

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.¹²

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-NASDAQ-2017-037 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-2017-037. 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 Web site (<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 Web site 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-NASDAQ-2017-037, and should be submitted on or before May 16, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80489; File No. SR-DTC-2017-004; SR-NSCC-2017-005; SR-FICC-2017-008]

Self-Regulatory Organizations; The Depository Trust Company; National Securities Clearing Corporation; Fixed Income Clearing Corporation; Notice of Filings of Proposed Rule Changes, as Modified by Amendments No. 1, To Adopt the Clearing Agency Liquidity Risk Management Framework

April 19, 2017.

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 April 6, 2017, The Depository Trust Company ("DTC"), National Securities Clearing Corporation ("NSCC"), and Fixed Income Clearing Corporation ("FICC"), and together with DTC and NSCC, the "Clearing Agencies"), filed with the Securities and Exchange Commission ("Commission") the proposed rule changes. On April 13, 2017, the Clearing Agencies filed Amendments No. 1 to the proposed rule changes, which made technical corrections to the Table of Contents in the Exhibit 5s. The proposed rule changes, as modified by Amendments No. 1 (hereinafter, collectively "Proposed Rule Changes"), are described in Items I and II below, which Items have been prepared primarily by the Clearing Agencies. The Commission is publishing this notice to

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

solicit comments on the Proposed Rule Changes from interested persons.

I. Clearing Agencies' Statements of the Terms of Substance of the Proposed Rule Changes

The Proposed Rule Changes would adopt the Clearing Agency Liquidity Risk Management Framework ("Framework") of the Clearing Agencies, described below. The Framework would apply to both of FICC's divisions, the Government Securities Division ("GSD") and the Mortgage-Backed Securities Division ("MBSD"). The Framework would be maintained by the Clearing Agencies in compliance with Rule 17Ad-22(e)(7)(i), (ii), and (iv) through (ix) under the Act, as described below.³

Although the Clearing Agencies would consider the Framework to be a rule, the Proposed Rule Changes do not require any changes to the Rules, By-laws and Organization Certificate of DTC ("DTC Rules"), the Rulebook of GSD ("GSD Rules"), the Clearing Rules of MBSD ("MBSD Rules"), or the Rules & Procedures of NSCC ("NSCC Rules"), as the Framework would be a standalone document.⁴

II. Clearing Agencies' Statements of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

In their filings with the Commission, the Clearing Agencies included statements concerning the purpose of and basis for the Proposed Rule Changes and discussed any comments they received on the Proposed Rule Changes. The text of these statements may be examined at the places specified in Item IV below. The Clearing Agencies have prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agencies' Statements of the Purpose of, and Statutory Basis for, the Proposed Rule Changes

1. Purpose

The Clearing Agencies are proposing to adopt the Framework, which would set forth the manner in which the Clearing Agencies measure, monitor and

³ 17 CFR 240.17Ad-22(e)(7)(i), (ii), and (iv) through (ix). The Commission adopted amendments to Rule 17Ad-22, including the addition of new section 17Ad-22(e), on September 28, 2016. See Securities Exchange Act Release No. 78961 (September 28, 2016), 81 FR 70786 (October 13, 2016) (S7-03-14). Each of the Clearing Agencies is a "covered clearing agency" as defined in Rule 17Ad-22(a)(5), and must comply with new section (e) of Rule 17Ad-22 by April 11, 2017.

⁴ Capitalized terms not defined herein are defined in the DTC Rules, GSD Rules, MBSD Rules, or NSCC Rules, as applicable, available at <http://dtcc.com/legal/rules-and-procedures>.

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

manage the liquidity risks that arise in or are borne by each of the Clearing Agencies, including (i) the manner in which the Clearing Agencies would deploy liquidity tools to meet their settlement obligations on an ongoing and timely basis and (ii) each applicable Clearing Agency's use of intraday liquidity. The Framework would apply to the liquidity risk management of each of the Clearing Agencies.

The Framework would be owned and managed by the Liquidity Product Risk Unit ("LPRU").⁵ The Framework would outline the regulatory requirements that apply to each Clearing Agency with respect to liquidity risk management, and then would describe how the Clearing Agencies each meet those requirements. Because the regulatory requirements, liquidity risks, and liquidity resources that apply to or are available to each Clearing Agency are different, the Framework would separately describe the liquidity resources and related risk management tools available to each Clearing Agency and, with respect to FICC, to GSD and MBSD.

