

in each relevant currency for which DTC has payment obligations owed to its Participants.³¹

As described above, the proposed Debt Issuance would provide DTC with an additional resource of prefunded default liquidity, which it would use to complete system-wide settlement every business day, including following a Participant default. The proceeds of the Debt Issuance would be cash held by DTC at either its cash deposit account at the FRBNY or at a creditworthy commercial bank, pursuant to the Clearing Agency Investment Policy.³² Therefore, the proceeds of the Debt Issuance would be considered a qualifying liquid resource, as defined by Rule 17ad-22(a)(14).³³ As such, the proposed Debt Issuance would support DTC's ability to hold sufficient qualifying liquid resources to meet its minimum liquidity resource requirement under Rule 17ad-22(e)(7)(i) under the Act.³⁴

For these reasons, DTC believes the proposal would support DTC's compliance with Rule 17ad-22(e)(7)(i) and (ii) under the Act by providing it with an additional qualifying liquid resource.³⁵

III. Date of Effectiveness of the Advance Notice, and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The clearing agency shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does

³¹ 17 CFR 240.17ad-22(e)(7)(ii). For purposes of this Rule, "qualifying liquid resources" are defined in Rule 17ad-22(a)(14) as including, in part, cash held either at the central bank of issue or at creditworthy commercial banks. 17 CFR 240.17ad-22(a)(14).

³² *Supra* note 14.

³³ 17 CFR 240.17ad-22(a)(14).

³⁴ 17 CFR 240.17ad-22(e)(7)(i).

³⁵ 17 CFR 240.17ad-22(e)(7)(i), (ii).

not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The clearing agency shall post notice on its website of proposed changes that are implemented.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the Advance Notice is consistent with the Clearing Supervision Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-DTC-2023-801 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-2023-801. 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 (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the Advance Notice that are filed with the Commission, and all written communications relating to the Advance Notice 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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of DTC and on DTCC's website (www.dtcc.com/legal/sec-rule-filings).

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is

obscene or subject to copyright protection. All submissions should refer to File Number SR-DTC-2023-801 and should be submitted on or before January 8, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁶

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2024-29919 Filed 12-17-24; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101894; File No. SR-MIAX-2024-45]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Fees for Dedicated Cross Connection Access to the Testing Systems Environment

December 12, 2024.

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 November 29, 2024, Miami International Securities Exchange, LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a 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 is filing a proposal to establish a fee for market participants that choose to utilize the Exchange's testing systems environment via a dedicated cross connection.

The text of the proposed rule change is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings>, at MIAX's principal office, and at the Commission's Public Reference Room.

³⁶ 17 CFR 200.30-3(a)(91).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 establish a fee for market participants that choose to utilize the Exchange's testing systems environment via a dedicated cross connection. The testing systems environment is a virtual trading system environment for Members³ and non-Members to test (i) upcoming Exchange software and code releases, (ii) product enhancements, and (iii) firm-developed software, prior to implementation in the Exchange's production (*e.g.*, live trading) environment. Further, the testing systems environment allows unlimited testing of existing functionality, such as order types, order entry, order management, order throughput, acknowledgements, risk settings, mass cancelations, and purge requests. The testing systems environment is built to closely approximate the production environment to enable Members and non-Members the ability to test their systems and mimics the live trading environment.⁴

There are currently three methods by which Members and non-Members may access the Exchange's testing systems environment. One, Members and non-Members may access the Exchange's testing systems environment via a virtual private network ("VPN") that operates over the internet and provides site-to-site access. VPN access is provided for free to all Members and non-Members.

³ The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

⁴ Business continuity and disaster recovery testing is performed separately and not within the testing systems environment that is the subject of this filing.

A second method is via a dedicated cross connection that allows Members and non-Members to access the testing systems environment and is available as either a 1 gigabit ("Gb") or 10Gb connection. Members and non-Members that utilize a VPN or a dedicated cross connection to access the testing systems environment of the Exchange are also able to access the testing systems environments of each of the Exchange's affiliated options markets—MIAX Sapphire, LLC ("MIAX Sapphire"), MIAX PEARL, LLC⁵ ("MIAX Pearl Options"), and MIAX Emerald, LLC ("MIAX Emerald"). This dedicated cross connection would provide subscribers access to the testing systems environment of the Exchange, as well as each of its affiliate options exchanges, via a single connection.

