

consistent with Section 17A(b)(3)(F) of the Act.²⁰

Accordingly, and for the reasons stated above, the Commission finds that the Proposed Rule Changes are consistent with Section 17A(b)(3)(F) of the Act.

B. Section 17Ad-22(e)(18)(iv)(C) of the Act

Section 17Ad-22(e)(18)(iv)(C) under the Act requires, among other things, that a covered clearing agency serving the U.S. Treasury market, like FICC, establish, implement, maintain, and enforce written policies and procedures reasonably designed to ensure that the covered clearing agency has appropriate means to facilitate access to clearance and settlement services of all eligible secondary market transactions in U.S. Treasury securities, including those of indirect participants, and that the board of directors for the covered clearing agency, like FICC, annually review such policies and procedures.²¹ The Proposed Rule Changes, as described in Section III.B above, would establish an advisory council and framework for that council's work and would provide for annual review by the FICC Board of Directors as to FICC's policies and procedures regarding access to its clearance and settlement services.

One commenter addressed certain aspects of this proposal. Specifically, the commenter states that FICC's rules "should provide that indirect participants will be allotted at least 50% of the representation on the council."²² The Commission agrees that indirect participant representation on the proposed council is important. Under the Proposed Rule Changes, the advisory council would include representatives not only from FICC participants, but also their customers, that is, indirect participants who rely on FICC's services to access FICC's clearance and settlement services. Though not required, the use of an advisory council is consistent with Rule 17Ad-22(e)(18)(iv)(C), and that rule does not mandate the particular composition of the advisory council that FICC has chosen to establish.

The Commission recently adopted Rule 17Ad-25(j)²³ which requires each registered clearing agency to establish, implement, maintain, and enforce written policies and procedures

reasonably designed to solicit, consider, and document its consideration of the views of participants and other relevant stakeholders. The Commission therefore has given clearing agencies discretion in the design and structure of stakeholder outreach.²⁴ The Commission also stated in the Rule 17Ad-25(j) final rule release that such "other relevant stakeholders" generally would include investors, customers of clearing agency participants, and securities issuers.²⁵

Pursuant to the Proposed Rule Changes, FICC would include indirect participants on its advisory council. The Commission supports the inclusion of indirect participants and encourages FICC to solicit views from a variety of indirect participants who may have differing needs.

The commenter further stated that FICC should, "explicitly describe how and to what extent the feedback and recommendations made by the indirect participant members on the council (or indirect participants at large) will be considered and/or incorporated into the review process and potential changes to the access models."²⁶ Within the Proposed Rule Changes, FICC has outlined specific points of consideration, and specific data to document and analyze in furtherance of the annual review by the Board of Directors, or a committee thereof, of GSD access models as noted in Section III.B above. In addition, pursuant to the Proposed Rule Changes, the advisory council's review would be escalated to the FICC Board of Directors, or a committee thereof, to assist in their annual review. Rule 17Ad-22(e)(18)(iv)(C) does not require the use of an advisory council.

Accordingly, the Commission finds that the Proposed Rule Changes are consistent with the requirements of Rule 17Ad-22(e)(18)(iv)(C).²⁷

V. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act²⁸ and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act²⁹ that proposed rule changes SR-DTC-2024-

003, SR-FICC-2024-006, and SR-NSCC-2024-003 be, and hereby are, approved.³⁰

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101693; File No. SR-NASDAQ-2024-068]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Deadline for a Listed Company To Notify Nasdaq of a Reverse Stock Split

November 21, 2024.

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 8, 2024, The Nasdaq Stock Market LLC ("Nasdaq" 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 modify its listing standards related to notification and disclosure of reverse stock splits to the Exchange. The proposed rule change will become operative on January 30, 2025.

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

²⁰ 15 U.S.C. 78q-1(b)(3)(F).

²¹ 17 CFR 240.17Ad-22(e)(18)(iv)(C).

²² Letter from Jiri Krol, Deputy CEO, Global Head of Government Affairs, Alternative Investment Management Association, at 8 (Apr. 23, 2024), available at <https://www.sec.gov/comments/sr-ficc-2024-006/srficc2024006.htm> ("AIMA Letter").

