with the policies of title 39. For request(s) that the Postal Service states concern Market Dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3030, and 39 CFR part 3040, subpart B. For request(s) that the Postal Service states concern Competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3040, subpart B. Comment deadline(s) for each request appear in section II.

II. Docketed Proceeding(s)

1. Docket No(s).: CP2024–30; Filing Title: USPS Request to Add Priority Mail & USPS Ground Advantage Contract 87 to Competitive Product List and Notice of Filing Materials Under Seal; Filing Acceptance Date: October 31, 2023; Filing Authority: 39 CFR 3035.105; Public Representative: Kenneth R. Moeller; Comments Due: November 8, 2023.


This Notice will be published in the Federal Register.

Erica A. Barker,
Secretary.

[FR Doc. 2023–24595 Filed 11–6–23; 8:45 am]
BILLING CODE 7710–FW–P

POSTAL REGULATORY COMMISSION


New Postal Products

AGENCY: Postal Regulatory Commission.

ACTION: Notice.

SUMMARY: The Commission is noticing a recent Postal Service filing for the Commission’s consideration concerning a negotiated service agreement. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: Comments are due: November 9, 2023.

ADDRESSES: Submit comments electronically via the Commission’s Filing Online system at http://www.prc.gov. Those who cannot submit comments electronically should contact the person identified in the FOR FURTHER INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

The Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to negotiated service agreement(s). The request(s) may propose the addition or removal of a negotiated service agreement from the Market Dominant or the Competitive product list, or the modification of an existing product currently appearing on the Market Dominant or the Competitive product list.

Section II identifies the docket number(s) associated with each Postal Service request, the title of each Postal Service request, the request’s acceptance date, and the authority cited by the Postal Service for each request. For each request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 (Public Representative). Section II also establishes comment deadline(s) pertaining to each request.

The public portions of the Postal Service’s request(s) can be accessed via the Commission’s website (http://www.prc.gov). Non-public portions of the Postal Service’s request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3011.301.

The Commission invites comments on whether the Postal Service’s request(s) in the captioned docket(s) are consistent with the policies of title 39. For request(s) that the Postal Service states concern Market Dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3030, and 39 CFR part 3040, subpart B. For request(s) that the Postal Service states concern Competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3035, and 39 CFR part 3040, subpart B.

continued

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Approving a Proposed Rule Change Related to Notification and Disclosure of Reverse Stock Splits

November 1, 2023.

I. Introduction

On June 21, 2023, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) \(^1\) and Rule 19b–4 thereunder,\(^2\) a proposed rule change related to notification and disclosure of reverse stock splits. The proposed rule change was published for comment in the Federal Register on August 3, 2023.\(^3\) On September 14, 2023, the Commission granted approval of the proposed rule change.


SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Order Approving a Proposed Rule Change Related to Notification and Disclosure of Reverse Stock Splits

November 1, 2023.

I. Introduction

On June 21, 2023, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) \(^1\) and Rule 19b–4 thereunder,\(^2\) a proposed rule change related to notification and disclosure of reverse stock splits. The proposed rule change was published for comment in the Federal Register on August 3, 2023.\(^3\) On September 14, 2023, the Commission granted approval of the proposed rule change.

2023, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to November 1, 2023. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

Nasdaq is proposing to amend its rules regarding the notification and disclosure of reverse stock splits in light of recent increased volume in reverse stock split activity. Currently, a reverse stock split is considered a “Substitution Listing Event” under Nasdaq Rule 5005(a)(44). Nasdaq Rule 5250(e)(4) requires a company to notify Nasdaq about any “Substitution Listing Event” (other than a re-incorporation or a change to a company’s place of organization) no later than 15 calendar days prior to the implementation of such event by filing the appropriate notification form as designated by Nasdaq.” While public disclosure of a reverse stock split is not specifically addressed under Nasdaq’s rules, Nasdaq Rule 5250(b)(1) requires a company to make “prompt disclosure” of any material information that would reasonably be expected to affect the value of its securities or influence investors’ decisions,” which Nasdaq interprets to include details on reverse stock splits. While “prompt” disclosure is not expressly defined in the Exchange’s rules, Nasdaq states that it has published an FAQ stating that “[t]his disclosure should be disseminated prior to, or in conjunction with, the announcements that Corporate Data Operations will make on the day prior to the market effective date at approximately 1:00 p.m.”

Accordingly, Nasdaq proposes to amend its rules to require a company conducting a reverse stock split to notify Nasdaq about certain details of the reverse stock split no later than 12 p.m. ET five business days prior to the anticipated market effective date, and to expressly require in its rules a company to make public disclosure about the reverse stock split at least two business days (no later than 12:00 p.m. ET) prior to the anticipated market effective date. Specifically, Nasdaq proposes to add new Rules 5250(b)(4), 5250(e)(7), and IM–5250–3, as discussed in more detail below, as well as update the information that a company must disclose about a reverse stock split to the Exchange on the Company Event Notification Form. Nasdaq also proposes to amend Rule 5250(b)(1) concerning disclosure of material information to specify that a company should refer to Rules 5250(b)(4) and 5250(e)(7) for the disclosure and notification requirements related to reverse stock splits.

