

www.prc.gov, Docket Nos. MC2023–93, CP2023–94.

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[FR Doc. 2022–27769 Filed 12–21–22; 8:45 am]

BILLING CODE 7710–12–P

## POSTAL SERVICE

### Product Change—Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select Service 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:* December 22, 2022.

**FOR FURTHER INFORMATION CONTACT:** Sean 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 December 12, 2022, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail, First-Class Package Service, and Parcel Select Service Contract 101 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2023–83, CP2023–84.

Sarah Sullivan,

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[FR Doc. 2022–27756 Filed 12–21–22; 8:45 am]

BILLING CODE 7710–12–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–96519; File No. SR–GEMX–2022–13]

### Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Certain Functionality in Connection With a Technology Migration

December 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 December

9, 2022, Nasdaq GEMX, LLC (“GEMX” 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 amend Options 3, Section 12, Crossing Orders and Options 3, Section 13, Price Improvement Mechanism for Crossing Transactions.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/gemx/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

In connection with a technology migration to an enhanced Nasdaq, Inc. (“Nasdaq”) functionality which will result in higher performance, scalability, and more robust architecture, the Exchange intends to adopt certain trading functionality currently utilized at Nasdaq affiliate exchanges. Specifically, the Exchange proposes to amend Options 3, Section 12, Crossing Orders and Options 3, Section 13, Price Improvement Mechanism for Crossing Transactions. The changes proposed herein are identical to changes that were recently proposed for MRX.<sup>3</sup> Each change will be described below.

<sup>3</sup> See Securities Exchange Act Release No. 95854 (September 21, 2022), 87 FR 58571 (September 27, 2022) (Order Approving SR–MRX–2022–10).

#### Changes to the Price Improvement Mechanism for Crossing Transactions

The Price Improvement Mechanism (“PIM”) is a process by which an Electronic Access Member can provide price improvement opportunities for a transaction wherein the Electronic Access Member seeks to facilitate an order it represents as agent, and/or a transaction wherein the Electronic Access Member solicited interest to execute against an order it represents as agent (a “Crossing Transaction”).

The Exchange proposes to amend PIM in Options 3, Section 13(d)(4) which currently provides,

When a market order or marketable limit order on the opposite side of the market from the Agency Order ends the exposure period, it will participate in the execution of the Agency Order at the price that is mid-way between the best counter-side interest and the NBBO, so that both the market or marketable limit order and the Agency Order receive price improvement. Transactions will be rounded, when necessary, to the \$.01 increment that favors the Agency Order.

Today, unrelated interest in the form of a market order or marketable limit order, on the opposite side of the market from an Agency Order,<sup>4</sup> may end an exposure period<sup>5</sup> within a PIM and participate in the execution of the Agency Order. The unrelated order would participate at the price that is mid-way between the best counter-side interest and the NBBO, so that both the market order or marketable limit order

<sup>4</sup> An Agency Order is the part of a Crossing Transaction that an Electronic Access Member represents as agent. See GEMX Options 3, Section 13(b).

<sup>5</sup> Upon entry of a Crossing Transaction into the Price Improvement Mechanism, a broadcast message that includes the series, price and size of the Agency Order, and whether it is to buy or sell, will be sent to all Members. The Exchange designates a time of no less than 100 milliseconds and no more than 1 second for Members to indicate the size and price at which they want to participate in the execution of the Agency Order (“Improvement Orders”). Improvement Orders may be entered by all Members in one-cent increments at the same price as the Crossing Transaction or at an improved price for the Agency Order, and will only be considered up to the size of the Agency Order. During the exposure period, Improvement Orders may not be canceled, but may be modified to (i) increase the size at the same price, or (ii) improve the price of the Improvement Order for any size up to the size of the Agency Order. During the exposure period, responses (including the Counter-Side Order, Improvement Orders, and any changes to either) submitted by Members shall not be visible to other auction participants. The exposure period will automatically terminate (i) at the end of the time period designated by the Exchange pursuant to Options 3, Section 13(c)(1) above, (ii) upon the receipt of a market or marketable limit order on the Exchange in the same series, or (iii) upon the receipt of a non-marketable limit order in the same series on the same side of the market as the Agency Order that would cause the price of the Crossing Transaction to be outside of the best bid or offer on the Exchange. See GEMX Options 3, Section 13(c).

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

<sup>2</sup> 17 CFR 240.19b–4.

and the Agency Order receive price improvement.

