communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–PHX–2023–047 and should be submitted on or before December 12, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.20

Sherry R. Haywood, Assistant Secretary.

[FR Doc. 2023–25657 Filed 11–20–23; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Shorten the Standard Settlement Cycle

November 15, 2023.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),1 and Rule 19b–4 thereunder,2 notice is hereby given that on November 13, 2023, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 Nasdaq Rules 11140 (Transactions in Securities "Ex-Dividend," "Ex-Rights" or "Ex-Warrants"), 11150 (Transactions "Ex-Interest" in Bonds Which Are Dealt in "Flat"), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest), to conform them to the Commission’s amendment to Rule 15c6–1(a) of the Act 3 to shorten the standard settlement cycle for most broker-dealer transactions from two business days after the trade date ("T+2") to one business days after the trade date ("T+1").


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

Effective May 5, 2023, the Commission adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.4 In light of the recently adopted rule amendments to Rule 15c6–1(a) of the Act to require standard settlement no later than T+1, Nasdaq proposes to amend Rule 11150(a) to shorten the time frames by one business day. With this change the ex-dividend date would be the same business day as the record date if the record date falls on a business day, or the first business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.

Specifically, Nasdaq proposes to amendment the following Rules: 11140 (Transactions in Securities "Ex-Dividend," “Ex-Rights” or “Ex-Warrants”), 11150 (Transactions “Ex-Interest” in Bonds Which Are Dealt in “Flat”), 11210 (Sent by Each Party), 11320 (Dates of Delivery), and 11620 (Computation of Interest). The details of the proposed rule changes are described below.

Nasdaq Rule 11140

Rule 11140(b)(1) currently provides that for dividends or distributions, and the issuance or distribution of warrants, that are less than 25 percent of the value of the subject security, if definitive information is received sufficiently in advance of the record date, the date designated as the “ex-dividend date” shall be the first business day preceding the record date if the record date falls on a business day, or the second business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date. Nasdaq proposes to amend Rule 11140(b)(1) to shorten the time frames by one business day. With this change the ex-dividend date would be the same business day as the record date if the record date falls on a business day, or the first business day preceding the record date if the record date falls on a day designated by Nasdaq Regulation as a non-delivery date.

Rule 11150

Rule 11150(a) currently prescribes the manner for establishing “ex-interest dates” for transactions in bonds or other similar evidence of indebtedness which are traded “flat.” Such transactions are “ex-interest” on the first business day preceding the record date if the record date falls on a business day, on the second business day preceding the record date if the record date falls on a day other than a business day, or on the third business day preceding the date on which an interest payment is to be made if no record date has been fixed. Nasdaq proposes to amend Rule 11150(a) to shorten the time frames by one business day.

Rule 11210

Paragraphs (c) and (d) of Rule 11210 set forth the “Don’t Know” (“DK”) voluntary procedures for using “DK Notices” or other forms of notices, respectively. When a party to a transaction sends a comparison or confirmation of a trade, but does not receive a comparison or confirmation or a signed DK, from the contra-member by the close of one business day following the trade date of the transaction, the confirming member shall send a DK Notice to the contra-member. Thereafter, the contra-member has two business
days after receipt of the confirming member’s notice to either confirm or “DK” the transaction.

Nasdq proposes to amend paragraphs (c) and (d) of Rule 11210 to provide that the “DK” procedures may be used by the confirming member if it does not receive a comparison or confirmation or signed “DK” from the contra-member by the close of the business day of the trade date of the transaction, rather than the current time frame of one day after the trade date. In addition, Nasdaq proposes to amend Rule 11320(b) to adjust the time in which a contra-member has to respond to “DK Notice” (or similar notice) from two business days after the contra-member’s receipt of the notice to one business day after the contra-member’s receipt of the notice.

Rule 11320

Rule 11320 currently prescribes delivery dates for various transactions. Currently, paragraph (b) states that for a “regular way” transaction, delivery must be made on, but not before, the second business day after the date of the transaction. Nasdaq proposes to amend Rule 11320(b) to change the reference from the second business day to the first business day following the date of the transaction. Currently, paragraph (c) provides that in a “seller’s option” transaction, delivery may be made by the seller on any business day after the second business day following the date of the transaction. Nasdaq proposes to amend Rule 11320(c) to change the reference from the second business day to the first business day following the date of the transaction and prior to the expiration of the option.

