

approximately \$1,604,000 per year (32,080 × \$50).

In addition, we estimate that each transfer agent will incur an annual external cost burden of approximately \$18,000 resulting from the collection of information. Therefore, the total annual external cost on the entire transfer agent industry is approximately \$7,218,000 (\$18,000 times 401). This cost primarily reflects ongoing computer operations and maintenance associated with generating, maintaining, and disclosing or providing certain information required by the rule.

The amount of time any particular transfer agent will devote to Rule 17Ad-10 compliance will vary according to the size and scope of the transfer agent's business activity. We note, however, that at least some of the records, processes, and communications required by Rule 17Ad-10 would likely be maintained, generated, and used for transfer agent business purposes even without the rule.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: [www.reginfo.gov](http://www.reginfo.gov). Find this particular information collection by selecting "Currently under 30-day Review—Open for Public Comments" or by using the search function. Written comments and recommendations for the proposed information collection should be sent by December 22, 2022 to (i) [www.reginfo.gov/public/do/PRAMain](http://www.reginfo.gov/public/do/PRAMain) and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: November 16, 2022.

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2022-25346 Filed 11-21-22; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-96330; File No. SR-BX-2022-022]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule BX Equity 6, Section 5 To Provide Participants With Additional Optional Settings

November 16, 2022.

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 10, 2022, Nasdaq BX, Inc. ("BX" or "Exchange") 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 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 Rule BX Equity 6, Section 5 (Exchange Sharing of Participant Risk Settings) to provide Participants with additional optional settings.

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 changes under Rule BX Equity 6, Section 5 (Exchange Sharing of Participant Risk Settings) is to provide BX Participants (the "Participants") with additional optional settings to assist them in their efforts to manage risk on their order flow. These additional settings provide participants with extra oversight and controls on orders coming into the exchange. Once the optional risk controls are set, the Exchange is authorized to take automated action if a designated risk level for a Participant is exceeded. Such risk settings would provide Participants with enhanced abilities to manage their risk with respect to orders on the Exchange.

All proposed risk settings are optional for Participants and afford flexibility to Participants to select their own risk tolerance levels. The proposed new and amended risk settings are as follows.

The Exchange is proposing to add an additional risk setting titled "Restricted Stock List." This control allows a Participant to restrict the types of securities transacted by setting a list of symbols for which orders cannot be entered. This control also allows Participants to set a hard to borrow list, which is a list of symbols for which short sale orders may not be entered. Short sale orders for symbols not on the hard to borrow list will be accepted; however, Participants will have an option to indicate that short sales orders are permitted for all symbols by not maintaining a hard to borrow list. This setting is similar to Interpretations and Policies .01(d) of BZX Rule 11.13.<sup>3</sup>

The Exchange is proposing to add an additional risk setting titled "ADV Check." This control relates to the size of an order as compared to the 20 day consolidated average daily volume<sup>4</sup> (ADV) of the security and allows a Participant to set a specified percent of ADV that an order size cannot exceed. This control also allows a Participant to specify the minimum value on which such control is based if the average daily volume of the securities is below such value. This setting is similar to

<sup>3</sup> See Securities Exchange Act Release No. 80611 (May 5, 2017) 82 FR 22045 (May 11, 2017) (SR-BatsBZX-2017-24).

<sup>4</sup> In certain circumstances, when the security does not have 20 days of trading history, the ADV Check is calculated on fewer than 20 data points.

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

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

Interpretations and Policies .01(g) of BZX Rule 11.13.

The Exchange is proposing to add an additional risk setting titled “Fat Finger Protection.” This control relates to the limit price of an order as compared to the NBBO and includes both percentage-based and dollar-based controls. If the limit price of an order deviates from the NBBO in excess of the amount set by a Participant (either percentage or dollar based), the order will not be accepted. This setting is similar to Interpretations and Policies .01(b) of BZX Rule 11.13.

The Exchange is proposing to add an additional risk setting titled “Rate Thresholds Check.” A Participant will be able to set the maximum number of messages (other than cancellations, but including new orders, replacement orders and modifications) that can be sent in during a configurable one second time window set by the Exchange. This control can be set as a port level or per symbol. This setting is similar to Interpretations and Policies .01(f) of BZX Rule 11.13.