Third, access is also provided through the production connections for each 1Gb or 10Gb ULL connection for the applicable fee⁶ for such connection and no additional charge. These 1Gb and 10Gb ULL connections provide access to the Exchange's production environment (*i.e.*, live trading) and allow the receipt of proprietary real-time market data. However, the Exchange previously announced that it will phase out the ability to connect to the testing systems environment via the existing 1Gb and 10Gb ULL production connections by February 28, 2025.⁷

* * * * *

The Exchange now proposes to amend the Fee Schedule to establish a monthly fee for Members and non-Members that choose to access the testing systems environment via a dedicated cross connect. In particular, the Exchange proposes to establish a monthly fee of \$1,000 per dedicated cross connection to the testing systems environment for Members and non-Members. The

⁵ All references to "MIAX PEARL" in this filing are to the options trading facility of MIAX PEARL, LLC, referred to herein as "MIAX Pearl Options." Members and non-Members that choose to utilize the testing systems environment of MIAX Pearl Equities, the equities trading facility of MIAX PEARL, LLC, must utilize a separate dedicated cross connection as MIAX Pearl Equities' testing systems environment operates on a separate network from the affiliated options markets.

⁶ See MIAX Fee Schedule, Sections 5)a)-b) for the fees for 1Gb and 10Gb ULL production connectivity.

⁷ See MIAX Options, MIAX Pearl Options and MIAX Emerald Options Exchanges—Announcing New Extranet Access to Firm Test Beds (FTB1 and FTB2) and Decommissioning of Access via Production Connections Beginning in October 2024, dated September 12, 2024, available at <https://www.miaxglobal.com/alert/2024/09/12/miax-options-miax-pearl-options-and-miax-emerald-options-exchanges-2?nav=all>; and Securities Exchange Act Release No. 100854 (August 28, 2024), 89 FR 71953 (September 4, 2024) (SR-MIAX-2024-35).

proposed fee is the same whether a Member or non-Member chooses to connect to the testing systems environment via a 1Gb or 10Gb cross connect. The proposed fees would be set forth under new Sections 4)e) and 4)f) of the Fee Schedule. Proposed Sections 4)e) and 4)f) would also codify that VPN access to the test environment is provided for free for all Members and non-Members.

* * * * *

Members and non-Members that access the testing systems environment through any one of the available access methods, including a dedicated cross connection, receive functionally the same testing experience. Each Member or non-Member is free to decide how to access the testing systems environment based on their own needs and trading architecture or not utilize the testing systems environment at all. Again, accessing the testing systems environment via a dedicated direct connection is entirely optional and no Member or non-Member is required by rule or regulation to make use of the testing systems environment via a dedicated direct connection. Regardless of access method, all Members and non-Members are provided the same testing systems environment experience and are able to perform all of the same functions.

Implementation

The proposed fee change will be effective December 1, 2024.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is not designed to permit unfair discrimination among customers, brokers, or dealers. The Exchange also believes that its proposal is consistent with Section 6(b)(4) of the Act¹⁰ because it represents an equitable allocation of reasonable dues, fees and other charges among market participants using any facility or system which the Exchange operates or controls.

Free VPN Access to the Firm Test Bed Is a Reasonable Substitute

In 2019, Commission staff published guidance suggesting the types of information that self-regulatory organizations ("SROs") may use to demonstrate that their fee filings comply with the standards of the Exchange Act

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(4).

(the “Staff Guidance”).¹¹ The Staff Guidance provides that in assessing the reasonableness of a fee, the Staff would consider whether the fee is constrained by significant competitive forces. To determine whether a proposed fee is constrained by significant competitive forces, the Staff Guidance further provides that the Staff would consider whether the evidence provided by an SRO in a Fee Filing proposal demonstrates (i) that there are reasonable substitutes for the product or service that is the subject of a proposed fee; (ii) that “platform” competition constrains the fee; and/or (iii) that the revenue and cost analysis provided by the SRO otherwise demonstrates that the proposed fee would not result in the SRO taking supra-competitive profits.¹² The proposed fee is reasonable because there is a reasonable substitute for the service that is the subject of this proposed fee as set forth below.

This filing includes the following evidence that demonstrates that there is a reasonable substitute to purchasing a dedicated cross connection to access the Exchange’s testing systems environment. That reasonable substitute is VPN access, which is provided for free and will continue to be free for all Members and non-Members. Members and non-Members may access the testing systems environment through either a VPN or a dedicated cross connection and will receive functionally the same testing environment and are able to perform all of the same functions. The testing systems environment, whether accessed via a dedicated cross connection or VPN, provides Members and non-Members the same scope of abilities to test their systems and software in the Exchange’s testing systems environment, which replicates the Exchange’s production trading environment. Like a dedicated cross connection, a VPN provides access to the testing systems environment of not only the Exchange, but also each of its affiliate options exchanges over the same single access point. Accessing the testing systems environment via a dedicated cross connection provides no advantage to Members and non-Members compared to those market participants that elect to access the testing systems environment via a VPN for free.