First, the Exchange proposes to *not* permit unrelated marketable interest on the opposite side of the market from the Agency Order, which is received during a PIM, to early terminate a PIM. The Exchange proposes to amend GEMX Options 3, Section 13(d)(4) to instead provide,

Unrelated market or marketable interest (against the GEMX BBO) on the opposite side of the market from the Agency Order received during the exposure period will not cause the exposure period to end early and will execute against interest outside of the Crossing Transaction. If contracts remain from such unrelated order at the time the auction exposure period ends, they will be considered for participation in the order allocation process described in subparagraph (3).<sup>6</sup>

This amendment is identical to a change recently adopted for MRX.<sup>7</sup> Additionally, Nasdaq Phlx LLC (“Phlx”)<sup>8</sup> and Nasdaq BX, Inc. (“BX”)<sup>9</sup> similarly do not permit unrelated interest on the opposite side of the

<sup>6</sup> Subparagraph (3) of Options 3, Section 13(d) describes the manner in which a Counter-Side Order would be allocated. The Counter Side Order is one part of a Crossing Transaction and represents the full size of the Agency Order. The Counter-Side Order may represent interest for the Member's own account, or interest the Member has solicited from one or more other parties, or a combination of both. See GEMX Options 3, Section 13(b).

<sup>7</sup> See note 3 above. MRX amended Options 3, Section 13(d)(4).

<sup>8</sup> Phlx Options 3, Section 13(b)(4) provides that an unrelated market or marketable Limit Order (against the PBBO) on the opposite side of the market from the PIXL Order received during the Auction will not cause the Auction to end early and will execute against interest outside of the Auction. See Securities Exchange Act Releases No. 79835 (January 18, 2017), 82 FR 8445 (January 25, 2017) (SR-Phlx-2016-119) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Amend the PIXL Price Improvement Auction in Phlx Rule 1080(n) and To Make Pilot Program Permanent) and 63027 (October 1, 2010), 75 FR 62160 (October 7, 2010) (SR-Phlx-2010-108) (“PIXL Approval Order”). The Commission noted in SR-Phlx-2016-119 that, “In approving this feature on a pilot basis, the Commission found that ‘allowing the PIXL auction to continue for the full auction period despite receipt of unrelated orders outside the Auction would allow the auction to run its full course and, in so doing, will provide a full opportunity for price improvement to the PIXL Order. Further, the unrelated order would be available to participate in the PIXL order allocation.’ The Exchange does not believe that this provision has had a significant impact on either the unrelated order or the PIXL Auction process, either for simple or Complex PIXL Orders. The Exchange therefore has requested that the Commission approve this aspect of the Pilot on a permanent basis for both simple and Complex PIXL Orders.”

<sup>9</sup> BX Options 3, Section 13(ii)(D) provides that unrelated market or marketable interest (against the BX BBO) on the opposite side of the market from the PRISM Order received during the Auction will not cause the Auction to end early and will execute against interest outside of the Auction.

market from the Agency Order to early terminate their price improvement auctions. With this proposed change, the PIM exposure period would continue for the full period despite the receipt of unrelated marketable interest on the opposite side of the market from the Agency Order. Allowing the PIM to run its full course would provide an opportunity for additional price improvement to the Crossing Transaction. Further, the unrelated interest would participate in the PIM allocation with any residual contracts remaining after interacting with the order book pursuant to GEMX Options 3, Section 13(d). The aforementioned residual contracts are contracts that remain available for execution after the unrelated order on the opposite side of market as the Agency Order, which was marketable with bids and offers on the same side of the market as the Agency Order, executed against bids and offers on the Exchange's order book.

Second, the Exchange also proposes to amend current GEMX Options 3, Section 13(c)(5) which states,

The exposure period will automatically terminate (i) at the end of the time period designated by the Exchange pursuant to Options 3, Section 13(c)(1) above, (ii) upon the receipt of a market or marketable limit order on the Exchange in the same series, or (iii) upon the receipt of a non-marketable limit order in the same series on the same side of the market as the Agency Order that would cause the price of the Crossing Transaction to be outside of the best bid or offer on the Exchange.