The Exchange is proposing to add an additional risk setting titled “Gross Exposure Check.” This control measures open, executed, or notional exposure of a Participant on the Exchange; and, when breached, prevents submission of all new orders and, optionally, will cancel all open orders. Gross open order exposure is measured as the sum of booked price times size for all open orders plus the sum of booked price times size for all open sell orders. Gross executed order exposure is measured as the sum of all executed buy and sell orders. Gross notional order exposure is measured as the sum of the gross open exposure and gross executed exposure. This setting is similar to Interpretations and Policies .01(h) of BZX Rule 11.13.

The Exchange is proposing to add an additional risk setting titled “Market Impact Check.” This optional control, if enabled, will result in the rejection of a Participant’s incoming limit order if the limit price of the order is priced through the far-side of the current LULD bands. In other words, a buy (sell) order cannot be priced more aggressively than the upper (lower) LULD band.<sup>5</sup> The Exchange notes that pursuant to the existing LULD requirements, buy orders priced below the lower price bands (and

<sup>5</sup> The Limit Up-Limit Down (LULD) mechanism is intended to prevent trades in National Market System (NMS) securities from occurring outside of specified price bands. The bands are set at a percentage level above and below the average reference price of the security over the immediately preceding five-minute period. To accommodate fundamental price moves, there is a five-minute trading pause if trading is unable to occur within the specified price band after 15 seconds.

vice versa for sell orders) will be accepted and are eligible for inclusion in the NBBO; however, these orders are outside the price bands and will be non-executable. If the price bands move in such a way that an order that was previously outside the price band is now inside the band, the order will become executable.

The Exchange believes that this new optional setting is similar to the Exchange’s existing Limit Order Protection (“LOP”). LOP is a feature of the BX that prevents certain Limit Orders at prices outside of pre-set standard limits (“LOP Limit”) from being accepted by the System.<sup>6</sup> LOP is operational each trading day. LOP does not apply in the event that there is no established LOP Reference Price.<sup>7</sup> LOP is applicable on all order entry protocols.<sup>8</sup> While the current LULD functionality would continue to apply, this additional proposed risk setting would allow a Participant to manage its risk more comprehensively.

The Exchange is also proposing to amend two existing risk settings titled, ISO Control and Duplication Control.

Currently, pursuant to BX Equity 6, Section 5(j), the Duplication control will automatically reject an order that a Participant submits to the Exchange to the extent that it is duplicative of another order that the Participant submitted to the Exchange during the prior five seconds. The Exchange proposes to provide additional flexibility for Participants by allowing the interval applicable to this risk check to vary from one to thirty seconds, as set by a Participant. This setting is similar to Interpretations and Policies .01(e) of BZX Rule 11.13.

Pursuant to BX Equity 6, Section 5(b), ISO Control setting prevents a Participant from entering an ISO order onto the Exchange. The Exchange proposes to expand this setting to allow a Participant to restrict additional order types from being entered. Specifically, a Participant may restrict their ability to place any of the following: ISO Orders (as currently provided by this risk setting), short sale orders, non-auction market orders, pre-market orders or post-market orders. The Exchange proposes to change the title of this risk

<sup>6</sup> The LOP Limit is the greater of 10% of the LOP Reference Price or \$0.50 for all securities across all trading sessions. The LOP Reference Price is the current National Best Bid or Best Offer, the bid for sell orders and the offer for buy orders.

<sup>7</sup> For example, if there is a one-sided quote or if the NBB, when used as the LOP Reference Price, is equal to or less than \$0.50.

<sup>8</sup> BX maintains several communications protocols for Participants to use in entering Orders and sending other messages, such as: OUCH, RASH, QIX, FLITE and FIX.

setting to Order Type/Attribution Check to better reflect its substance, as amended. This setting is similar to Interpretations and Policies .01(c) of BZX Rule 11.13.

As currently provided for existing risk settings, the Exchange will share any Participant risk settings in the trading system that are specified Rule BX Equity 6, Section 5, with the clearing member that clears transactions on behalf of the Participant even if the clearing member is not designated.

## Implementation

The Exchange intends to implement of the proposed rule changes on or before March 31, 2023. The Exchange will issue an Equity Trader Alert to members announcing the exact date the Exchange will implement the risk protections.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>10</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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.

Specifically, the Exchange believes the proposed amendment will remove impediments to and perfect the mechanism of a free and open market and a national market system because it provides functionality for a Participant to manage its risk exposure, while also maintaining a notification system under Rule BX Equity 6, Section 5 that would help to ensure the Participant and its clearing member are aware of developing issues.