The Framework would describe each Clearing Agency's liquidity risk management strategy and objectives, which, for FICC and NSCC, is to maintain sufficient liquid resources in order to meet the potential amount of funding required to settle outstanding transactions of a defaulting Member, or affiliated family ("Affiliated Family") of Members, in a timely manner.⁶ DTC's liquidity management strategy and controls are designed to maintain sufficient available liquid resources to complete system-wide settlement on each business day with a high degree of confidence notwithstanding the failure to settle of a Participant or Affiliated Family of Participants. The Framework would also state that DTC operates on a fully collateralized basis.

The Framework would address how each of the Clearing Agencies meets its requirement to hold qualifying liquid resources, as such term is defined in Rule 17Ad-22(a)(14) under the Act,⁷ sufficient to meet its minimum liquidity

resource requirement in each relevant currency for which it has payment obligations owed to its Members or Participants, as applicable. The Framework would also describe the manner in which each of FICC and NSCC measures the sufficiency of their respective qualifying liquid resources through daily liquidity studies, across a range of stress scenarios. With respect to DTC, the Framework would set forth that DTC's structural features, including the Collateral Monitor, Net Debit Cap, and Participants Fund, limit the liquidity requirements in default scenarios.

The Framework would identify each of the qualifying liquid resources available to each Clearing Agency, including both GSD and MBSD. Such qualifying liquid resources include, for example, (1) deposits to the Clearing Agencies' respective Clearing Funds, or, for DTC, its Participants Fund, made by participants pursuant to the respective rules,⁸ (2) for DTC and NSCC, an annual committed credit facility,⁹ (3) for NSCC, its Members' Supplemental Liquidity Deposits,¹⁰ and (4) for GSD and MBSD, a rule-based Capped Contingency Liquidity Facility ("CCLF") program.¹¹ The Framework would also state that the Clearing Agencies may have access to other available resources that may not meet the definition of qualifying liquid resources.

The Framework would describe how FICC and NSCC perform daily liquidity studies to measure the sufficiency of their available liquid resources to meet the cash settlement obligations of their largest Affiliated Family, in compliance with the requirements under Rule 17Ad-22(e)(7)(vi)(A) under the Act.¹² The Framework would describe the manner in which daily liquidity studies are performed for both FICC and NSCC, including the assumptions used to determine each participant's total

⁸ DTC Rule 4 (Participants Fund and Participants Investment), FICC/GSD Rule 4 (Clearing Fund and Loss Allocation), FICC/MBSD Rule 4 (Clearing Fund and Loss Allocation), NSCC Rule 4 (Clearing Fund). *Supra* note 4.

⁹ See Securities Exchange Act Release No. 77750 (April 29, 2016), 81 FR 27181 (May 5, 2016) (SR-DTC-2016-801, SR-NSCC-2016-801).

¹⁰ NSCC Rule 4A (Supplemental Liquidity Deposits). *Supra* note 4.

¹¹ MBSD Rule 17, Section 2a (Procedures for When the Corporation Ceases to Act). *Supra* note 4. FICC/GSD has filed a proposed rule change and related advance notice to adopt a CCLF program. See Securities Exchange Act Release No. 80234 (March 14, 2017), 82 FR 14401 (March 20, 2017) (SR-FICC-2017-002) and Securities Exchange Act Release No. 80191 (March 9, 2017), 82 FR 13876 (March 15, 2017) (SR-FICC-2017-802). Upon Commission approval of this proposed rule change, FICC/GSD's CCLF program will become a qualifying liquid resource of FICC/GSD.

¹² 17 CFR 240.17Ad-22(e)(7)(vi)(A). *Supra* note 3.

liquidity need. The Framework would state that FICC and NSCC liquidity sufficiency testing is performed daily with respect to three types of scenarios—(1) normal market scenarios, as a baseline reference point to assess other stress assumptions, (2) stressed, extreme but plausible scenarios, and (3) the same stressed, extreme but plausible scenarios applied under severely adverse market conditions that could coincide with the default of a participant. The Framework would describe the manner in which scenarios reflecting these three sets of conditions are developed and selected for testing. The Framework would describe how liquidity testing reporting is escalated on at least a monthly basis, and how these results are used to evaluate the adequacy of the liquidity resources of FICC or NSCC.

