal, the Clearing Agencies would file a proposed rule change to amend the Clearing Agency Investment Policy to include the proceeds as default liquidity funds, within the definition of “Investable Funds,” as such term is defined therein, and provide that such amounts would be held in bank deposits at eligible commercial banks or at DTC’s cash deposit account at the FRBNY.

<sup>17</sup> *Supra* note 6.

<sup>18</sup> *Supra* note 7.

in Rule 17ad-22(a)(14) under the Act,<sup>19</sup> sufficient to meet its minimum liquidity resource requirement in each relevant currency for which it has payment obligations owed to its Participants. DTC considers each of its existing default liquidity resources to be qualifying liquid resources, and the proceeds from the Debt Issuance would also be default liquidity that is considered a qualifying liquid resource.

The proceeds from the Debt Issuance would provide DTC with additional, prefunded, and readily available qualifying liquid resources to be used to complete system-wide settlement if a Participant defaults. For DTC, the Participants Fund, Net Debit Cap and Collateral Monitor tools work together to limit potential liquidity requirements in default scenarios both on an intra-day and end-of-day basis. So, while DTC’s current available liquidity resources are sufficient to satisfy the single-largest family default under stressed but plausible conditions, the Debt Issuance would allow DTC to diversify its sources of default liquidity and mitigate risks to DTC that it is unable to secure default liquidity resources in an amount necessary to meet its liquidity needs. More specifically, the proposal would provide DTC with the flexibility to reduce its reliance on the Line of Credit, which is renewed annually and dependent on continued lender interest and meet any increased liquidity needs it may face in the future. As a source of prefunded, default liquidity, the Debt Issuance would provide additional certainty, stability, and safety to DTC, its Participants, and the U.S. markets that it serves.

By diversifying DTC’s sources of qualifying liquid resources, the Debt Issuance could also mitigate concentration risks related to its liquidity providers. More specifically, while DTC would not limit the potential qualified institutional investors that purchase senior notes and therefore, is not able to ensure that the Debt Issuance would reduce concentration risk, the types of entities who typically invest in senior notes (for example, insurance companies, asset managers and pension funds) are generally not Participants of DTC or lenders under the Line of Credit. Therefore, the prospective investors in the senior notes are not expected to be the same firms that currently provide any material amount of default liquidity resources to DTC either through the Line of Credit, or as DTC Participants. In this way, the proposed Debt Issuance would reduce the concentration risk related to its liquidity providers, by

reducing the likelihood that an impairment of a liquidity provider to perform under one qualifying liquid resource would impact DTC’s ability to fully access its other qualifying liquid resources.

#### Anticipated Effect on and Management of Risk

In connection with its role as a central securities depository (“CSD”), DTC provides for both the settlement of book-entry transfer and pledge of interests in eligible deposited securities and net funds settlement. A financially strong and well-managed, well-designed CSD, with appropriate risk management arrangements, can reduce the risk faced by participants, contributing to the goal of systemic financial stability. In order to sufficiently perform this role, it is critical that DTC has access to adequate liquidity resources to enable it to complete system-wide settlement every business day, including following a Participant default. DTC believes that the overall impact of the proposed Debt Issuance on risks presented by DTC would be to reduce the liquidity risks associated with DTC’s net settlement obligations by providing it with an additional source of liquidity to complete system-wide settlement in the event of a Participant default. DTC further believes that a reduction in its liquidity risk would reduce systemic risk and would have a positive impact on the safety and soundness of the wider financial system.

While the proposed Debt Issuance, like any liquidity resource, would involve certain risks, most of these risks are standard in any debt issuance. One risk associated with the proposed Debt Issuance would be the risk that DTC does not have sufficient funds to repay issued senior notes when the notes mature. DTC believes that this risk is extremely remote, as the proceeds of the Debt Issuance would be used only in the event of a Participant default, and DTC would replenish that cash, as it would replenish any of its liquidity resources that are used to facilitate settlement in the event of a Participant default, with the proceeds of the close out of that defaulted Participant’s portfolio. This notwithstanding, in the event that proceeds from the close out are insufficient to fully repay a liquidity borrowing, then DTC would look to its loss waterfall to repay any outstanding liquidity borrowings.<sup>20</sup> DTC would further mitigate this risk through the timing of each debt issuance and by staggering the maturity dates of the

<sup>19</sup> 17 CFR 240.17ad-22(a)(14).