Proposed Nasdaq Rule 5250(b)(4) will specify that a company must provide public notice about a reverse stock split using a Regulation FD compliant method no later than 12:00 p.m. ET at least two business days prior to the proposed market effective date. In addition, the company shall, prior to the release of this information, provide notice of such disclosure to Nasdaq’s MarketWatch Department, at least ten minutes prior to public announcement if the public release of the material information is made between 7:00 a.m. to 8:00 p.m. ET. If the public release of this information is made outside the hours of 7:00 a.m. to 8:00 p.m. ET, Nasdaq companies must notify MarketWatch of the material information prior to 6:50 a.m. ET. The prior notice of this disclosure must be made to the MarketWatch Department through the electronic disclosure submission system available at https://www.nasdaq.net, except in emergency situations, when notification may instead be provided by telephone or facsimile.

Proposed Nasdaq Rule 5250(e)(7) will specify that, for a reverse stock split, the company must notify Nasdaq by submitting a complete Company Event Notification Form no later than 12:00

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7 See Notice, supra note 3, at 5376.
9 Nasdaq states that in 2022, Nasdaq processed 146 reverse stock splits, compared to 31 in 2021 and 94 in 2020. See Notice, supra note 3, at 51376. As of June 23, 2023, Nasdaq states that it has processed 164 reverse stock splits, and projects significantly more throughout 2023. See id. In most cases, Nasdaq observes, companies are conducting reverse stock splits to achieve compliance with Nasdaq’s $1 bid price requirement to remain on the Capital Market tier. See id. Nasdaq Rule 5550(e)(2) states that a company that has its Primary Equity Security Listed on the Capital Market must have a minimum bid price of at least $1 per share. See also Nasdaq Rule 5450(a)(1) (Global and Global Select Markets).
10 Nasdaq Rule 5550(a)(44) states, in part, that a “Substitution Listing Event” means: “a reverse stock split, re-incorporation or a change in the Company’s place of organization, the formation of a holding company that replaces a listed Company, reclassification or exchange of a Company’s listed shares to another security, the listing of a new class of securities in substitution for a previously-listed class of securities, a business combination described in IM–5101–2, a change in the obligor of a listed debt security, or any technical change whereby the Shareholders of the original Company receive a share-for-share interest in the new Company without any change in their equity position or rights.”
11 Nasdaq also proposes to amend Nasdaq Rule 5250(b)(1) to specify that the time deadlines refer to Eastern Time.
12 Currently, the Nasdaq Trader website announcement and the company’s press release are published the day prior to a reverse split, and includes material information such as the CUSIP number and split ratio. Nasdaq states that if a market participant inadvertently misses the announcement, they may continue to accept orders at the pre-split price, rather than the post-split adjusted price, which could lead to volatility in the stock price and trading inaccurate share amounts. See id. at 51376. Accordingly, proposed Nasdaq Rule 5250(b)(4) would provide market participants with at least one additional business day to review the company’s public disclosure about the reverse stock split and update their systems. See id.
13 See proposed Nasdaq Rule 5250(b)(4). The timing for notifying Nasdaq about disclosure of material news before the public announcement of a reverse stock split in the proposed rule mirrors the timing for notifying Nasdaq’s MarketWatch Department about the disclosure of other material news in current Nasdaq Rule 5250(b)(1).
14 See id. at 51376. Nasdaq filed the text of the proposed Company Event Notification Form (“Form”) as Exhibit 3 to Nasdaq’s rule filing. See Nasdaq Rule 5250(b)(4) and accompanying text. Nasdaq also proposes clarifying edits in Nasdaq Rule 5250(b)(1) to specify that the time deadlines refer to Eastern Time.
Nasdaq has timely and complete information to process the reverse stock split prior to the effective date. Nasdaq also states that by shortening the deadline for the notification from 15 calendar days to five business days, Nasdaq believes that companies will be able to provide complete information in a single submission of the form, which they often cannot do today. As such, Nasdaq states that the shorter time frame will simplify a company’s ability to submit a completed Company Event Notification Form because all relevant information can be provided in one submission. Nasdaq’s processing of the forms and reducing the possibility of errors to the forms. Additionally, Nasdaq states that the requirement under proposed Nasdaq Rule 5250(e)(7) for companies to submit a draft of the Regulation FD disclosure required by proposed Rule 5250(b)(4) will help ensure that the information disseminated to the market by the company aligns with Nasdaq’s announcement, including the split ratio and market effective date. Nasdaq also states that it would publish an announcement through the Nasdaq Trader website one and two business days prior to the market effective date. Furthermore, Nasdaq states that the requirement under proposed Nasdaq Rule 5250(b)(4) for a company to make public disclosure about a reverse stock split no later than 12:00 p.m. ET two business days prior to the market effective date will help ensure that sufficient notice is provided to market participants, thereby allowing them to process the event in their systems.

