

bears to \$600" is \$2,209 for months in calendar year 2021;

12. The maximum daily benefit rate under section 2(a)(3) of the Act is \$82 with respect to days of unemployment and days of sickness in registration periods beginning after June 30, 2021.

Surcharge Rate

A surcharge is added in the calculation of each employer's contribution rate, subject to the applicable maximum rate, for a calendar year whenever the balance to the credit of the RUI Account on the preceding June 30 is less than the greater of \$100 million or the amount that bears the same ratio to \$100 million as the system compensation base for that June 30 bears to the system compensation base as of June 30, 1991. If the RUI Account balance is less than \$100 million (as indexed), but at least \$50 million (as indexed), the surcharge will be 1.5 percent. If the RUI Account balance is less than \$50 million (as indexed), but greater than zero, the surcharge will be 2.5 percent. The maximum surcharge of 3.5 percent applies if the RUI Account balance is less than zero.

The ratio of the June 30, 2020 system compensation base of \$4,071,144,777.80 to the June 30, 1991 system compensation base of \$2,763,287,237.04 is 1.47329772. Multiplying 1.47329772 by \$100 million yields \$147,329,772.00. Multiplying \$50 million by 1.47329772 produces \$73,664,886.00. The Account balance on June 30, 2020, was \$53,715,608.16. Accordingly, the surcharge rate for calendar year 2021 is 2.5 percent.

Monthly Compensation Base

For years after 1988, section 1(i) of the Act contains a formula for determining the monthly compensation base. Under the prescribed formula, the monthly compensation base increases by approximately two-thirds of the cumulative growth in average national wages since 1984. The monthly compensation base for months in calendar year 2021 shall be equal to the greater of (a) \$600 or (b) $\$600 [1 + \{(A - 37,800)/56,700\}]$, where A equals the amount of the applicable base with respect to tier 1 taxes for 2021 under section 3231(e)(2) of the Internal Revenue Code of 1986. Section 1(i) further provides that if the amount so determined is not a multiple of \$5, it shall be rounded to the nearest multiple of \$5.

Using the calendar year 2021 tier 1 tax base of \$142,800 for A above produces the amount of \$1,711.11, which must then be rounded to \$1,710. Accordingly, the monthly compensation base is

determined to be \$1,710 for months in calendar year 2021.

Amounts Related to Changes in Monthly Compensation Base

For years after 1988, sections 1(k), 3, 4(a-2)(i)(A) and 2(c) of the Act contain formulas for determining amounts related to the monthly compensation base.

Under section 1(k), remuneration earned from employment covered under the Act cannot be considered subsidiary remuneration if the employee's base year compensation is less than 2.5 times the monthly compensation base for months in such base year. Under section 3, an employee shall be a "qualified employee" if his/her base year compensation is not less than 2.5 times the monthly compensation base for months in such base year. Under section 4(a-2)(i)(A), an employee who leaves work voluntarily without good cause is disqualified from receiving unemployment benefits until he has been paid compensation of not less than 2.5 times the monthly compensation base for months in the calendar year in which the disqualification ends.

Multiplying 2.5 by the calendar year 2021 monthly compensation base of \$1,710 produces \$4,275.00. Accordingly, the amount determined under sections 1(k), 3 and 4(a-2)(i)(A) is \$4,275.00 for calendar year 2021.

Under section 2(c), the maximum amount of normal benefits paid for days of unemployment within a benefit year and the maximum amount of normal benefits paid for days of sickness within a benefit year shall not exceed an employee's compensation in the base year. In determining an employee's base year compensation, any money remuneration in a month not in excess of an amount that bears the same ratio to \$775 as the monthly compensation base for that year bears to \$600 shall be taken into account.

The calendar year 2021 monthly compensation base is \$1,710. The ratio of \$1,710 to \$600 is 2.85000000. Multiplying 2.85000000 by \$775 produces \$2,209. Accordingly, the amount determined under section 2(c) is \$2,209 for months in calendar year 2021.

Maximum Daily Benefit Rate

Section 2(a)(3) contains a formula for determining the maximum daily benefit rate for registration periods beginning after June 30, 1989, and after each June 30 thereafter. Legislation enacted on October 9, 1996, revised the formula for indexing maximum daily benefit rates. Under the prescribed formula, the maximum daily benefit rate increases by

approximately two-thirds of the cumulative growth in average national wages since 1984. The maximum daily benefit rate for registration periods beginning after June 30, 2021, shall be equal to 5 percent of the monthly compensation base for the base year immediately preceding the beginning of the benefit year. Section 2(a)(3) further provides that if the amount so computed is not a multiple of \$1, it shall be rounded down to the nearest multiple of \$1.

The calendar year 2020 monthly compensation base is \$1,655. Multiplying \$1,655 by 0.05 yields \$82.75. Accordingly, the maximum daily benefit rate for days of unemployment and days of sickness beginning in registration periods after June 30, 2021, is determined to be \$82.

By Authority of the Board.

Stephanie Hillyard,

Secretary to the Board.

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, the Securities and Exchange Commission will hold an Open Meeting on Wednesday, December 9, 2020 at 10:00 a.m.

PLACE: The meeting will be webcast on the Commission's website at www.sec.gov.

STATUS: This meeting will begin at 10:00 a.m. (ET) and will be open to the public via audio webcast only on the Commission's website at www.sec.gov.