Each Member or non-Member is free to decide how to access the testing systems environment based on their own needs and trading architecture.

¹¹ See Staff Guidance on SRO Rule Filings Relating to Fees (May 21, 2019), available at <https://www.sec.gov/tm/staff-guidance-sro-rule-filings-fees>.

¹² *Id.*

Again, accessing the testing systems environment via a dedicated direct connection is entirely optional and no Member or non-Member is required by rule or regulation to make use of the testing systems environment via a dedicated direct connection. Accessing the testing systems environment via the proposed dedicated cross connection may not provide utility to all Members and non-Members based on their business models and needs, and such users may choose to access the testing systems environment for free through the VPN and perform the same testing functions. As such, the Exchange believes that the proposed fee for access to the testing systems environment is reasonable and Members and non-Members have the choice, but are not obligated to access the testing systems environment via a dedicated cross connection. Otherwise, a user may choose to access the test environment via a VPN for free to test system functionality. For example, of the Exchange’s forty-six Members¹³ and nine non-Members that provide connectivity to the Exchange, sixteen Members and non-Members currently use a VPN to access the Exchange’s testing systems environment instead of the other two currently available options, *i.e.*, a dedicated cross connection or their existing 1Gb or 10Gb ULL connection to the production environment. Some Members and non-Members also choose not to access the testing systems environment at all.

Lastly, supporting a proposed non-transaction fee change by arguing the availability of reasonable substitutes is not novel. Commission Staff has published for immediate effectiveness filings regarding non-transaction fees by exchanges who argued that the fees were consistent with the Exchange Act because of reasonable substitutes were available as provided for in the Commission Staff Guidance.¹⁴

Fee Is Constrained by Competition and the Availability of Free VPN Access

If the Exchange prices the fee for dedicated cross connection access to the testing systems environment too high, Members and non-Members may choose not to subscribe and continue to perform

¹³ See the Exchange’s Membership Directory available at https://www.miaxglobal.com/miax_options_exchange_members.pdf.

¹⁴ See, e.g., Securities Exchange Act Release Nos. 101096 (September 18, 2024), 89 FR 77913 (September 24, 2024) (SR–ISE–2024–46); 98974 (November 16, 2023), 88 FR 81468 (November 22, 2023) (SR–NYSEARCA–2023–78); 87795 (December 18, 2019), 84 FR 71043 (December 26, 2019) (SR–NYSEARCA–2019–88); and 90409 (November 12, 2020), 85 FR 73522 (November 18, 2020) (SR–NYSEARCA–2020–95).

the same testing functions via VPN internet access for no fee if they do not find the fee for accessing the testing systems environment via a dedicated cross connection to be of value. Again, the Exchange notes that accessing the testing systems environment via a dedicated cross connection would be completely voluntary and is simply an additional optional means to access the test environment. The Exchange also has Members and non-Members that do not utilize the testing systems environment at all.

The Exchange operates in a highly competitive environment in which 18 U.S. registered equity options exchanges compete for market share. Based on publicly available information for the month of October 2024, no single options exchange had more than approximately 12–13% of the equity options market share and the Exchange represented only approximately 6.17% of the market share of equity options for that month.¹⁵ The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. Particularly, in Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and 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.”¹⁶ The proposed fee for optional access via a dedicated cross connection to the test environment is the result of the competitive environment of the U.S. options industry.

Exchanges compete for order flow by providing testing opportunities and robust testing environments. Services like a testing environment provide Members and non-Members with the opportunity to test Exchange functionality prior to sending real order flow to be executed in the Exchange’s production environment. As mentioned above, numerous exchanges provide testing environments to market participants to test functionality and gain comfort with their exchange offering.¹⁷ This is intended to attract

¹⁵ See the “Market Share” section of the Exchange’s website, available at <https://www.miaxglobal.com/> (last visited November 5, 2024).

¹⁶ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (“Regulation NMS Adopting Release”).

¹⁷ The Exchange notes that other exchange families offer a similar dedicated connection to

market share by offering a risk free way to gain comfort that their orders would be handled within the Exchange's production environment as expected. Exchanges seek to further encourage market participants to utilize their testing environments by providing multiple methods to connect. Some are provided for free while others and require a fee. Providing multiple methods to connect to a test environment provides market participants a choice on how to engage with the testing environment and a choice regarding the access method that best meets their business and operational needs.