Specifically, the Exchange proposes to remove “(ii),” which provides the exposure period will automatically terminate “. . . (ii) upon the receipt of a market or marketable limit order on the Exchange in the same series. . . .”. The Exchange notes that this sentence applies to the receipt of marketable orders both on the same side and opposite side of the Agency order. As described above, the Exchange proposes to *not* permit unrelated marketable interest on the opposite side of the market from the Agency Order, which is received during a PIM, to early terminate a PIM. Therefore, with respect to the opposite side of the Agency Order, the termination of the auction will no longer be possible with the proposed change to GEMX Options 3, Section 13(d)(4). With respect to the same side of the Agency Order, today, an unrelated market or marketable limit order in the same series on the same side of the Agency Order would cause the PIM to early terminate as well. At this time the Exchange proposes to *not* permit an unrelated market or marketable limit order in the same

series *on the same side* of the Agency Order to cause the PIM to early terminate. This proposed change will align the functionality of GEMX's PIM to that of MRX's PIM,<sup>10</sup> BX's PRISM and Phlx's PIXL,<sup>11</sup> which do not permit an unrelated market or marketable limit order in the same series on the same side of the Agency Order to cause the PRISM or PIXL to early terminate, unless the BBO improves beyond the price of the Crossing Transaction on the same side. The Exchange notes that a market or marketable limit order in the same series on the same side of the Agency Order cannot interact with a PIM auction. The market or marketable limit order may interact with the order book, and if there are residual contracts that remain from the market or marketable limit order in the same series on the same side of the Agency Order, they could rest on the order book and improve the BBO beyond the price of the Crossing Transaction which would cause early termination pursuant to proposed Options 3, Section 13(c)(5)(ii) as discussed below. In this instance, residual contracts are contracts that remain available for execution after the unrelated order on the same side of market as the Agency Order, which was marketable with bids and offers on the opposite side of the market as the Agency Order, executed against bids and offers on the Exchange's order book. The Exchange believes that this outcome would allow for the PIM exposure period to continue for the full period despite the receipt of unrelated marketable interest on the same side of the market from the Agency Order, provided residual interest does not go on to rest on the order book, improving the BBO beyond the price of the Crossing Transaction. Allowing the PIM to run its full course (unless the BBO improves beyond the price of the Crossing Transaction on the same side), rather than early terminate, would provide an opportunity for price improvement to the Agency Order.

Third, the Exchange proposes to amend current GEMX Options 3, Section 13(c)(5)(iii) to align the rule text to a recent change adopted on MRX.<sup>12</sup> Additionally, BX Options 3, Section 13(ii)(B)(2) has similar language.<sup>13</sup>

<sup>10</sup> See MRX Options 3, Section 13(d)(4).

<sup>11</sup> See BX Options 3, Section 13(ii)(D) and Phlx Options 3, Section 13(b)(4).

<sup>12</sup> See note 3 above. MRX amended Options 3, Section 15(c)(5)(iii).

<sup>13</sup> BX Options 3, Section 13(ii)(B) provides “Conclusion of Auction. The PRISM Auction shall conclude at the earlier to occur of (1) through (3) below, with the PRISM Order executing pursuant to paragraph (C)(1) or (C)(2) below if it concludes pursuant to (2) or (3) of this paragraph. (1) The end

Specifically, the Exchange proposes to amend Options 3, Section 13(c)(5) to delete current “iii” and renumber as “ii”. Proposed new Options 3, Section 13(c)(5)(ii) would state, “The exposure period will automatically terminate . . . (ii) any time the Exchange best bid or offer improves beyond the price of the Crossing Transaction on the same side of the market as the Agency Order. . . .” The proposed rule is designed to align to MRX’s and BX’s rule text to remove any ambiguity that a market or marketable limit order priced more aggressively than the Agency Order could ultimately rest on the order book, improving the BBO beyond the price of the Crossing Transaction and, therefore, cause the early termination of a PIM auction.

By way of example, assume: GEMX 1.00 × 2.00 (10) and a second GEMX Market Maker’s quote is 1.00 × 2.10 (10). If a PIM auction starts with a buy at 1.50, and subsequently an order to buy for 20 @ 2.00 arrives, the incoming order would trade with the quote, and the remaining 10 contracts would rest on the order book. Thereafter, the GEMX BBO would update to 2.00 × 2.10 and trigger the early termination of the PIM pursuant to Options 3, Section 13(c)(5)(iii), which is being renumbered to Options 3, Section 13(c)(5)(ii). Early terminating the PIM in this example is necessary because the price of the PIM is no longer at the top of book (best price) and would not have execution priority with respect to responses or unrelated interest that arrive. By early terminating the PIM auction, GEMX allows responses to the PIM, which arrived prior to the time the Exchange’s best bid and offer improved beyond the Crossing Transaction, to execute.