²³ 17 CFR 240.17Ad-25(j).

²⁴ Clearing Agency Governance and Conflicts of Interest, Securities Exchange Act Release No. 98959 (Nov. 16, 2023), 88 FR 84454, 84483 (Dec. 5, 2023).

²⁵ See *id.*

²⁶ AIMA Letter, *supra* note 22, at 8.

²⁷ 17 CFR 240.17Ad-22(e)(18)(iv)(C).

²⁸ 15 U.S.C. 78q-1.

²⁹ 15 U.S.C. 78s(b)(2).

³⁰ In approving the Proposed Rule Changes, the Commission considered their impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

On June 21, 2023, Nasdaq filed with the Commission a proposed rule change related to notification and disclosure of reverse stock splits.³ On November 1, 2023, the Commission approved the proposed rule changes.⁴ On March 1, 2024, Nasdaq adopted an additional change to the rule and Company Event Notification Form to further clarify the requirements.⁵ Nasdaq is now proposing to amend the deadline for a company to notify Nasdaq of a reverse stock split from 5 business days to 10 calendar days in order to conform to the requirements of SEC Rule 10b-17 of the Act.⁶

Specifically, Rule 10b-17(a)(2) and (b) of the Act, require issuers to provide notice to FINRA (formerly the National Association of Securities Dealers, Inc.) no later than 10 calendar days prior to the date of record to participate in a stock split or reverse stock split, unless the impacted security is traded on a national securities exchange with a substantially comparable requirement to those set forth in Rule 10b-17(b)(1).⁷

Currently, Rule 5250(e)(7) and IM-5250-3 require a company conducting a reverse stock split to notify Nasdaq about certain details of the reverse stock split by submitting a complete Company Event Notification Form and a draft of the disclosure required by Rule 5250(b)(4) at least 5 business days (no later than 12:00 p.m. ET) prior to the anticipated market effective date, which includes all the information required by Rule 10b-17 applicable to reverse stock splits.

It has come to Nasdaq's attention that Nasdaq's current rule may not be considered substantially comparable to

the 10 calendar-day prior notice required in Rule 10b-17 of the Act. Accordingly, Nasdaq is proposing to amend the deadline for a company to notify Nasdaq of a reverse stock split from no later than 12:00 p.m. ET 5 business days to 10 calendar days prior to the anticipated market effective date of the reverse stock split to ensure that Rule 5250(e)(7) and IM-5250-3 are substantially comparable to Rule 10b-17 and, therefore, that companies are compliant with Rule 10b-17 when they give notice under those rules.⁸ Nasdaq is not amending the requirement to provide public disclosure under Rule 5250(b)(4) at least 2 business days (no later than 12:00 p.m. ET) prior to the anticipated market effective date. Nasdaq still believes that this timeframe provides sufficient notice to the public about reverse stock splits.⁹

Nasdaq is also submitting an updated Company Event Notification Form as *Exhibit 3* to the rule filing. Nasdaq is making conforming changes to the Form to reflect that the deadline for submission is 10 calendar days, rather than 5 business days.

In order to provide companies that have already planned action for a reverse stock split under the current rule's timeframe with the ability to effect their reverse stock split under that schedule, the proposed rule change will become operative on January 30, 2025.¹⁰ Nasdaq believes that this delayed operative date will allow sufficient time for market participants to adjust to the new time frame. For example, a company may have already scheduled a shareholder meeting or submitted a preliminary or final proxy statement to the Commission with a view towards effecting a reverse stock split based on the currently required five-day notice

⁸ For example, if a company desires to effect a reverse stock split with a market effective date of Monday, September 23, the company would have to provide Nasdaq with a draft of the disclosure required by proposed Rule 5250(b)(4) and a complete Company Event Notification Form by 12:00 p.m. ET on Friday, September 13, and provide the public disclosure by 12:00 p.m. ET by Thursday, September 19. Note that this example presumes that there are no holidays during these dates. If a company withdraws and re-submits a Company Event Notification Form, the 10 calendar day period would be measured from the date the company re-submitted the form (rather than the date of the first submission).

