

business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend its rules to (i) introduce clearing of new Markit iTraxx Subordinated Financials Index CDS and the Related Single Name CDS Constituents (together, “Subordinated Financials”); (ii) incorporate changes to the Wrong Way Risk margin as recommended by a risk model validation; and (iii) modify the Default Fund Additional Margin (SR-LCH SA-2019-005). The proposed rule change was published for comment in the **Federal Register** on August 9, 2019.<sup>3</sup> To date, the Commission has not received comments on the proposed rule change.

Section 19(b)(2) of the Act<sup>4</sup> 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 from the publication of notice of filing of this proposed rule change is September 23, 2019.

The Commission is extending the 45-day time period for Commission action on the proposed rule change, in which LCH SA would introduce clearing of Subordinated Financials and make the other changes noted above. The Commission finds it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider LCH SA’s proposed rule change.

Accordingly, pursuant to Section 19(b)(2)<sup>5</sup> of the Act, and for the reasons discussed above, the Commission designates November 7, 2019, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-LCH SA-2019-005).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

#### Extension:

Rules 901, 902, 903(a), 904, 905, 906, 907, and 908 of Regulation SBSR, SEC File No. 270-629, OMB Control No. 3235-0718

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (“PRA”) (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) is soliciting comments on the existing collection of information provided for in Rules 901, 902, 903(a), 904, 905, 906, 907, and 908 of Regulation SBSR (17 CFR 242.901, 902, 903(a), 904, 905, 906, 907, and 908), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget (“OMB”) for extension and approval.

Regulation SBSR consists of ten rules, Rules 900 to 909 under the Exchange Act. Regulation SBSR provides generally for the reporting of security-based swap information to a registered security-based swap data repository (“registered SDR”) or the Commission, and the public dissemination of security-based swap transaction, volume, and pricing information by registered SDRs. Rule 901 specifies, with respect to each reportable event pertaining to covered transactions, who is required to report, what data must be reported, when it must be reported, where it must be reported, and how it must be reported. Rule 901(a)(1) of Regulation SBSR requires a platform to report to a registered security-based swap data repository (“registered SDR”) a security-based swap executed on such platform that will be submitted to clearing. Rule 901(a)(2)(i) of Regulation SBSR requires a registered clearing agency to report to a registered SDR any security-based swap to which it is a counterparty. Rules 902 to 909 of

Regulation SBSR provide additional details as to how such reporting and public dissemination is to occur.

The Commission estimates that a total of approximately 4900 entities will be impacted by Regulation SBSR, including registered SDRs, registered security-based swap dealers, registered major securities-based swap participants, registered clearing agencies, platforms, and reporting sides and other market participants. The Commission estimates that the total reporting burden for Regulation SBSR, for all respondents, is approximately 538,257.60 hours initially (which equates to approximately 179,419.20 hours per year when annualized over three years), with a total ongoing burden thereafter of approximately 1,887,021.07 hours per year. Thus, the aggregate yearly burden is approximately 2,066,441 hours (2,066,440.27 rounded up). In addition, the Commission estimates that the total cost for all of Regulation SBSR for all respondents is approximately \$21,264,300 initially (which equates to approximately \$7,088,100 per year when annualized over three years), with a total ongoing cost thereafter of approximately \$80,331,371 per year. Thus, the aggregate annual cost for all respondents is approximately \$87,419,472 (\$87,419,471.30 rounded up). A detailed break-down of the burdens applicable to each type of entity is provided in the supporting statement.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission’s estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

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

Please direct your written comments to: Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington,

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

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

<sup>3</sup> Securities Exchange Act Release No. 86576 (Aug. 6, 2019), 84 FR 39386 (Aug. 9, 2019) (SR-LCH SA-2019-005).

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(31).

DC 20549, or send an email to: *PRA\_Mailbox@sec.gov*.

Dated: September 3, 2019.

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86842; File No. SR-NASDAQ-2019-069]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the Manner in Which It Calculates Volume, Liquidity and Quoting Thresholds Applicable To Billing on the Exchange in Relation to a Systems Issue Experienced by SIAC on August 12, 2019

August 30, 2019.

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 August 28, 2019, 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 modify the manner in which it calculates volume, liquidity and quoting thresholds applicable to billing on the Exchange in relation to a systems issue experienced by SIAC on August 12, 2019, which impacted trade and quote dissemination across all markets.

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

#### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for

the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to modify the manner in which it calculates volume, liquidity and quoting thresholds applicable to billing on the Exchange in relation to the August 12, 2019 systems issue, which impacted trade and quote dissemination across all markets.<sup>3</sup> Specifically, on August 12, 2019, SIAC<sup>4</sup> determined to fail over to back up servers after receiving indications that its primary systems had become unstable, causing connectivity disruptions. The fail over to secondary systems failed to cure the problem, resulting in market-wide issues with the Consolidated Quote System and the Consolidated Tape System, including gaps in the intra-day trades, quotes, and other messages that were attempted to be sent to it. Consequently, the accuracy of the transaction and quotation data for August 12, 2019 is unknown.

As a result, the Exchange is unable to accurately calculate member transaction fees and credits, including calculations for the Exchange’s incentive programs, since several of the Exchange’s transaction fees and credits are based on trading, quoting and liquidity thresholds that members must satisfy in order to qualify for the particular rates (e.g., percentage of Consolidated Volume, Average Daily Volume, and time at the NBBO). The Exchange therefore proposes to exclude August 12, 2019 from all tier calculations described in Equity 7, Sections 114<sup>5</sup> and 118<sup>6</sup> in order to reasonably ensure that a member that would otherwise qualify for a particular threshold during August 2019, and the corresponding

<sup>3</sup> See <https://www.ctaplan.com/alerts#110000144324>.

<sup>4</sup> SIAC is the operator of the Consolidated Quote System and Consolidated Tape System, which disseminate real-time trade and quote information in New York Stock Exchange LLC (Network A) and Bats, NYSE Arca, NYSE American and other regional exchange (Network B) listed securities.

<sup>5</sup> Equity 7, Section 114 provides the Exchange’s market quality incentive programs.

<sup>6</sup> Equity 7, Section 118 provides the fees and credits for use of the Exchange’s order execution and routing services.

transaction rate and/or incentive, would not be negatively impacted by the August 12, 2019 systems issue.

##### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,<sup>8</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers, and 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. In this regard, because the accuracy of the transaction and quotation data disseminated by SIAC for August 12, 2019 is unknown, the Exchange believes that it is reasonable to exclude August 12, 2019 from all tier calculations described in Equity 7, Sections 114 and 118, which would reasonably ensure that a member’s qualification for various pricing programs would be based on the data that the Exchange believes is accurate. The Exchange also believes that the proposed rule change is reasonable because the SIAC systems issue that caused inaccurate transaction and quotation data was not within Nasdaq’s control nor can Nasdaq correct or otherwise remediate the issue. Including August 12, 2019 transaction and quotation data for purposes of tier calculations described in Equity 7, Sections 114 and 118 could result in inaccurate determinations for member rates based on the extent to which their transactions and quotations were impacted by the August 12, 2019 event in comparison to the overall inaccuracies in the data provided by SIAC for that date. Consequently, the Exchange believes that the proposed change is equitable and not unfairly discriminatory because it would result in all market participants on the Exchange being treated equally by excluding August 12, 2019 from all tier calculations described in Equity 7, Sections 114 and 118. Last, excluding August 12, 2019 from all tier calculations described in Equity 7, Sections 114 and 118 is in the public interest because it will provide Exchange members with the closest approximation of the fees and credits

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(4) and (5).

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

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