<sup>20</sup> See Rule 4 (Participants Fund and Participants Investment) of the Rules, *supra* note 7.

issued senior notes in a way that would provide DTC with time to complete the close out of a defaulted Participant's portfolio. A second risk is that DTC may be unable to issue new senior notes as issued notes mature due to, for example, stressed markets at the time the issued debt matures. This risk is mitigated by the fact that DTC maintains a number of different default liquidity resources, described above, and would not depend on the Debt Issuance as its sole source of liquidity.

DTC may be exposed to interest rate risk, which is the risk that a change in interest rates could cause an increase to the net cost of carry of the Debt Issuance.<sup>21</sup> DTC would mitigate this risk by issuing senior notes at different maturities and at both fixed interest rates and floating interest rates. The interest rates for the senior notes issued at floating interest rates would generally correlate with the rates on investments of those proceeds and would be expected to result in a largely stable net spread between the borrowing interest rate and the investment interest rate, mitigating this risk. For the senior notes issued with a fixed interest rate, DTC would consider interest rate swaps as a method to mitigate interest rate risk, depending on market environment at that time.

DTC could also face a related financial risk that the expense of a Debt Issuance exceeds DTC's income and may have a negative impact on DTC's financial health or its creditworthiness. DTC would mitigate this risk by evaluating the expected net cost of carry (discussed above) of a Debt Issuance prior to issuing any debt, and if the financing costs for the issuance of senior notes increase, such that it is not financially advisable to issue additional senior notes, then DTC may determine to use its alternative liquidity resources to meet its liquidity needs during those market conditions.

DTC believes that the significant systemic risk mitigation benefits of providing DTC with additional, prefunded liquidity resources outweigh these risks.

#### Consistency With Clearing Supervision Act

DTC believes that that proposal would be consistent with Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing

Supervision Act"), specifically with the risk management objectives and principles of Section 802(b)(1), and with certain of the risk management standards adopted by the Commission pursuant to Section 805(a)(2), for the reasons described below.<sup>22</sup>

#### (i) Consistency With Section 805(b)(1) of the Clearing Supervision Act

Although the Clearing Supervision Act does not specify a standard of review for an advance notice, its stated purpose is instructive: to mitigate systemic risk in the financial system and promote financial stability by, among other things, promoting uniform risk management standards for systemically important financial market utilities and strengthening the liquidity of systemically important financial market utilities.<sup>23</sup>

DTC believes the proposal is consistent with Section 805(b)(1) of the Clearing Supervision Act because it would support the mitigation of systemic risk in the financial system and promote financial stability in the event of a Participant default by strengthening DTC's liquidity. The proposed Debt Issuance is designed to reduce DTC's liquidity risks by providing it with an additional source of liquidity to complete system-wide settlement in the event of a Participant default. By supplementing DTC's existing default liquidity resources with prefunded liquidity, the proposal would contribute to DTC's goal of assuring that DTC has adequate liquidity resources to meet its settlement obligations notwithstanding the default of any of its Participants.

In its critical role as a CSD, DTC provides for both the settlement of book-entry transfer and pledge of interests in eligible deposited securities and net funds settlement. In order to sufficiently perform this role, it is critical that DTC has access to adequate liquidity resources to enable it to complete system-wide settlement every business day, including following a Participant default. Therefore, a reduction in DTC's liquidity risk would reduce systemic risk and would have a positive impact on the safety and soundness of the wider financial system.