A clearing member guarantees transactions executed on BX for members with whom it has entered into a clearing arrangement, and therefore bears the risk associated with those transactions. The Exchange therefore believes that it is appropriate for the clearing member to have knowledge of what risk settings the Participant may utilize within the Exchange’s trading system, as well as the option to set and adjust the risk levels. The proposal will permit clearing members who have a financial interest in the risk settings of Participants with whom the Participants have entered into clearing arrangements to better monitor and manage the potential risks assumed by clearing members, thereby providing clearing

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

members with greater control and flexibility over setting their own risk tolerance and exposure and aiding clearing members in complying with the Act.

In addition, the Exchange believes that the proposed amendments under Rule BX Equity 6, Section 5, are designed to protect investors and the public interest because the proposed functionalities are a form of risk mitigation that will aid Participants and clearing members in minimizing their financial exposure and reduce the potential for disruptive, market-wide events. The proposed new:

- Gross Executed Check settings are appropriate measures to serve as an additional tool for Participants and clearing members to assist them in identifying open, executed, or notional exposure risk;
- Market Impact Check and ADV check may assist Participants in avoiding placing orders with unintentional market impact;
- Rate Thresholds Check may help alert a Participant to excessive message traffic that could affect technical port performance;
- Fat Finger Protection will assist a Participant in avoiding submission of orders with unintended price limits or share sizes;
- Restricted Stock List will assist a Participant in limiting trading for a particular security.

The proposed amendments to ISO Control will a Participant prevent trading in a particular order type by expanding the types of orders subject to this check to pre-market, post-market, short sales, non-auction market orders. The proposed amendments to the Duplication Control will allow a Participant additional flexibility in using this control by letting a Participant to choose the period of time over which this control applies.

The Exchange also believes the proposed amendments will assist Participants and clearing members in managing their financial exposure which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

Finally, the Exchange believes that the proposed rule changes do not unfairly discriminate among the Exchange's Participants because use of the risk settings under Rule BX Equity 6, Section 5 are optional and available to all Participants, and not a prerequisite for participation on the Exchange.

#### *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 not necessary or appropriate in furtherance of the purposes of the Act. In fact, the Exchange believes that the proposal will have a positive effect on competition because, it would allow the Exchange to offer risk management functionality that is comparable to functionality being offered by other national securities exchanges. Moreover, by providing Participants and their clearing members additional means to monitor and control risk, the proposed rule may increase confidence in the proper functioning of the markets and contribute to additional competition among trading venues and broker-dealers. Rather than impede competition, the proposal is designed to facilitate more robust risk management by Participants and clearing members, which, in turn, could enhance the integrity of trading on the securities markets and help to assure the stability of the financial system.

#### *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**

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</sup>

At any time within 60 days of the filing of the 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 to determine whether the proposed rule 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-BX-2022-022 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-BX-2022-022. 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-BX-2022-022 and should be submitted on or before December 13, 2022.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). 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.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2022–25354 Filed 11–21–22; 8:45 am]

BILLING CODE 8011–01–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–96337; File No. 10–239]

### 24X National Exchange LLC; Notice of Filing of Amendment No. 2 to an Application for Registration as a National Securities Exchange Under Section 6 of the Securities Exchange Act of 1934

November 17, 2022.

On March 25, 2022, 24X National Exchange LLC (“24X”) filed with the Securities and Exchange Commission (“Commission”) a Form 1 application under the Securities Exchange Act of 1934 (“Act”) seeking registration as a national securities exchange under Section 6 of the Act.<sup>1</sup> Notice of the application was published for comment in the **Federal Register** on June 6, 2022.<sup>2</sup> The Commission received three comment letters on 24X’s Initial Form 1 Application and a letter from 24X responding to these comment letters.<sup>3</sup> On September 1, 2022, the Commission instituted proceedings pursuant to Section 19(a)(1)(B) of the Act<sup>4</sup> to determine whether to grant or deny 24X’s application for registration as a national securities exchange under Section 6 of the Act (the “OIP”).<sup>5</sup> The Commission received one comment letter in response to the OIP,<sup>6</sup> and a letter in response to the OIP from 24X.<sup>7</sup> On October 21, 2022, 24X filed an amendment to its Initial Form 1

Application (“Amendment No. 1”).<sup>8</sup> Notice of Amendment No. 1 was published for comment in the **Federal Register** on November 9, 2022.<sup>9</sup> On November 10, 2022, 24X filed a second amendment to its Initial Form 1 Application (“Amendment No. 2”).<sup>10</sup> The Commission is publishing this notice in order to solicit views of interested persons on 24X’s Initial Form 1 Application, as amended by Amendment No. 1 and Amendment No. 2.

