

2 above, unregistered money market funds will incur costs to preserve records, as required under rule 2a–7. These costs will vary significantly for individual funds, depending on the amount of assets under fund management and whether the fund preserves its records in a storage facility in hard copy or has developed and maintains a computer system to create and preserve compliance records. In the 2019 rule 2a–7 PRA extension, Commission staff estimated that the amount an individual money market fund may spend ranges from \$100 per year to \$300,000. We have no reason to believe the range is different for unregistered money market funds. Based on Form PF data as of the fourth calendar quarter 2019, liquidity funds have \$294 billion in gross asset value.³² The Commission does not have specific information about the proportion of assets held in small, medium-sized, or large unregistered money market funds. Because liquidity funds are often used as cash management vehicles, the staff estimates that each private liquidity

²² The number of new unregistered money market funds is estimated from 2018–2019 historical Form PF filings by liquidity fund advisers. See Securities and Exchange Commission’s Division of Investment Management—Analytics Office Private Funds Statistics, Fourth Calendar Quarter (Oct. 2, 2020) available at <https://www.sec.gov/divisions/investment/private-funds-statistics/private-funds-statistics-2019-q4.pdf>.

²³ We recognize that in many cases the adviser to an unregistered money market fund typically performs the function of the fund’s board. *Money Market Fund Reform; Amendments to Form PF Investment Company Act Rel. No. 31166* (Jul. 23, 2014), 79 FR 47735, 47809 (Aug. 14, 2014).

²⁴ For purposes of this PRA extension, we assumed that on average 25% (41 funds × .25 = approximately 10 funds) of liquidity funds would review and update their procedures on annual basis.

²⁵ This number has been derived from the number of advisers to liquidity funds. See U.S. Securities and Exchange Commission, Division of Investment Management, Analytics Office, Private Fund Statistics, Fourth Quarter 2019 (Oct. 2, 2020), Table 2.

²⁶ See *supra* note 23.

²⁷ There are no liquidity funds of this type; liquidity funds only are offered to qualified investors.

²⁸ See *supra* note 23.

²⁹ *Id.*

³⁰ *Id.*

³¹ In the context of registered money market funds, we have previously estimated an average of approximately 2 occurrences for 20 funds each year; however, this number may vary significantly in any particular year. For purposes of this PRA extension, we assumed there would be same proportion of unregistered money market funds experiencing events of default or solvency each year. (20/433 registered money market funds = approximately 5%. 5% × 41 liquidity funds = approximately 2 liquidity funds.)

³² See U.S. Securities and Exchange Commission, Division of Investment Management, Analytics Office, Private Fund Statistics, Fourth Quarter 2019 (Oct. 2, 2020), Table 3.

fund is a “large” fund (*i.e.*, more than \$1 billion in assets under management). Based on a cost of \$0.0000009 per dollar of assets under management (for large funds),³³ the staff estimates compliance with rule 2a–7 for these unregistered money market funds totals \$264,600 annually.³⁴

Consistent with estimates made in the rule 2a–7 submission, Commission staff estimates that unregistered money market funds also incur capital costs to create computer programs for maintaining and preserving compliance records for rule 2a–7 of \$0.0000132 per dollar of assets under management. Based on the assets under management figures described above, staff estimates annual capital costs for all unregistered money market funds of \$3.88 million.³⁵

Commission staff further estimates that, even absent the requirements of rule 2a–7, money market funds would spend at least half of the amounts described above for record preservation (\$132,300) and for capital costs (\$1.94 million). Commission staff concludes that the aggregate annual costs of compliance with the rule are \$132,300 for record preservation and \$1.94 million for capital costs.

The collections of information required for unregistered money market funds by rule 12d1–1 are necessary in order for acquiring funds to be able to obtain the benefits described above. Notices to the Commission will not be 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 OMB number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent within 30 days of publication of this notice to (i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o Cynthia Roscoe, 100 F Street NE,

³³ The recordkeeping cost estimates are \$0.0051295 per dollar of assets under management for small funds, and \$0.0005041 per dollar of assets under management for medium-sized funds. The cost estimates are the same as those used in the most recently approved rule 2a–7 submission.

³⁴ This estimate is based on the following calculation: (\$294 billion × \$0.0000009) = \$264,600 for large funds.

³⁵ This estimate is based on the following calculation: (\$294 billion × 0.0000132) = \$3.88 million.

Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: June 4, 2021.

J. Matthew DeLesDernier,
Assistant Secretary.

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BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–92103; File No. SR–BX–2021–025]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend BX Options 7, Section 1, “General Provisions” and Section 2, “BX Options Market-Fees and Rebates”

June 3, 2021.

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 May 24, 2021, Nasdaq BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“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 amend BX Options 7, Section 1, “General Provisions” and Section 2, “BX Options Market-Fees and Rebates.”

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

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 amend BX's Pricing Schedule at BX Options 7, Section 1, "General Provisions" and Section 2, "BX Options Market-Fees and Rebates." Each change will be described below.

Options 7, Section 1

The Exchange proposes to relocate rule text, without change, related to the Removal of Days for Purposes of Pricing Tiers within Options 7, Section 2(6) into Options 7, Section 1, General Provisions. This proposed change is non-substantive. The Exchange believes that this rule text is more appropriate for Section 1 which describes general provisions.