As a result, DTC believes the proposed Debt Issuance would be consistent with the objectives and principles of Section 805(b)(1) of the Clearing Supervision Act, which specify the promotion of robust risk management, promotion of safety and soundness, reduction of systemic risks

and support of the stability of the broader financial system by, among other things, strengthening the liquidity of systemically important financial market utilities, such as DTC.<sup>24</sup>

#### (ii) Consistency With Rule 17ad-22(e)(7)(i) and (ii) Under the Act

Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like DTC, and financial institutions engaged in designated activities for which the Commission is the supervisory agency or the appropriate financial regulator.<sup>25</sup> The Commission has accordingly adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act<sup>26</sup> and Section 17A of the Act ("Covered Clearing Agency Standards").<sup>27</sup> The Covered Clearing Agency Standards require covered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.<sup>28</sup>

DTC believes that the proposed Debt Issuance is consistent with Rule 17ad-22(e)(7)(i) and (ii) of the Covered Clearing Agency Standards for the reasons described below.<sup>29</sup>

Rule 17ad-22(e)(7)(i) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to maintain sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.<sup>30</sup> Rule 17ad-22(e)(7)(ii) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to hold qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17ad-22(e)(7)(i)

<sup>24</sup> 12 U.S.C. 5464(b)(1).

<sup>25</sup> 12 U.S.C. 5464(a)(2).

<sup>26</sup> *Id.*

<sup>27</sup> 17 CFR 240.17ad-22(e).

<sup>28</sup> *Id.*

<sup>29</sup> 17 CFR 240.17ad-22(e)(7)(i), (ii).

<sup>30</sup> 17 CFR 240.17ad-22(e)(7)(i).

<sup>21</sup> The "net cost of carry" generally refers to the difference between the interest earned on the invested proceeds of an issuance and the interest rate paid on that issuance.

<sup>22</sup> 12 U.S.C. 5464(a)(2) and (b)(1).

<sup>23</sup> 12 U.S.C. 5464(b)(1).

in each relevant currency for which DTC has payment obligations owed to its Participants.<sup>31</sup>

As described above, the proposed Debt Issuance would provide DTC with an additional resource of prefunded default liquidity, which it would use to complete system-wide settlement every business day, including following a Participant default. The proceeds of the Debt Issuance would be cash held by DTC at either its cash deposit account at the FRBNY or at a creditworthy commercial bank, pursuant to the Clearing Agency Investment Policy.<sup>32</sup> Therefore, the proceeds of the Debt Issuance would be considered a qualifying liquid resource, as defined by Rule 17ad-22(a)(14).<sup>33</sup> As such, the proposed Debt Issuance would support DTC's ability to hold sufficient qualifying liquid resources to meet its minimum liquidity resource requirement under Rule 17ad-22(e)(7)(i) under the Act.<sup>34</sup>

For these reasons, DTC believes the proposal would support DTC's compliance with Rule 17ad-22(e)(7)(i) and (ii) under the Act by providing it with an additional qualifying liquid resource.<sup>35</sup>

### III. Date of Effectiveness of the Advance Notice, and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does

<sup>31</sup> 17 CFR 240.17ad-22(e)(7)(ii). For purposes of this Rule, "qualifying liquid resources" are defined in Rule 17ad-22(a)(14) as including, in part, cash held either at the central bank of issue or at creditworthy commercial banks. 17 CFR 240.17ad-22(a)(14).

<sup>32</sup> *Supra* note 14.

<sup>33</sup> 17 CFR 240.17ad-22(a)(14).

<sup>34</sup> 17 CFR 240.17ad-22(e)(7)(i).

<sup>35</sup> 17 CFR 240.17ad-22(e)(7)(i), (ii).

not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The clearing agency shall post notice on its website of proposed changes that are implemented.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the Advance Notice is consistent with the Clearing Supervision 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-regulations/self-regulatory-organization-rulemaking/>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2023-801 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

All submissions should refer to File Number SR-DTC-2023-801. 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 Advance Notice that are filed with the Commission, and all written communications relating to the Advance Notice 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 DTC and on DTCC's website ([www.dtcc.com/legal/sec-rule-filings](http://www.dtcc.com/legal/sec-rule-filings)).

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-DTC-2023-801 and should be submitted on or before January 8, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>36</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2024-29919 Filed 12-17-24; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101894; File No. SR-MIAX-2024-45]

### Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Fees for Dedicated Cross Connection Access to the Testing Systems Environment

December 12, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 29, 2024, Miami International Securities Exchange, LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("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 is filing a proposal to establish a fee for market participants that choose to utilize the Exchange's testing systems environment via a dedicated cross connection.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings>, at MIAX's principal office, and at the Commission's Public Reference Room.

<sup>36</sup> 17 CFR 200.30-3(a)(91).

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

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