The Exchange believes the proposed rule text will provide greater clarity to the manner in which the System operates today with respect to early termination of PIMs when the BBO on the same side improves beyond the price of the Crossing Transaction. The proposed amendment to the rule text is not intended to amend the current System functionality, rather it is intended to make clear that a market or marketable limit order could ultimately rest on the order book with residual interest and improve the BBO on the same side as the Agency Order beyond the price of the Crossing Transaction and cause the PIM to early terminate.

Fourth, the Exchange proposes to add a new GEMX Options 3, Section

13(c)(5)(iii) which states, “. . . (iii) any time there is a trading halt on the Exchange in the affected series. . . .” This proposed rule text is not modifying how the System currently operates.<sup>14</sup> Today, a trading halt would cause a PIM to early terminate. Current GEMX Options 3, Section 13(d)(5) notes such an early termination as a result of the aforementioned trading halt. Adding this circumstance to the list of events that would terminate the exposure period would make the list complete and add clarity to the rule. Furthermore, the Exchange notes that in a separate rule change, SR-GEMX-2022-6P<sup>15</sup> the Exchange is proposing to amend Options 3, Section 13(d)(5) to change the System behavior such that if a trading halt is initiated after an order is entered into the PIM, such auction will be automatically terminated with execution solely with the Counter-Side Order. Today, if a trading halt is initiated after an order is entered into the PIM, such auction will be automatically terminated without execution.<sup>16</sup> This amendment is identical to a change recently adopted for MRX.<sup>17</sup>

#### Re-Pricing

In connection with the technology migration, the Exchange recently adopted re-pricing functionality for certain quotes and orders that lock or cross an away market’s price.<sup>18</sup> With the recent change within SR-GEMX-2022-10, the System will re-price certain quotes and orders that lock or cross an

away market’s price. Specifically, quotes and orders which lock or cross an away market price will be automatically re-priced to the current national best offer (for bids) or the current national best bid (for offers) and displayed one minimum price variance (“MPV”) above (for offers) or below (for bids) the national best price. The re-priced quotes and orders will be displayed on OPRA at its displayed price and placed on the Exchange’s order book at its re-priced, non-displayed price, which may be priced better than the NBBO. The quotes and orders will remain on the Exchange’s order book and will be accessible at their non-displayed price. With this change, a non-displayed limit order or quote may be available on the Exchange at a price that is better than the NBBO. The following example illustrates how the proposed re-pricing mechanism would work:

Symbol ABCD in a Non-Penny name  
CBOE BBO at 1.00 × 1.20  
DNR order to buy ABCD for 1.30 arrives  
DNR buy order books at 1.20 (current national best offer) and displays at 1.15 (one MPV below national best offer) \*  
CBOE BBO adjusts to 1.00 1.25  
DNR buy order adjusts to book at 1.25 (current national best offer) and displays at 1.20 (one MPV below national best offer) \*  
\* OPRA will show the displayed price, not the booked price

Recently amended Options 3, Section 5(c) provides that the System automatically executes eligible orders using the Exchange’s displayed best bid and offer (*i.e.*, BBO) or the Exchange’s non-displayed order book (“internal BBO”) if the best bid and/or offer on the Exchange has been re-priced pursuant to Options 3, Section 5(d).<sup>19</sup> The definition of an “internal BBO” covers re-priced quotes and orders that remain on the order book and are available at non-displayed prices while resting on the order book.<sup>20</sup>

<sup>19</sup> A similar change was made for quotes within Options 3, Section 4(b)(7). The Exchange added the following new rule text to Options 3, Section 4(b)(7), “The System automatically executes eligible quotes using the Exchange’s displayed best bid and offer (“BBO”) or the Exchange’s non-displayed order book (“internal BBO”) if the best bid and/or offer on the Exchange has been repriced pursuant to Options 3, Section 5(d) below and subsection (6) above.”

<sup>20</sup> The Exchange amended the rule text within Options 3, Section 4 and Options 3, Section 5, within SR-GEMX-2022-10, to describe the manner in which a non-routable quotes and orders would be re-priced, respectively. The Exchange added rule text within Options 3, Section 4(b)(6) to state, “A quote will not be executed at a price that trades through another market or displayed at a price that

Continued

of the Auction period; (2) For a PRISM Auction any time the BX BBO crosses the PRISM Order stop price on the same side of the market as the PRISM Order; (3) Any time there is a trading halt on the Exchange in the affected series.”