The Framework would describe how the tools available to DTC under the DTC Rules (e.g., Collateral Monitor and Net Debit Cap)¹³ allow it to regularly test the sufficiency of liquid resources on an intraday and end-of-day basis and adjust to stressed circumstances during a settlement day to protect itself and Participants against liquidity exposure under normal and stressed market conditions.

The Framework would describe how the Clearing Agencies undertake due diligence with respect to their liquidity providers, and conduct testing with those providers at least annually. The Framework would describe how the Clearing Agencies review the limits of outstanding investments and collateral held (if applicable) of each Clearing Agency's investment counterparties, and conduct formal reviews of the reliability of its qualified liquid resource providers in extreme but plausible market conditions.

The Framework would describe how the Clearing Agencies address foreseeable liquidity shortfalls that would not be covered by their existing liquid resources, including through modifications to those existing liquid resources, for example, and would describe how their existing qualified liquid resources may be replenished. The Framework would state that the Clearing Agencies' liquidity risk models are subject to independent model validation on at least an annual basis. Finally, the Framework would describe the manner in which Clearing Agency liquidity risks are assessed and escalated through liquidity risk

¹³ "Collateral Monitor" and "Net Debit Cap" are defined in DTC Rule 1, Section 1 (Definitions), and their calculations are further provided for in the DTC Settlement Service Guide of the DTC Rules. *Supra* note 4.

⁵ The parent company of the Clearing Agencies is The Depository Trust & Clearing Corporation ("DTCC"). DTCC operates on a shared services model with respect to the Clearing Agencies. Most corporate functions are established and managed on an enterprise-wide basis pursuant to intercompany agreements under which it is generally DTCC that provides a relevant service to a Clearing Agency.

⁶ FICC and NSCC refer to their participants as "Members," while DTC refers to its participants as "Participants." These terms are defined in the rules of each of the Clearing Agencies. *Supra* note 4. In this filing "participant" or "participants" refers to both the Members of FICC and NSCC and the Participants of DTC.

⁷ 17 CFR 240.17Ad-22(a)(14).

management controls that include a statement of risk tolerances that are specific to liquidity risk (“Liquidity Risk Tolerance Statement”), and an operational risk profile of LPRU, which contains consolidated risk and control data. The Liquidity Risk Tolerance Statement is reviewed by management within the LPRU annually, and is escalated to the Risk Committee of the Boards for review and approval at least annually.

2. Statutory Basis

The Clearing Agencies believe that the Proposed Rule Changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, the Clearing Agencies believe that the Framework is consistent with Section 17A(b)(3)(F) of the Act¹⁴ and the subsections cited below of Rule 17Ad–22(e)(7),¹⁵ each promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of the Clearing Agencies be designed to promote the prompt and accurate clearance and settlement of securities transactions, and to assure the safeguarding of securities and funds which are in the custody or control of the Clearing Agencies or for which they are responsible.¹⁶ As described above, the Framework would describe how the Clearing Agencies have developed and carry out a liquidity risk management strategy such that, with respect to FICC and NSCC, they maintain liquid resources sufficient to meet the potential amount of funding required to settle outstanding transactions of a defaulting Member or Affiliated Family in a timely manner, and with respect to DTC, it maintains sufficient available liquid resources to complete system-wide settlement on each business day, with a high degree of confidence and notwithstanding the failure to settle of the Participant or Affiliated Family of Participants with the largest settlement obligation. As such, the Clearing Agencies’ liquidity risk management strategies address the Clearing Agencies’ maintenance of sufficient liquid resources, which allow them to continue the prompt and accurate clearance and settlement of securities and can continue to assure the safeguarding of securities and funds which are in their custody or control or for which they are responsible notwithstanding the default of a

Member of an Affiliated Family. Therefore, the Clearing Agencies believe the Framework, which describes how the Clearing Agencies carry out these strategies, is consistent with the requirements of Section 17A(b)(3)(F) of the Act.¹⁷

Rule 17Ad–22(e)(7) under the Act, which requires, in part, that each covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to, among other things effectively measure, monitor, and manage the liquidity risks that arise in or are borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity.¹⁸ The Clearing Agencies believe that the Framework is designed to meet the requirements of the following subsections of Rule 17Ad–22(e)(7), cited below, for the reasons described below.¹⁹