⁹ See *supra* note 3.

¹⁰ For example, a company may have already scheduled a shareholder meeting or submitted a preliminary or final proxy statement to the Commission with a view towards effecting a reverse stock split during a compliance period under the Nasdaq Listing Rules. The additional time to provide 10 calendar days advance notice of the reverse stock split, instead of the currently required five business-day notice period, could prevent the company from regaining compliance during the compliance period.

period. Nasdaq believes this delayed operative date will reduce potential confusion for companies and investors about the transition and allow companies to appropriately plan for the change.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² 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, by aligning its rules related to notification of reverse stock splits with the notification requirements of Rule 10b-17 of the Act.

The proposal amends Rule 5250(e)(7) and IM-5250-3 to require a company to submit a complete Company Event Notification Form and a draft of the disclosure required by Rule 5250(b)(4) at least 10 calendar days (no later than 12:00 p.m. ET) prior to the anticipated market effective date, rather than 5 business days, and provides conforming updates to the Company Event Notification Form. Nasdaq believes that this will align Nasdaq's rules with the requirements of Rule 10b-17 under the Act, and will thereby help promote clarity, transparency and consistency for market participants and companies. Nasdaq also believes that the delayed operative date of the proposed rule change is consistent with Section 6(b)(5) of the Act in that it will allow sufficient time for market participants to adjust to the new time frame and will thereby help to reduce potential confusion for companies and investors.

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 proposed change is designed to align an existing rule and related Company Event Notification Form with the requirements of Rule 10b-17 of the Act and, therefore, Nasdaq believes that the proposed change will not impose a burden on competition.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

³ See Securities Exchange Act Release No. 98014 (July 28, 2023), 88 FR 51376 (August 3, 2023) (proposing SR-Nasdaq-2023-025).

⁴ See Securities Exchange Act Release No. 98843 (November 1, 2023), 88 FR 76867 (November 7, 2023) (approving SR-Nasdaq-2023-025).

⁵ See Securities Exchange Act Release No. 99734 (March 14, 2024), 89 FR 19905 (March 20, 2024).

⁶ 17 CFR 240.10b-17.

⁷ 17 CFR 240.10b-17(a)(2), (b)(1) and (b)(3).

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 Act¹³ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁴

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-2024-068 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-2024-068. 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-2024-068 and should be submitted on or before December 18, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101684; File No. SR-OCC-2024-014]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change, as Modified by Partial Amendment No. 1, by the Options Clearing Corporation Concerning Its Process for Adjusting Certain Parameters in Its Proprietary System for Calculating Margin Requirements During Periods When the Products It Clears and the Markets It Serves Experience High Volatility

November 21, 2024.

On October 1, 2024, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-OCC-2024-014, pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4² thereunder, to codify OCC's process for adjusting certain parameters in its proprietary system for calculating margin requirements during periods when the products OCC clears and the markets it serves experience high volatility.³ The proposed rule change, as modified by Partial Amendment no. 1 (hereinafter, the "Proposed Rule Change"), was published for public comment in the **Federal Register** on October 9, 2024.⁴ The Commission has received no comments regarding the Proposed Rule Change.

Section 19(b)(2)(i) of the Exchange Act⁵ provides that, within 45 days of the publication of notice of the filing of a proposed rule change, 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 unless the Commission extends the period within which it must act as provided in Section 19(b)(2)(ii) of the Exchange Act.⁶ Section 19(b)(2)(ii) of the Exchange Act allows the Commission to designate a longer period for review (up to 90 days from the publication of notice of the filing of a proposed rule change) if the Commission finds such longer period to be appropriate and publishes

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Notice of Filing *infra* note 4, at 89 FR 81958.

⁴ Securities Exchange Act Release No. 101246 (Oct. 3, 2024), 89 FR 81958 (Oct. 9, 2024) (File No. SR-OCC-2024-014) ("Notice of Filing").

⁵ 15 U.S.C. 78s(b)(2)(i).

⁶ 15 U.S.C. 78 s(b)(2)(ii).

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 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.

¹⁵ 17 CFR 200.30-3(a)(12).