SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Amend the Exchange’s By-Laws in Connection With an Equity Rights Program


On November 24, 2020, MIAX PEARL, LLC (“MIAX PEARL” 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 to amend the Amended and Restated By-Laws of MIAX PEARL to correspond with an Equity Rights Program recently established by the Exchange. The proposed rule change was published for comment in the Federal Register on December 9, 2020.3 The Commission has received no comments on the proposal.

Section 19(b)(2) of the Act4 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 January 23, 2021. 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. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,5 designates March 9, 2021, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–PEARL–2020–30).

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

J. Matthew DeLesDernier,
Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Revisions to Part 39 of the Commodity Futures Trading Commission Regulations


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 January 13, 2021, The Options Clearing Corporation (“OCC”) filed with the

The purpose of revised I&P .01 to OCC Rule 602 is to achieve compliance with recent amendments to CFTC Regulation 39.13(g)(8)(ii). Departing from the historical practice of establishing distinct minimum initial margin requirements for hedge and speculative customer accounts, revised CFTC Regulation 39.13(g)(8)(ii) provides that a derivatives clearing organization (“DCO”) shall establish a minimum initial margin requirement that clearing members must charge their customers with respect to each product and portfolio that is commensurate with the risk presented by each customer account. The revised regulation also provides DCOs reasonable discretion in establishing a higher minimum initial margin requirement that clearing members must collect for categories of customers determined by the clearing member to have heightened risk profiles. As amended, I&P .01 to Rule 602 will allow OCC to achieve compliance with CFTC Regulation 39.13(g)(8)(ii) by requiring Clearing Members to determine which futures or categories of futures customers have heightened risk profiles and to collect, at a minimum, the amount of initial margin established by OCC for such customers or categories of customers from time to time. The proposal also eliminates the existing language in I&P .01 to OCC Rule 602 contemplating distinct margin requirements for customer hedge and speculative positions.

OCC also proposes to adopt I&P .02 to OCC Rule 602 to facilitate no-action relief granted by the CFTC. By way of background, in 2011, the CFTC adopted Regulation 39.13(g)(8)(iii) requiring each DCO to prohibit the withdrawal of funds from a customer account unless the clearing member holds a sufficient amount of the customer’s assets to cover the minimum initial margin requirement for hedge and speculative positions of futures customers. In 2012, OCC adopted Rule 602(b) to satisfy this requirement. CFTC staff has issued time-limited no-action relief pursuant to which a DCO may allow a futures commission merchant (“FCM”) clearing member to treat the separate accounts of a customer as accounts of separate entities for purposes of CFTC Regulation 39.13(g)(8)(iii), provided that the clearing member satisfies several conditions set forth in the letter. Proposed I&P .02 creates an exception to OCC Rule 602(b) that allows FCM Clearing Members that satisfy the conditions established by the CFTC to treat separate futures customer accounts as accounts of separate entities for purposes of OCC Rule 602(b).

Finally, the proposed rule change adds I&P .01 to OCC Rule 1103, which specifies that OCC will publish a public notice of a decision to suspend a Clearing Member on its website as soon as reasonably practical. OCC is adopting this I&P to achieve compliance with CFTC Regulation 39.16(c)(2)(ii), which requires each DCO to adopt rules describing the actions a DCO will take upon a default, which must include posting a public notice of a declaration of default on the DCO’s website. OCC proposes to make the revisions to the I&Ps to OCC Rules 602 and 1103 described above effective on January 27, 2021. This effective date aligns to the compliance date for the revisions to Part 39 of the CFTC regulations.

(2) Statutory Basis


OCC Regulation 39.16(c)(2)(ii) also requires DCOs to adopt rules providing for the prompt transfer, liquidation, or hedging of the customer or house positions of the defaulting clearing member, as applicable. Chapter XI of OCC’S Rules addresses this portion of CFTC Regulation 39.16(c)(2)(ii). As amended, I&P .01 to Rule 602(b) to satisfy this requirement. CFTC staff has issued time-limited no-action relief pursuant to which a DCO may allow a futures commission merchant (“FCM”) clearing member to treat the separate accounts of a customer as accounts of separate entities for purposes of CFTC Regulation 39.13(g)(8)(iii), provided that the clearing member satisfies several conditions set forth in the letter. Proposed I&P .02 creates an exception to OCC Rule 602(b) that allows FCM Clearing Members that satisfy the conditions established by the CFTC to treat separate futures customer accounts as accounts of separate entities for purposes of OCC Rule 602(b).