Rule 17Ad–22(e)(7)(i) under the Act requires that a covered clearing agency maintain sufficient liquid resources at the minimum in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment obligation for the covered clearing agency in extreme but plausible market conditions.²⁰ As described above, the Framework would describe how the Clearing Agencies have developed and carry out a liquidity risk management strategy such that, with respect to FICC and NSCC, they maintain liquid resources sufficient to meet the potential amount of funding required to settle outstanding transactions of a defaulting Member or Affiliated Family in a timely manner, and with respect to DTC, it maintains sufficient available liquid resources to complete system-wide settlement on each business day, with a high degree of confidence and notwithstanding the failure to settle of the Participant or Affiliated Family of Participants with the largest settlement obligation. The Framework would also describe how FICC and NSCC perform daily liquidity studies, which are designed to measure the sufficiency of their available liquid resources to meet the cash settlement

obligations of their largest Affiliated Family in a number of scenarios, including (1) normal market conditions, as a baseline reference point to assess other stress assumptions, (2) stressed, extreme but plausible scenarios, and (3) the same stressed, extreme but plausible scenarios applied under severely adverse market conditions that could coincide with the default of a participant. The Framework would also describe how DTC’s risk management tools allow DTC to regularly test the sufficiency of its liquid resources on an intraday and end-of-day basis and adjust to stressed circumstances during the settlement day to protect itself and Participants against liquidity exposure under normal and stressed market conditions. The Framework would also identify each of the qualified liquid resources being held by the Clearing Agencies in all relevant currencies. As such, the Clearing Agencies believe the Framework is consistent with Rule 17Ad–22(e)(7)(i).²¹

Rule 17Ad–22(e)(7)(ii) under the Act requires that a covered clearing agency hold qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17Ad–22(e)(7)(i) in each relevant currency for which the covered clearing agency has payment obligations owed to clearing members.²² As described above, the Framework would identify each of the resources being held by each of the Clearing Agencies in all relevant currencies, which meet the definition of “qualified liquid resources” set forth in Rule 17Ad–22(e)(14).²³ Therefore, the Clearing Agencies believe the Framework supports the Clearing Agencies’ compliance with Rule 17Ad–22(e)(7)(ii) by identifying the qualified liquid resources, as such term is defined in the Act, being held by each of the Clearing Agencies.²⁴

Rule 17Ad–22(e)(7)(iv) under the Act requires that a covered clearing agency undertake due diligence to confirm that it has a reasonable basis to believe each of its liquidity providers, whether or not such liquidity provider is a clearing member, has (A) sufficient information to understand and manage the liquidity provider’s liquidity risks; and (B) the capacity to perform as required under its commitments to provide liquidity to the covered clearing agency.²⁵ Further, Rule 17Ad–22(e)(7)(v) under the Act requires that a covered clearing agency maintain and test with each liquidity

²¹ *Id.*

²² 17 CFR 240.17Ad–22(e)(7)(ii). *Supra* note 3.

²³ 17 CFR 240.17Ad–22(e)(14). *Supra* note 3.

²⁴ 17 CFR 240.17Ad–22(e)(7)(ii). *Supra* note 3.

²⁵ 17 CFR 240.17Ad–22(e)(7)(iv). *Supra* note 3.

¹⁴ 15 U.S.C. 78q–1(b)(3)(F).

¹⁵ 17 CFR 240.17Ad–22(e)(7). *Supra* note 3.

¹⁶ 15 U.S.C. 78q–1(b)(3)(F).

¹⁷ *Id.*

¹⁸ 17 CFR 240.17Ad–22(e)(7). *Supra* note 3.