<sup>14</sup> GEMX Options 3, Section 13(d)(5) currently states that, “If a trading halt is initiated after an order is entered into the Price Improvement Mechanism, such auction will be automatically terminated without execution.” Of note, the Exchange is proposing to amend GEMX’s PIM within a separate rule change, SR-GEMX-2022-6P. Among other things, the Exchange proposes to amend the PIM functionality so that if a trading halt is initiated after an order is entered into the PIM, the auction will be automatically terminated with an execution. Specifically, SR-GEMX-2022-6P proposes to renumber current GEMX Options 3, Section 13(d) to Options 3, Section 13(d)(6) and proposes to state, “If a trading halt is initiated after an order is entered into the Price Improvement Mechanism, such auction will be automatically terminated with execution solely with the Counter-Side Order.”

<sup>15</sup> GEMX has separately filed to amend Options 3, Section 13(d)(5) within SR-GEMX-2022-6P. SR-GEMX-2022-6P amended, among other things, the rule text in Options 3, Section 13, except that it does not amend Options 3, Section 13(c)(5).

<sup>16</sup> See current GEMX Options 3, Section 13(d)(5).

<sup>17</sup> See note 3 above. MRX amended Options 3, Section 13(c)(5)(iii).

<sup>18</sup> See Securities Exchange Act. No. 96363 (November 18, 2022), 87 FR 72556 (November 25, 2022) (SR-GEMX-2022-10). This rule change is effective, but not yet operative. SR-GEMX-2022-10 would be implemented as part of the same technology migration as the changes proposed herein.

In connection with the foregoing changes, the Exchange proposes to add references to “internal BBO” within Options 3, Section 12(c) which describes the Qualified Contingent Cross Orders, to conform with the concept of re-pricing at an internal BBO as provided in Options 3, Sections 4(b)(6) and 4(b)(7) and Options 3, Section 5(c) and (d) within SR–GEMX–2022–10. This amendment is identical to a change recently adopted for MRX.<sup>21</sup>

As noted above, the internal BBO could be better than the NBBO. The Exchange believes that adding references to the internal BBO to Options 3, Section 12(c) would continue to require Members to be at or between the best price, that is not at the same price as a Priority Customer Order on the Exchange’s limit order book, to execute a Qualified Contingent Cross Order. The Exchange believes that the addition of “internal BBO” is consistent with the intent of these order types, which is to require Members [sic] submit these orders at the best price and not execute ahead of better-priced quotes or orders.

Specifically, the Exchange proposes to amend Options 3, Section 12(c), which describes the conditions under which a Qualified Contingent Cross Order may be entered into the System for execution, to state that a Qualified Contingent Cross Order may be executed upon entry provided the execution is at or between the *better of the internal BBO* or the NBBO.<sup>22</sup> This amendment is identical to a change recently adopted for MRX.<sup>23</sup>

would lock or cross another market. If, at the time of entry, a quote would cause a locked or crossed market violation or would cause a trade-through violation, it will be re-priced to the current national best offer (for bids) or the current national best bid (for offers) and displayed at one minimum price variance above (for offers) or below (for bids) the national best price, or immediately cancelled, as configured by the Member.” The Exchange amended the rule text within Options 3, Section 5(d) to state, “An order that is designated by a Member as non-routable will be re-priced in order to comply with applicable Trade-Through and Locked and Crossed Markets restrictions. If, at the time of entry, an order that the entering party has elected not to make eligible for routing would cause a locked or crossed market violation or would cause a trade-through violation, it will be re-priced to the current national best offer (for bids) or the current national best bid (for offers) and displayed at one minimum price variance above (for offers) or below (for bids) the national best price.”

<sup>21</sup> See note 3 above. MRX amended Options 3, Section 12(c) and (d).

<sup>22</sup> The Qualified Contingent Cross Order must also not be at the same price as a Priority Customer Order on the Exchange’s limit order book. See Options 3, Section 12(c).

<sup>23</sup> See note 3 above. MRX amended Options 3, Section 12(c).

## Implementation

The Exchange intends to begin implementation of the proposed rule change prior to September 1, 2023. The implementation would commence with a limited symbol migration and continue to migrate symbols over several weeks. The Exchange will issue an Options Trader Alert to Members to provide notification of the symbols that will migrate and the relevant dates.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>24</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>25</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest for the reasons discussed below.