Finally, the proposed rule change adds I&P .01 to OCC Rule 1103, which specifies that OCC will publish a public notice of a decision to suspend a Clearing Member on its website as soon as reasonably practical. OCC is adopting this I&P to achieve compliance with CFTC Regulation 39.16(c)(2)(ii), which requires each DCO to adopt rules describing the actions a DCO will take upon a default, which must include posting a public notice of a declaration of default on the DCO’s website. OCC proposes to make the revisions to the I&Ps to OCC Rules 602 and 1103 described above effective on January 27, 2021. This effective date aligns to the compliance date for the revisions to Part 39 of the CFTC regulations.

(B) Clearing Agency’s Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule change would have any impact or impose a burden on competition. Although this proposed rule change affects Clearing Members, their customers, and the markets that OCC serves, OCC believes that the proposed rule change would not disadvantage or favor any particular user of OCC’s services in relationship to another user because the proposed amendments apply equally to all users of OCC. OCC also notes that two of the proposed revisions to OCC Rules are designed to achieve compliance with amendments to Part 39 of the CFTC Regulations, and, in adopting these amendments, the CFTC identified no anticompetitive effects. Given that the revisions to I&P .01 to OCC Rule 602 and I&P .01 to OCC Rule 1103 are narrowly tailored to achieve compliance with regulatory requirements for which no anticompetitive effects have been identified, OCC does not believe that these amendments would have any impact or impose a burden on competition. The addition of I&P .02 to...
OCC Rule 602 is intended to facilitate no-action relief related to an existing market practice and is not expected to have any impact on the competitive landscape.

While OCC does not believe that the proposal would have any impact or impose a burden on competition, if any such impact or burden on competition were to exist, the proposed amendments would still be necessary to achieve compliance with applicable regulatory requirements and accommodate no-action relief granted by the CFTC. The amendments are appropriate, because they are narrowly tailored to achieve compliance with CFTC Regulations and facilitate no-action relief. Accordingly, OCC does not believe that the proposed rule change would have any unnecessary or inappropriate impact or burden on competition.

(C) Clearing Agency’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been 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) of the Act and Rule 19b–4(f)(6) thereunder.

OCC has requested that the Commission waive the 30-day operative delay under Rule 19b–4(f)(6)(iii) so that the proposed rule changes may become effective and operative effective on January 27, 2021. OCC states that the proposed rule change is intended to achieve compliance with amendments to Part 39 of the CFTC Regulations, which become effective on that date. Accordingly, OCC believes that the prompt implementation of these changes would be consistent with the public interest and the protection of investors.

In adopting CFTC Regulation 39.13(g)(8)(ii), the CFTC noted that the amendment was consistent with an existing interpretation permitting DCOs to establish initial margin requirements based on the type of customer account and by applying prudential standards that result in FCMs collecting initial margin commensurate with the risk presented by each customer account. OCC does not believe that the amendment to I&P .01 and addition of I&P .02 to Rule 602 would significantly affect the protection of investors or the public interest as it codifies OCC’s longstanding practice of posting a notice of a Clearing Member default to its website. The proposed rule change would not impose any significant burden on competition because, as described above, the requirements apply to all Clearing Members, do not disadvantage or favor any particular user of OCC’s services in relationship to another user and achieve compliance with applicable regulatory requirements for which the CFTC identified no anticompetitive effects.

The Commission believes that delaying the operation of the proposed rule change for 30 days would impede OCC’s ability to comply with the CFTC rules by January 27, 2021 because a 30-day delay from the date of filing would require that the proposed rule change not become operative until February 12, 2021. The Commission believes, therefore, that waiving the 30-day operative delay would facilitate OCC’s ability to comply with the CFTC’s rules in a timely manner. Moreover, the Commission believes that the proposed rule change would not significantly affect the protection of investors or the public interest or impose a significant burden on competition because the changes would conform OCC’s rules to existing practices as described above. The Commission designates the proposed rule change as operative on January 27, 2021.