¹⁹ *Id.*

²⁰ 17 CFR 240.17Ad–22(e)(7)(i). *Supra* note 3.

provider, to the extent practicable, the covered clearing agency's procedures and operational capacity for accessing each type of relevant liquid resource under Rule 17Ad-22(e)(7)(i) at least annually.²⁶ The Framework would describe how the Clearing Agencies undertake due diligence with respect to their liquidity providers, as reasonably necessary in order to validate each such provider has sufficient liquid resources, understands its liquidity obligations, and has the capacity to perform on those obligations. These reviews, as described in the Framework, would also include a credit analysis of each liquidity provider. Further, the Framework would describe annual testing of the DTC and NSCC committed credit facility, which is conducted to confirm the lenders are operationally able to perform their commitments and are familiar with the drawdown process. Therefore, the Clearing Agencies believe the Framework is consistent with Rules 17Ad-22(e)(7)(iv) and (v) under the Act, because it would describe the Clearing Agencies' due diligence practices with respect to their liquidity providers, and the annual testing conducted with respect to the DTC and NSCC committed credit facility.²⁷

Rule 17Ad-22(e)(7)(vi) under the Act requires that a covered clearing agency determine the amount and regularly test the sufficiency of the liquid resources held for purposes of meeting the minimum liquid resource requirement under Rule 17Ad-22(e)(7)(i) by, at a minimum: (A) Conducting stress testing of its liquid resources at least once each day using standard and predetermined parameters and assumptions; (B) conducting a comprehensive analysis on at least a monthly basis of the existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources, and considering modifications to ensure they are appropriate for determining the clearing agency's identified liquidity needs and resources in light of current and evolving market conditions; (C) conducting a comprehensive analysis of the scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources more frequently than monthly when the products cleared or markets served display high volatility or become less liquid, when the size or concentration of positions held by the clearing agency's participants increases significantly, or in other appropriate circumstances

described in such policies and procedures; and (D) reporting the results of its analyses under Rule 17Ad-22(e)(7)(vi)(B) and (C) to appropriate decision makers at the covered clearing agency, including but not limited to, its risk management committee or board of directors, and using these results to evaluate the adequacy of and adjust its liquidity risk management methodology, model parameters, and any other relevant aspects of its liquidity risk management framework.²⁸

As described above, the Framework would describe the daily liquidity studies performed by FICC and NSCC to measure the sufficiency of its available liquid resources, including the manner in which these studies are performed, and the assumptions used to determine each participant's total liquidity need. The Framework would describe the manner in which scenarios are developed and selected for testing, and how FICC and NSCC continuously evaluate these scenarios to affirm that they continue to be appropriate, and to determine if they should be modified. The Framework would also describe how liquidity testing reporting is escalated on at least a monthly basis to the management committee responsible for oversight of risk management matters, and how these results are used to evaluate the adequacy of the liquidity resources of FICC or NSCC. With respect to DTC, the Framework would describe how DTC relies on the tools available under the DTC Rules (e.g., the Net Debit Cap and the Collateral Monitor) to regularly test the sufficiency of the liquid resources on an intraday and end-of-day basis and adjust to stressed circumstances during a settlement day to protect DTC and Participants against liquidity exposure under normal and stressed market conditions. Therefore, the Clearing Agencies believe the Framework is consistent with Rule 17Ad-22(e)(7)(vi) under the Act.²⁹

Rule 17Ad-22(e)(7)(vii) under the Act requires that a covered clearing agency perform a model validation of its liquidity risk models not less than annually or more frequently as may be contemplated by the covered clearing agency's risk management framework established pursuant to Rule 17Ad-22(e)(3).³⁰ The Framework would describe how the Clearing Agencies' liquidity risk models are subject to independent model validations on at least an annual basis. As such, the Clearing Agencies believe the

Framework is consistent with Rule 17Ad-22(e)(7)(vii).³¹

Rule 17Ad-22(e)(7)(viii) under the Act requires that a covered clearing agency address foreseeable liquidity shortfalls that would not be covered by the covered clearing agency's liquid resources and seek to avoid unwinding, revoking, or delaying the same-day settlement of payment obligations.³² As described above, the Framework would describe how each of the Clearing Agencies addresses a foreseeable same day liquidity shortfall through, for example, modification to its existing liquid resources. For example, DTC may address a liquidity shortfall through appropriate adjustment to the Net Debit Cap reductions, as provided under the DTC Rules.³³ Therefore, the Clearing Agencies believe the Framework is consistent with Rule 17Ad-22(e)(7)(viii) under the Act because it would describe how each of the Clearing Agencies would address foreseeable liquidity shortfalls.³⁴