### Changes to the Price Improvement Mechanism for Crossing Transactions

The Exchange’s proposal to amend GEMX Options 3, Section 13(d)(4), related to PIM, to not permit unrelated marketable interest, on the opposite side of the market from the Agency Order, which is received during a PIM to early terminate a PIM is consistent with the Act and promotes just and equitable principles because allowing the auction to run its full course would provide a full opportunity for price improvement to the Crossing Transaction. The unrelated interest would participate in the PIM allocation pursuant to GEMX Options 3, Section 13(d), if residual contracts remain after executing with interest on the order book. This amendment is identical to a change recently adopted for MRX.<sup>26</sup>

Additionally, Phlx<sup>27</sup> and BX<sup>28</sup> do not permit unrelated interest on the same or opposite side of an Agency Order to early terminate their price improvement auctions.

The proposed amendment in GEMX Options 3, Section 13(c)(5)(ii), related to PIM, applies to the receipt of marketable orders both on the same side and opposite side of the Agency order. With respect to the same side of the Agency Order, today, an unrelated market or marketable limit order in the same series on the same side of the Agency Order would cause the PIM to early terminate as well. The proposal promotes just and equitable principles of trade because a market or marketable

limit order in the same series on the same side of the Agency Order cannot interact with a PIM auction. The market or marketable limit order may interact with the order book, and if there are residual contracts that remain from the market or marketable order in the same series on the same side of the Agency Order, they will rest on the order book and could improve the BBO beyond the price of the Crossing Transaction which will cause early termination of the PIM pursuant to proposed GEMX Options 3, Section 13(c)(5)(ii). The Exchange believes that this outcome would allow for the PIM exposure period to continue for the full period despite the receipt of unrelated marketable interest on the same side of the market from the Agency Order, provided residual interest does not go on to rest on the order book improving the BBO beyond the price of the Crossing Transaction of the PIM. Allowing the PIM to run its full course protects investors and the general public because it would provide an opportunity for price improvement to the Agency Order. This amendment is identical to a change recently adopted for MRX.<sup>29</sup>

Amending current GEMX Options 3, Section 13(c)(5)(iii) to align the rule text with MRX<sup>30</sup> and also more closely with BX Options 3, Section 13(ii)(B)(2)<sup>31</sup> is consistent with the Act because it removes any ambiguity that a market or marketable limit order priced more aggressively than the Agency Order on the same side could ultimately rest on the order book, improving the BBO beyond the price of the Crossing Transaction of the PIM and, therefore, cause the early termination of a PIM. Continuing to permit a PIM to early terminate any time the Exchange best bid or offer improves beyond the price of the Crossing Transaction on the same side of the market as the Agency Order protects investors and the general public because the Crossing Transaction Agency Order’s price is inferior to the Exchange’s best bid or offer on the same side of the market as the Agency Order. Upon early termination of the PIM, the Crossing Transaction would execute against responses that arrived prior to the time the Exchange’s best bid or offer improved beyond the Crossing Transaction. The proposed amendment to the rule text is not intended to amend the current System functionality, rather it is intended to make clear that a market or marketable limit order could ultimately rest on the order book and

<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 15 U.S.C. 78f(b)(5).

<sup>26</sup> See note 3 above. MRX amended Options 3, Section 13(d)(4).

<sup>27</sup> See note 17 above.

<sup>28</sup> See note 18 above.

<sup>29</sup> See note 3 above. MRX amended Options 3, Section 13(c)(5)(ii).

<sup>30</sup> See MRX Options 3, Section 13(c)(5)(iii).

<sup>31</sup> See note 13 above.

improve the BBO beyond the price of the Crossing Transaction.

Adding proposed new GEMX Options 3, Section 13(c)(5)(iii), which describes the automatic termination of the exposure period resulting from a trading halt on the Exchange in the affected series, is consistent with the Act because a trading halt would cause an option series to stop trading on GEMX and thereby impact the PIM auction. Today, if a trading halt is initiated after an order is entered into the PIM, such auction will be automatically terminated without execution. Of note, the Exchange is separately proposing to amend GEMX Options 3, Section 13(d)(5)<sup>32</sup> to change System behavior such that if a trading halt is initiated after an order is entered into the PIM, such auction will be automatically terminated with execution solely with the Counter-Side Order.<sup>33</sup> The proposed amendment to GEMX Options 3, Section 13(c)(5)(iii) protects investors and the general public by making clear that a trading halt would lead to early termination of a PIM. This amendment is not intended to amend the current System functionality, rather it is intended to make clear that a trading halt will cause the PIM to early terminate. This amendment is identical to a change recently adopted for MRX.<sup>34</sup>

#### Re-Pricing

The Exchange believes that amending Options 3, Section 12(c) to account for re-pricing of quotes and orders that would otherwise lock or cross an away market, as provided in GEMX Options 3, Section 4(b)(6) and (7) and Options 3, Section 5(c) and (d), is consistent with the Act.