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange. In particular, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act, which requires, among other things, that a national securities exchange have rules designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As noted above, current Nasdaq Rule 5250(b)(1) requires a company to make “prompt disclosure” of “any material information that would reasonably be expected to affect the value of its securities or influence investors’ decisions,” which Nasdaq interprets to include details on reverse stock splits. In light of recent increases in reverse stock split activity, Nasdaq proposes to expressly set forth new notification and disclosure requirements for reverse stock splits in Nasdaq Rules 5250(b)(4), 5250(e)(7), and IM–5250–3. The Exchange’s proposal is reasonably designed to address this recent market activity, including for companies that are listed on the Nasdaq Capital Market tier, by providing additional transparency of reverse stock splits to investors through public disclosure of material information about such splits, thus allowing them to better manage investment decisions.

Further, the Exchange has represented that the requirement for companies to
submit a completed Company Event Notification Form no later than 12:00 p.m. ET five business days prior to the market effective date will help ensure that Nasdaq has timely, complete, and accurate information to process the reverse stock split prior to the effective date.\textsuperscript{34} While Nasdaq currently is required to receive notification and certain information about a reverse stock split no later than 15 calendar days before it is scheduled to occur, Nasdaq has represented in its proposal that this longer time frame creates issues because some of the terms of the reverse stock split may not be set or available at that time or may change before the reverse stock split is to occur. As Nasdaq has stated, shortening the timeframe for notifying the Exchange about a reverse stock split to five business days should help to reduce the possibility of errors and allow companies to provide more complete and accurate information about a reverse stock split in a single submission to Nasdaq. This can also inure to the benefit of investors by ultimately providing the marketplace with improved and timely information about a reverse stock split.

The Commission also believes that the other changes in proposed Nasdaq Rule 5250(b)(1) and the addition of Nasdaq Rule 5250(b)(4) and IM–5250–3 will enhance the transparency of the reverse stock split disclosure process to issuers and investors. Finally, the Commission notes that the two comment letters received on the proposal were supportive.\textsuperscript{36}

For the reasons discussed above, the Commission finds that the proposed rule change is consistent with section 6(b)(5) of the Act\textsuperscript{37} and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,\textsuperscript{38} that the proposed rule change (SR–NASDAQ–2023–025), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\textsuperscript{39}

Sherry R. Haywood,
Assistant Secretary.

\[FR\textsuperscript{40} Doc. 2023–24522 Filed 11–6–23; 8:45 am\]

BILLING CODE 8011–01–P

\textsuperscript{34} See supra note 23.

\textsuperscript{35} See supra note 12 (noting concerns about market volatility in stock prices if a market participant misses the current one business day announcement and continues to accept orders at pre-split prices and trading inaccurate share amounts). The Exchange also state that it believes the changes to both the notification and disclosure requirements should help to address these concerns about trading volatility and potential price mistakes. See Notice, supra note 3, at 51378. See also proposed Nasdaq Rule 5250(b)(4).

\textsuperscript{36} See Virtu Letter, supra note 3 (stating that, among other things, (i) shortening the notice requirement to Nasdaq from 15 calendar days to five business days before the planned reverse stock split would “provide issuers with additional time to obtain more complete data and thorough information before reporting the planned corporate action to Nasdaq,” and “result in Nasdaq having more complete information in advance of the planned reverse split date to ensure that all of the technical requirements have been satisfied”; and (ii) increasing the public notice requirement to two business days “will enable market participants to plan more effectively for a reverse stock split, which will contribute to the maintenance of fair, orderly, and efficient markets”).

\textsuperscript{37} 15 U.S.C. 78f(b)(5).

\textsuperscript{38} 15 U.S.C. 78f(b)(2).

\textsuperscript{39} 17 CFR 200.30–3(a)(12).

\textsuperscript{15} U.S.C. 78b(b)(1).\textsuperscript{\textsuperscript{2}}

SECURITIES AND EXCHANGE COMMISSION
\[Release No. 34–98833; File No. SR–ICC–2023–014\]

Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change Relating to the Clearance of Additional Credit Default Swap Contracts

November 1, 2023.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934,\textsuperscript{1}\textsuperscript{2} and Rule 19b–4,\textsuperscript{\textsuperscript{1}} notice is hereby given that on October 25, 2023, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The principal purpose of the proposed rule change is to revise the ICC Rulebook (the “Rules”) to provide for the clearance of additional Standard Emerging Market Sovereign Single Name CDS contracts (“EM Contracts”).

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

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

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

(a) Purpose

The purpose of the proposed rule change is to adopt rules that will provide the basis for ICC to clear additional CDS contracts. ICC proposes to make such change effective following Commission approval of the proposed rule change. ICC believes the addition of these EM Contracts will benefit the market for CDS by providing market participants the benefits of clearing, including reduction in counterparty risk, and safeguarding of margin assets.