MATTERS TO BE CONSIDERED: The Commission will consider whether to adopt a new rule and rule amendments to modernize the national market system for the collection, consolidation, and dissemination of information with respect to quotations for and transactions in national market system ("NMS") stocks ("NMS information"). Specifically, the Commission will consider whether to expand the content of NMS information that is required to be collected, consolidated, and disseminated as part of the national market system under Regulation NMS and whether to amend the method by which such NMS information is collected, calculated, and disseminated by fostering a competitive environment for the dissemination of NMS information via a decentralized

consolidation model with competing consolidators.

CONTACT PERSON FOR MORE INFORMATION:

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact Vanessa A. Countryman, Office of the Secretary, at (202) 551-5400.

Dated: December 2, 2020.

Vanessa A. Countryman,
Secretary.

[FR Doc. 2020-26899 Filed 12-3-20; 11:15 am]

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**SECURITIES AND EXCHANGE
COMMISSION**

[Release No. 34-90541; File No. SR-LCH
SA-2020-006]

**Self-Regulatory Organizations; LCH
SA; Order Approving Proposed Rule
Change Relating to the Amendments
to LCH SA's Liquidity Risk Modelling
Framework**

December 1, 2020.

I. Introduction

On October 20, 2020, Banque Centrale de Compensation, which conducts 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 of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its Liquidity Risk Modelling Framework (the "Framework")³ with respect to the assignment and exercise of equity American options.⁴ The Proposed Rule Change was published for comment in the **Federal Register** on October 30, 2020.⁵ The Commission did not receive comments on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

**II. Description of the Proposed Rule
Change**

LCH SA is proposing to amend the Framework in order to address more accurately its liquidity requirements arising from the physical settlement of

equity American options involving a defaulting clearing member during any liquidation of such clearing member. The current Framework accounts for liquidity provision related to the risk of assignment and exercise of equity American options and equity European options at expiration.⁶ Given that equity American options can be exercised before their expiration dates (referred to below as "expiry"), LCH SA represented that there is a resulting funding risk with respect to the exercise of equity American options prior to expiry during the liquidation period of a defaulting clearing member that needs to be modelled and accounted for in its daily liquidity coverage ratio ("LCR") calculation.⁷

The LCR is the ratio of available assets over the liabilities of LCH SA under the stressed scenario of the default of the two largest clearing members ("Cover 2 scenario"), based on their liquidity needs.⁸ On a daily basis, the LCR calculation identifies all of the potential option positions that are in the money or at the money on that day and the next business day.⁹ Given the potential option exercise, the LCR calculation generates a liquidity need.¹⁰ LCH SA represented that the proposed rule change would be an enhancement to the current Framework to address the funding risk posed by the potential exercise of an equity American option at any time before expiry when the two largest clearing members in terms of liquidity needs may face liquidity issues.¹¹

To address this risk, LCH SA is proposing specific modifications to the Framework that would enable its LCR calculation to generate an enhanced liquidity need in a Cover 2 scenario involving the physical settlement of equity American options. The proposed rule change would replace the term "expiry" with the term "exercise" in both section 5.3.1.3 (*Cash Equity*) and section 5.3.4 (*Cover 2 selection, Cash Equity Settlement Liquidity Requirement*) to account for equity settlements arising from the options' exercise, rather than their expiry. The proposed rule change would also revise the assumption about when equity American options are considered to be exercised, which is set forth in the "Options Expiry" paragraph of section 5.3.1.3 of the Framework. In that paragraph, the proposed rule change

would replace the term "at expiry" with the phrase "any time by defaulting members in order to raise liquidity."¹²

In practice, LCH SA represents that the process under the amended Framework will work as follows on a daily basis:

- The liquidity needs arising from the equity American options that are in the money or at the money will be computed, without applying a stress scenario to the equities.
- The liquidity needs from the equity American options that are in the money or at the money will be computed, by applying a stress scenario to the equities.
- LCH SA will select the positions consistent with the two largest clearing members in terms of liquidity needs for both modes described above and will retain the most punitive one.
- This liquidity amount that LCH SA will potentially need for the settlement of equity American options (*i.e.*, the most punitive amount identified in the previous bullet) will then be added to the current cash equity settlement amount in the LCR.¹³

**III. Discussion and Commission
Findings**

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to the organization.¹⁴ For the reasons given below, the Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹⁵ and Rule 17Ad-22(e)(7)(i) thereunder.¹⁶

*A. Consistency With Section
17A(b)(3)(F) of the Act*

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of LCH SA be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of LCH SA or for which it is responsible.¹⁷

As described above, the proposed rule change would amend the Framework with specific changes in order to address more accurately LCH SA's

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Capitalized terms used but not defined herein have the meanings specified in the LCH SA CDS Clearing Rule Book, Supplement, Procedures, or the Framework as applicable.

⁴ See Notice *infra* note 5, 85 FR at 68935.

⁵ Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change Relating to the Amendments of LCH SA Risk Liquidity Modeling Framework, Exchange Act Release No. 90270 (October 26, 2020), 85 FR 68935 (October 30, 2020) (SR-LCH SA-2020-006) ("Notice").

⁶ See Notice, 85 FR at 68936.

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

¹⁴ 15 U.S.C. 78s(b)(2)(C).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁶ 17 CFR 240.17Ad-22(e)(7)(i).

¹⁷ 15 U.S.C. 78q-1(b)(3)(F).