As discussed above with the implementation of re-pricing as provided in Options 3, Section 4(b)(6) and (7) and Options 3, Section 5(c) and (d), interest could be available on the Exchange at a price that is better than the NBBO but is non-displayed (*i.e.*, the Exchange's non-displayed order book or internal BBO). The proposed addition of "internal BBO" to Options 3, Section 12(c) will ensure that Members continue to submit Qualified Contingent Cross Orders at prices equal to or better than the best prices available in the market and ensure that these orders are not

executed ahead of better-priced interest. By including "internal BBO" the Exchange ensures that such Qualified Contingent Cross Orders will continue to be executed at the best price and would not be executed ahead of better-priced interest. This amendment is identical to a change recently adopted for MRX.<sup>35</sup>

#### 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. MRX recently made identical changes to the amendments proposed herein.<sup>36</sup>

#### Changes to the Price Improvement Mechanism for Crossing Transactions

The Exchange's proposal to amend GEMX Options 3, Section 13(d)(4), GEMX Options 3, Section 13(c)(5)(ii) and (iii), and add a proposed new GEMX Options 3, Section 13(c)(5)(iii), related to PIM, does not impose an undue burden on intra-market competition because the proposed amendments will apply equally to all Members. All Members may utilize PIM.

The Exchange's proposal to amend GEMX Options 3, Section 13(d)(4), GEMX Options 3, Section 13(c)(5)(ii) and (iii), and add a proposed new GEMX Options 3, Section 13(c)(5)(iii), related to PIM, does not impose an undue burden on inter-market competition because other options exchanges may adopt similar rules. In addition to mirroring to MRX Options 3, Section 13, Phlx<sup>37</sup> and BX<sup>38</sup> do not permit unrelated marketable interest on either the same or opposite side of the market from an Agency Order to early terminate their price improvement auctions.

#### Re-Pricing

Adding language consistent with re-pricing within Options 3, Section 12(c) does not impose an undue burden on competition, rather it will ensure that the rules conform to the concept of re-pricing at an internal BBO within Options 3, Section 4(b)(6) and (7) and Options 5(c) and (d) which recently became effective.<sup>39</sup> With this recent change, re-priced quotes and orders are accessible on the Exchange's order book

at the non-displayed price. Amending Options 3, Section 12(c) to utilize the "internal BBO" language would continue to require Members to submit Qualified Contingent Cross Orders at the best price to receive an execution. The introduction of "internal BBO" will ensure that Qualified Contingent Cross Orders do not execute if better-priced interest is available.

The re-pricing proposal within Options 3, Section 12(c) does not impose an undue burden on inter-market competition because this rule continues to support executions at the best price.

#### 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>40</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>41</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:

<sup>40</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>41</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.

<sup>32</sup> See note 14 above.

<sup>33</sup> SR-GEMX-2022-6P proposes to renumber GEMX Options 3, Section 13(d)(5) as Options 3, Section 13(d)(6), and proposes to amend the rule text to state, "If a trading halt is initiated after an order is entered into the Price Improvement Mechanism, such auction will be automatically terminated with execution solely with the Counter-Side Order."

<sup>34</sup> See note 3 above. MRX amended Options 3, Section 13(c)(5)(iii).

<sup>35</sup> See note 3 above. MRX amended Options 3, Section 12(c) and (d).

<sup>36</sup> See note 3.

<sup>37</sup> See note 8 above.

<sup>38</sup> See note 9 above.

<sup>39</sup> See Securities Exchange Act. No. 96363 (November 18, 2022), 87 FR 72556 (November 25, 2022) (SR-GEMX-2022-10).

*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-GEMX-2022-13 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-GEMX-2022-13. 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-GEMX-2022-13, and should be submitted on or before January 12, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>42</sup>

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

[FR Doc. 2022-27786 Filed 12-21-22; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION****Sunshine Act Meetings**

**FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT:** 87 FR 77648, December 19, 2022.

**PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING:** Monday, December 19, 2022 at 4:00 p.m.

**CHANGES IN THE MEETING:** The Closed Meeting scheduled for Monday, December 19, 2022 at 4:00 p.m., has been cancelled.

**CONTACT PERSON FOR MORE INFORMATION:** For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

*Authority:* 5 U.S.C. 552b.

Dated: December 19, 2022.