#### I. Description of 24X’s Proposed Trading System

24X proposes to operate a fully automated electronic trading platform for the trading of listed NMS stocks pursuant to unlisted trading privileges.<sup>11</sup> 24X would not maintain a physical trading floor.<sup>12</sup> 24X proposes to allow trading in NMS stocks 24 hours a day, 7 days per week, 365 days a year.<sup>13</sup> 24X proposes specific rules to govern trading during regular trading hours<sup>14</sup> as well as trading outside of regular trading hours.<sup>15</sup>

#### II. Amendment No. 2 to 24X’s Initial Form 1 Application

In Amendment No. 2, 24X proposes certain changes to the Amended and Restated Limited Liability Company Operating Agreement of 24X Bermuda Holdings LLC,<sup>16</sup> as well as to the Member Nominating Committee Charter.<sup>17</sup>

#### III. Request for Written Comment

The Commission requests that interested persons provide written views and data with respect to 24X’s

Initial Form 1 Application, as amended by Amendment No. 1 and Amendment No. 2. 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 10–239 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 10–239. 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/other.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to 24X’s Initial Form 1 Application, as amended by Amendment No. 1 and Amendment No. 2, filed with the Commission, and all written communications relating to the application 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. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from submissions. You should submit only information that you wish to make publicly available.

All submissions should refer to File Number 10–239 and should be submitted on or before December 13, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2022–25425 Filed 11–21–22; 8:45 am]

BILLING CODE 8011–01–P

<sup>18</sup> 17 CFR 200.30–3(a)(71)(ii).

<sup>13</sup> 17 CFR 200.30–3(a)(12).

<sup>15</sup> U.S.C. 78f.

<sup>2</sup> See Securities Exchange Act Release No. 95007 (May 31, 2022), 87 FR 34333 (June 6, 2022) (“Initial Form 1 Application”).

<sup>3</sup> The public comment file for 24X’s Form 1 application (File No. 10–239) is available on the Commission’s website at: <https://www.sec.gov/comments/10-239/10-239.htm>.

<sup>4</sup> 15 U.S.C. 78s(a)(1)(B).

<sup>5</sup> See Securities Exchange Act Release No. 95651 (Sept. 1, 2022), 87 FR 54736 (Sept. 7, 2022).

<sup>6</sup> See letter from Brian Hyndman, President and Chief Executive Officer, Blue Ocean ATS, LLC, dated Sept. 28, 2022, to Vanessa A. Countryman, Secretary, Commission.

<sup>7</sup> See letter from James M. Brady, Katten Muchin Rosenman LLP, outside counsel for 24X National Exchange LLC, dated Oct. 18, 2022, to Vanessa A. Countryman, Secretary, Commission.

<sup>8</sup> Amendment No. 1 is available on the Commission’s website at: <https://www.sec.gov/rules/other/2022/24x/24x-form-1.htm>.

<sup>9</sup> See Securities Exchange Act Release No. 96218 (Nov. 3, 2022), 87 FR 67725 (Nov. 9, 2022).

<sup>10</sup> Amendment No. 2 is available on the Commission’s website at: <https://www.sec.gov/rules/other/2022/24x/24x-form-1.htm>.

<sup>11</sup> See Exhibit E, as amended by 24X’s Amendment No. 1, at 1, 4.

<sup>12</sup> *Id.* at 1.

<sup>13</sup> See proposed 24X Rule 11.1 (describing the hours of trading and trading days for 24X).

<sup>14</sup> Regulation NMS Rule 600(b)(77) defines “regular trading hours” as “the time between 9:30 a.m. and 4:00 p.m. Eastern Time . . .” 24X proposes to define four different trading sessions. See proposed 24X Rules 1.5(b), defining the “24X Market Session”; 1.5(k) defining the “Core Market Session”; 1.5(v) defining the “Post-market Session”; and 1.5(w) defining the “Pre-Market Session”.

<sup>15</sup> See e.g., proposed 24X Rule 11.16 (describing what orders are eligible for execution outside of regular trading hours).

<sup>16</sup> See Exhibits C and C–2, as amended by 24X’s Amendment No. 2.

<sup>17</sup> See Exhibit J–3, as amended by 24X’s Amendment No. 2.