Rule 11620

In the settlement of contracts in interest-paying securities other than for cash, Rule 11620(a) currently requires the calculation of interest at the rate specified in the security up to but not including the second business day after the date of the transaction. The proposed amendment would shorten the time frame to the first business day following the date of the transaction.

Implementation

The operative date of this proposed rule change will be Tuesday, May 28, 2024, which is the compliance date specified in the Commission’s amendment to Rule 15c6–1(a) of the Act⁵ to require standard settlement no later than T+1.⁶ With the implementation of the T+1 settlement cycle, the ex-dividend date for “normal” distributions pursuant to Rule 11140(b)(1) will be the same business day as the record date. Accordingly, Nasdaq proposes to interpret Rule 11140(b)(1) so that the first record date to which this new ex-dividend date rationale will be applied will be Wednesday, May 29, 2024. During the implementation of the T+1 settlement cycle, the “regular” ex-dividend dates will be as follows:

<table>
<thead>
<tr>
<th>Record Date</th>
<th>Ex Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 24, 2024</td>
<td>May 23, 2024</td>
</tr>
<tr>
<td>May 28, 2024</td>
<td>May 24, 2024</td>
</tr>
<tr>
<td>May 29, 2024</td>
<td>May 29, 2024</td>
</tr>
</tbody>
</table>

⁵ See supra note 3.

⁶ See supra note 3. Transactions with a trade date of Friday, May 24, 2024 would settle on May 28, 2024 for purposes of “large” distributions, Nasdaq similarly proposes to interpret Rule 11140(b) so that, if an issuer sets May 28, 2024 as the payment date for a large distribution, the ex-dividend date would be May 29, 2024, not May 28, 2024. Nasdaq will issue an Issuer Alert addressing the application of the T+1 implementation date on Rule 11140(b).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁸ in particular, in that it is designed 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, and, in general, to protect investors and the public interest. The proposed rule change seeks to conform Nasdaq’s rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1.⁹ The proposal is consistent with the Commission’s amendment to Rule 15c6–1(a) of the Act to require standard settlement no later than T+1. This proposal will provide Nasdaq members with regulatory certainty as to the settlement cycle that will be utilized to settle transactions executed on the Exchange.

As noted herein, Nasdaq will announce the operative date of the proposed rule change in an Equity Regulatory Alert, which date would correspond with the industry-led transition to a T+1 standard settlement, and the compliance date of the Commission’s amendment to Rule 15c6–1(a) of the Act to require standard settlement no later than T+1.

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. The proposal amends Nasdaq’s rules pertaining to securities settlement and is intended to facilitate the implementation of the industry-led transition to a T+1 settlement cycle. The shortened settlement cycle will apply uniformly to all contracts for the purchase or sale of a security (other than exempted


⁹ See supra note 3.
securities) that provide for payment of funds and delivery of securities that occur on Nasdaq or other self-regulatory organizations. Moreover, the proposal is consistent with the Commission’s amendment to Rule 15c6–1(a) of the Act to require standard settlement no later than T+1. Accordingly, Nasdaq believes that the proposed amendments do not impose any intra-market or inter-market burdens on competition because the amendments conform Nasdaq’s rules with the adopted rule amendments to shorten the standard settlement cycle for most broker-dealer transactions from T+2 to T+1. Specifically, the proposed amendments include changes to rules that specifically establish the settlement cycle as well as rules that establish time frames based on settlement dates, including for certain post-settlement rights and obligations.

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 designated by the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act and as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act and subparagraph (f)(6) of Rule 19b–4 thereunder.

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 (https://www.sec.gov/rules/sro.shtml); or
• Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2023-046 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–NASDAQ–2023–046. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s internet website (https://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission’s Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–NASDAQ–2023–046 and should be submitted on or before December 12, 2023.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.14

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2023–25667 Filed 11–20–23; 8:45 am]

BILLING CODE 4011–01–P

SECURITIES AND EXCHANGE COMMISSION


November 15, 2023.

On September 20, 2023, the Nasdaq Stock Market LLC (“Nasdaq”) 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 to list and trade shares of the Hashdex Nasdaq Ethereum ETF under Nasdaq Rule 5711(i) (Trust Units). The proposed rule change was published for comment in the Federal Register on October 3, 2023. 3

Section 19(b)(2) of the Act 4 provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is November 17, 2023. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised therein. Accordingly, the Commission, pursuant