**Vanessa A. Countryman,**  
*Secretary.*

[FR Doc. 2022-27921 Filed 12-20-22; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 34775; File No. 812-15326]**

**Golub Capital BDC, Inc., et al.**

December 16, 2022.

**AGENCY:** Securities and Exchange Commission ("Commission" or "SEC").

**ACTION:** Notice.

Notice of application for an order ("Order") under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the "Act") and rule 17d-1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d-1 under the Act.

**SUMMARY OF APPLICATION:** Applicants request an order to amend a previous order granted by the Commission that permits certain business development companies ("BDCs") and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

**APPLICANTS:** Golub Capital BDC, Inc., Golub Capital BDC 3, Inc., Golub Capital Direct Lending Corporation, Golub Capital BDC 4, Inc., Golub Capital Direct Lending Unlevered Corporation, Golub Capital Private Credit Fund, GBDC Holdings Coinvest, Inc., GBDC Holdings ED Coinvest, Inc., GBDC Quick Quack Coinvest LLC, GCIC CLO II Depositor LLC, GCIC CLO II LLC, GCIC Funding

LLC, GCIC Holdings LLC, GCIC North Haven Stack Buyer Coinvest Inc., GCIC Quick Quack Coinvest LLC, Golub Capital BDC CLO 2014 LLC, Golub Capital BDC CLO III Depositor LLC, Golub Capital BDC CLO III LLC, Golub Capital BDC Holdings LLC, GBDC 3 Funding II LLC, GBDC 3 Funding LLC, GBDC 3 Holdings Coinvest, Inc., GBDC 3 Holdings ED Coinvest, Inc., GBDC3 Quick Quack Coinvest LLC, GBDC3F Loan Subsidiary A LLC, GCBH 3 North Haven Stack Buyer Coinvest Inc., Golub Capital 3 Holdings LLC, Golub Capital BDC 3 CLO 1 Depositor LLC, Golub Capital BDC 3 CLO 1 LLC, Golub Capital BDC 3 ABS 2022-1 Depositor LLC, Golub Capital BDC 3 ABS 2022-1 LLC, Golub Capital BDC 3 CLO 2 Depositor LLC, Golub Capital BDC 3 CLO 2 LLC, GDLC Funding LLC, GDLC Holdings LLC, GDLC Holdings Coinvest Inc., Golub Capital 4 Holdings LLC, Golub Capital BDC 4 Funding LLC, Golub Capital 4 Holdings Coinvest, Inc., Golub Capital Direct Lending Unlevered Holdings LLC, Golub Capital Direct Lending Unlevered Holdings Coinvest, Inc., GC Advisors LLC, Golub Capital LLC, GC OPAL Advisors LLC, OPAL BSL LLC, GC Investment Management LLC, Golub Capital Partners 9, L.P., Golub Capital Partners 10, L.P., Golub Capital Partners 12 Feeder Fund, L.P., Golub Capital Partners 12, L.P., Golub Capital Partners 14, L.P., Golub Capital Partners International 9, L.P., Golub Capital Partners International 10, L.P., Golub Capital Partners International 12, L.P., Golub Capital Partners International 14, L.P., Golub Capital Partners International Rollover Fund 2, L.P., Golub Capital Partners Private Credit Trust, Golub Capital Partners Rollover Fund 2, L.P., Golub Capital Partners TALF 2020-1, L.P., GPCT Holdings 1, L.P., Golub Capital PEARLS Direct Lending Program, L.P., OPAL BSL LLC (EU Origination Series), OPAL BSL LLC (Retention Series), Golub Capital International, Ltd., GEMS Fund, L.P., GEMS Fund 4, L.P., GEMS Fund 5 International, L.P., GEMS Fund 5, L.P., Golub Capital Partners ABS Funding 2019-1, L.P., Golub Capital Partners ABS Funding 2020-1, L.P., Golub Capital Partners ABS Funding 2021-1, L.P., Golub Capital Partners ABS Funding 2021-2, Golub Capital Partners ABS Funding 2022-1, Golub Capital Partners CLO 16(M)-R2, L.P., Golub Capital Partners CLO 17(M)-R, Ltd., Golub Capital Partners CLO 18(M)-R2, Golub Capital Partners CLO 19(B)-R2, Ltd., PEARLS IX, L.P., PEARLS X, L.P., Golub Capital Partners CLO 21(M)-R, Ltd., Golub Capital Partners CLO 22(B)-R, Ltd., Golub Capital Partners CLO

<sup>42</sup> 17 CFR 200.30-3(a)(12).