Options 7, Section 2

The Exchange will begin offering its Block Order Mechanism³ and Customer Cross Order⁴ on June 1, 2021.⁵ The Exchange proposes to assess no fees and pay no rebates for orders entered into the Block Order Mechanism or Customer Cross Orders. Specifically, the Exchange proposes to create a header within Options 7, Section 2(6) [*sic*] which states, "Block Order Mechanism per Options 3, Section 11 and Customer Cross Orders per to Options 3, Section 12" and note that "Orders executed in the Block Order Mechanism and Customer Cross Orders are not subject to fees or rebates."

Also, the Exchange proposes to amend the rule text within Options 7, Section 2(1), which directs Participants to applicable pricing, to also provide that "Orders executed in the Block Order Mechanism and Customer Cross Orders are not subject to the pricing in Options 7, Section 2(1), instead, these orders are subject to the pricing within Options 7, Section 2(6)." The addition

³ The Block Order Mechanism is for single leg transactions only. Block Orders are orders for fifty (50) contracts or more. See Securities Release Act No. 89759 (September 3, 2020), 85 FR 55877 (September 3, 2020) [*sic*] (SR-BX-2020-023).

⁴ See Options Technical Update #2021-2.

⁵ A Customer Cross Order is an order type within Options 3, Section 7(a)(10). A Customer Cross Order is comprised of two Public Customer Orders automatically executed upon entry provided that the execution is at or between the best bid and offer on the Exchange and (i) is not at the same price as a Public Customer Order on the Exchange's limit order book and (ii) will not trade through the NBBO. See Securities Release Act No. 89476 (August 4, 2020), 85 FR 48274 (August 10, 2020) (SR-BX-2020-017).

of this rule text will serve as a guidepost to Participants to easily locate the pricing for the Block Order Mechanism.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,⁷ in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The proposed changes to BX's Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' . . . As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'. . . ." ⁸

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies." ⁹

⁶ 15 U.S.C. 78 f(b).

⁷ 15 U.S.C. 78f(b)(4) and (5).

⁸ *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

⁹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of sixteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

Options 7, Section 1

The Exchange's proposal to relocate rule text related to the Removal of Days for Purposes of Pricing Tiers within Options 7, Section 2(6) into Options 7, Section 1, General Provisions, without change, is reasonable as the Exchange is simply relocating the rule text within a section which describes general provisions.

The Exchange's proposal to relocate rule text related to the Removal of Days for Purposes of Pricing Tiers within Options 7, Section 2(6) into Options 7, Section 1, General Provisions, without change, is equitable and not unfairly discriminatory as the rule text will continue to apply uniformly to all Participants.

Options 7, Section 2

The Exchange's proposal to adopt Block Order Mechanism and Customer Cross Order pricing is reasonable. On June 1, 2021, the Exchange will begin offering the Block Order Mechanism and Customer Cross Orders to Participants and assess no fees and not pay any rebates for orders entered into the Block Order Mechanism or Customer Cross Orders. The Exchange's proposal will provide Participants notification of its Block Order and Customer Cross Order pricing. The proposal to add rule text within Options 7, Section 2(1) will serve as a guidepost to Participants to easily locate the pricing for the Block Order Mechanism and Customer Cross Orders.

The Exchange's proposal to adopt Block Order Mechanism and Customer Cross Order pricing is equitable and not unfairly discriminatory as no Participant would be subject to any fees or be paid any rebates for orders executed into the Block Order Mechanism or Customer Cross Orders.

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.

Inter-Market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other options exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-Market Competition

Options 7, Section 1

The Exchange's proposal to relocate rule text related to the Removal of Days for Purposes of Pricing Tiers within Options 7, Section 2(6) into Options 7, Section 1, General Provisions, without change, does not impose an undue burden on competition as the rule text will continue to apply uniformly to all Participants.

Options 7, Section 2

The Exchange's proposal to adopt Block Order Mechanism and Customer Cross Order pricing does not impose an undue burden on competition as no Participant would be subject to any fees or be paid any rebates for orders executed into the Block Order Mechanism or Customer Cross Orders.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.¹⁰ 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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-BX-2021-025 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-BX-2021-025. 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 the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BX-2021-025 and should be submitted on or before June 30, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2021-12032 Filed 6-8-21; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-92105; File No. SR-FINRA-2020-031]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Adopt Proposed Rule 6439 (Requirements for Member Inter-Dealer Quotation Systems) and Rescind the Rules Related to the OTC Bulletin Board Service

June 3, 2021.

I. Introduction

On September 24, 2020, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to rescind the rules related to the OTC Bulletin Board Service and cease its operation and to adopt new requirements for member inter-dealer quotation systems that disseminate quotations in equity securities traded over-the-counter ("OTC"). The proposed rule change was published for comment in the **Federal Register** on October 7, 2020.³ On November 4, 2020, pursuant

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Act Release No. 90067 (October 1, 2020), 85 FR 63314 ("Notice"). Comments on the proposed rule change can be found at: <https://www.sec.gov>

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).