At any time within 60 days of the filing of the proposed rule change, the Commission 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.

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 (http://www.sec.gov/rules/sro.shtml); or

• Send an email to rule-comments@sec.gov. Please include File Number SR–OCC–2021–002 on the subject line.

Paper Comments

• Send paper comments to tricap to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090. All submissions should refer to File Number SR–OCC–2021–002. 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 (http://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 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC’s website at https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying
SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–182, OMB Control No. 3235–0237]

Submission for OMB Review; 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:
Form N–54A

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Under the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) (the "Investment Company Act"), certain investment companies can elect to be regulated as business development companies, as defined in Section 2(a)(48) of the Investment Company Act (15 U.S.C. 80a–2(a)(48)). Under Section 54(a) of the Investment Company Act (15 U.S.C. 80a–53(a)), any company defined in Section 2(a)(48)(A) and (B) may elect to be subject to the provisions of Sections 55 through 65 of the Investment Company Act (15 U.S.C. 80a–54 to 80a–64) by filing with the Commission a notification of election, if such company has: (1) A class of equity securities registered under Section 12 of the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) ("Exchange Act"); or (2) filed a registration statement pursuant to Section 12 of the Exchange Act for a class of its equity securities. The Commission adopted Form N–54A (17 CFR 274.53) as the form for notification of election to be regulated as a business development company.

The purpose of Form N–54A is to notify the Commission that the investment company making the notification elects to be subject to Sections 55 through 65 of the Investment Company Act, enabling the Commission to administer those provisions of the Investment Company Act to such companies.

The Commission estimates that on average approximately 7 business development companies file these notifications each year. Each of those business development companies need only make a single filing of Form N–54A. The Commission further estimates that this information collection imposes a burden of 0.5 hours, resulting in a total annual PRA burden of 3.5 hours. Based on the estimated wage rate, the total cost to the business development company industry of the hour burden for complying with Form N–54A would be approximately $1,288.

The collection of information under Form N–54A is mandatory. The information provided by the form is not kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE, Washington, DC 20549 or send an email to: PRA-Mailbox@sec.gov. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to www.reginfo.gov/public/do/PRAMain. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function.


J. Matthew DeLesDernier,
Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–524, OMB Control No. 3235–0582]

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:
Form N–PX

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) ("Paperwork Reduction Act"), the Securities and Exchange Commission (the "Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 30b1–4 (17 CFR 270.30b1–4) under the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) requires every registered management investment company, other than a small business investment company registered on Form N–5 ("funds"), to file a report on Form N–PX not later than August 31 of each year. Funds use Form N–PX to file annual reports with the Commission containing their complete proxy voting record for the most recent twelve-month period ended June 30.

The Commission estimates that there are approximately 2,207 funds registered with the Commission, representing approximately 11,890 fund portfolios that are required to file Form N–PX reports. The 11,890 portfolios are comprised of approximately 6,392 portfolios holding equity securities, 2,857 portfolios holding no equity securities, and 1,476 portfolios holding fund securities (i.e., fund of funds).1 The currently approved burden of Form N–PX for portfolios holding equity

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1 The estimate of 2,207 funds is based on the number of management investment companies currently registered with the Commission. The Commission staff estimates that there are approximately 6,392 portfolios that invest primarily in equity securities, 2,857 “hybrid” or bond portfolios that may hold some equity securities, 2,857 bond portfolios that hold no equity securities, and 361 money market fund portfolios, and 1,476 fund of funds, for a total of 11,890 portfolios required to file Form N–PX reports. The staff has based its portfolio estimates on a number of publications. See Investment Company Institute, Trends in Mutual Fund Investing (February 2020); Investment Company Institute, Closed-End Fund Assets and Net Issuance (Fourth Quarter 2019); Investment Company Institute, ETF Assets and Net Issuance (February 2020).