Rule 17Ad-22(e)(7)(ix) under the Act requires that a covered clearing agency describe the covered clearing agency's process to replenish any liquid resources that the clearing agency may employ during a stress event.³⁵ The Framework would describe how the Clearing Agencies' qualified liquid resources may be replenished in accordance with the respective rules of the Clearing Agencies. For example, the Framework would describe how the Clearing Agencies may use proceeds that may be available from the liquidation of a defaulting participant's portfolio (including the sale of collateral used to secure a borrowing) to repay liquidity borrowings, thus replenishing the relevant Clearing Agency's liquid resources. Therefore, the Clearing Agencies believe the Framework is consistent with Rule 17Ad-22(e)(7)(ix) under the Act because it would describe the Clearing Agencies' process for replenishing liquid resources as permitted under their respective rules.³⁶

(B) *Clearing Agencies' Statements on Burden on Competition*

None of the Clearing Agencies believe that the Framework would have any impact, or impose any burden, on competition because the Proposed Rule Changes reflect the existing framework that the Clearing Agencies employ to manage liquidity risk, and would not effectuate any changes to the Clearing

³¹ *Id.*

³² 17 CFR 240.17Ad-22(e)(7)(viii). *Supra* note 3.

³³ *Supra* note 13.

³⁴ 17 CFR 240.17Ad-22(e)(7)(viii). *Supra* note 3.

³⁵ 17 CFR 240.17Ad-22(e)(7)(ix). *Supra* note 3.

³⁶ *Id.*

²⁶ 17 CFR 240.17Ad-22(e)(7)(v). *Supra* note 3.

²⁷ 17 CFR 240.17Ad-22(e)(7)(iv) and (v). *Supra* note 3.

²⁸ 17 CFR 240.17Ad-22(e)(7)(vi). *Supra* note 3.

²⁹ *Id.*

³⁰ 17 CFR 240.17Ad-22(e)(7)(vii). *Supra* note 3.

Agencies' liquidity risk management tools as they currently apply to their respective Members or Participants.

(C) Clearing Agencies' Statements on Comments on the Proposed Rule Changes Received From Members, Participants, or Others

The Clearing Agencies have not solicited or received any written comments relating to this proposal. The Clearing Agencies will notify the Commission of any written comments received by the Clearing Agencies.

III. Date of Effectiveness of the Proposed Rule Changes, and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the clearing agency consents, the Commission will:

- (A) by order approve or disapprove such Proposed Rule Changes, or
- (B) institute proceedings to determine whether the Proposed Rule Changes should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the Proposed Rule Changes are 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-DTC-2017-004, SR-NSCC-2017-005, or SR-FICC-2017-008 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.
- All submissions should refer to File Number SR-DTC-2017-004, SR-NSCC-2017-005, or SR-FICC-2017-008. One of these file numbers 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements

with respect to the Proposed Rule Changes that are filed with the Commission, and all written communications relating to the Proposed Rule Changes 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 Web site 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 Clearing Agencies, and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-DTC-2017-004, SR-NSCC-2017-005, or SR-FICC-2017-008, and should be submitted on or before May 16, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁷

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80483; File No. SR-Phlx-2017-31]

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Transaction Fees at Section VIII

April 19, 2017.

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 April 10, 2017, NASDAQ PHLX LLC ("Phlx" 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 amend the Exchange's transaction fees at Section VIII (NASDAQ PSX Fees) to provide an additional credit tier for displayed quotes and orders on NASDAQ PSX ("PSX") in securities that are listed on exchanges other than The NASDAQ Stock Market LLC ("Nasdaq") or the New York Stock Exchange LLC ("NYSE").

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqphlx.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 purpose of the proposed rule change is to provide an additional credit tier for displayed quotes and orders on PSX in securities listed on exchanges other than Nasdaq or NYSE ("Tape B securities") that are priced at \$1 and above.³

Currently, the Exchange provides two credits for providing liquidity through PSX. First, the Exchange provides a credit for displayed quotes and orders, with the amount of the credit determined by the member's

³ Tape C securities are those that are listed on the Exchange [sic], Tape A securities are those that are listed on NYSE, and Tape B securities are those that are listed on exchanges other than Nasdaq or NYSE.

The Exchange initially filed the proposed pricing changes on April 3, 2017 (SR-Phlx-2017-28). On April 10, 2017, the Exchange withdrew that filing and submitted this filing.

³⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.