If the Exchange proposed a fee that Members and non-Members viewed as excessively high, then the proposed fee would simply serve to reduce demand for access via a dedicated cross connection to the test environment, which as noted, is entirely optional as the Exchange will continue to provide free access to the test environment through VPN through the internet for site-to-site access. This could, in turn, reduce the attractiveness of the Exchange's live trading production environment because Members and non-Members may be unwilling to test functionality prior to entering live orders. Again, other options exchanges currently offer, or are able to introduce at their own cost, their own comparable testing environments with lower prices to better compete with the Exchange's offering and several competing exchanges already provide a similar service.

Selling different products and services, such as proposed herein, is a means by which exchanges compete to attract business. To the extent that the Exchange is successful in attracting market participants to purchase the dedicated cross connection to the test environment proposed herein, the Exchange may earn revenue and further enhance market participants'

their testing environment for their members and non-members. *See, e.g.,* Nasdaq Options Test Facility (NTF) Abstract, Version 1.4.4 (March 2024), available at https://www.nasdaq.com/Nasdaq_Test_Facility_NTF_Guide (last visited July 16, 2024) ("... the Nasdaq Test Facility... where market participants can test their trading applications with the INET trading system. The NTF environment allows members to test sending and executing quotes and orders offered by our six options exchanges..."); *see also* Securities Exchange Act Release No. 100442 (June 27, 2024), 89 FR 55296 (July 3, 2024) (SR-CboeBZX-2024-058) ("... the Exchange also offers corresponding ports which provide Members and non-Members access to the Exchange's certification environment to test proprietary systems and applications... The certification environment facilitates testing using replicas of the Exchange's production environment process configurations which provide for a robust and realistic testing experience...").

interactions on the Exchange, which would increase value of its other products and services to all market participants. If the market deems the proposed fee to be too high, Members and non-Members can choose not to use or discontinue their use of dedicated cross connection to the test environment and perform the same testing functions via the VPN internet access for free. The Exchange, therefore, believes that the proposed fee for dedicated cross connection to the test environment reflects the competitive environment of U.S. options exchanges and would be properly assessed to Members and non-Members that subscribe.

The Proposed Fee Is Reasonable Because it Is Similar to or Lower Than Like Fees Charged by Other Exchanges

The Exchange believes the proposed fees are reasonable as the proposed fees are similar to or lower than fees charged by competing exchanges for similar services. For example, The Nasdaq Stock Market, LLC assesses a fee of \$1,000 per hand-off, per month for subscribers to the testing facility via either a 1Gb or 10Gb switch port plus a one-time installation fee of \$1,000 per hand-off.¹⁸ The Exchange's proposed fee is, therefore, lower because it does not charge a separate installation fee. Cboe BZX Exchange, Inc. ("Cboe BZX") Options assesses a lower fee of \$250 per month for each certification logical port, which only provides access to the Cboe BZX testing environment, and not to the testing environment of any of Cboe BZX's affiliates.¹⁹ The fee to access the Cboe BZX testing environment and the testing environment of each of its three affiliated options exchange becomes

¹⁸ *See, e.g.,* Nasdaq, Options 7: Pricing Schedule, Section 13 Testing Facilities, available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Options%207>. Nasdaq's affiliates, like Nasdaq PHLX LLC ("PHLX"), also charge the same fee. *See e.g.,* PHLX Options 7: Pricing Schedule, Section 9. Other Member Fees, E. Testing Facilities, available at <https://listingcenter.nasdaq.com/rulebook/phlx/rules/Phlx%20Options%207> (assessing a fee of \$1,000 per hand-off, per month for subscribers to the testing facility via either a 1Gb or 10Gb switch port and a one-time installation fee of \$1,000 per hand-off). *See also* Securities Exchange Act Release No. 76259 (October 26, 2015), 80 FR 66947 (October 30, 2015) (SR-NASDAQ-2015-117) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Options Testing Facility). Like the Exchange's testing environment, a single connection to Nasdaq's test environment provides access to the other test environments of its affiliate options markets, PHLX and Nasdaq BX, Inc.

¹⁹ *See also* Cboe BZX Options Fee Schedule, Options Logical Port Fees, Certification Logical Ports, available at https://www.cboe.com/us/options/membership/fee_schedule/bzx/. *See, e.g.,* Cboe EDGX Exchange, Inc. Options Fee Schedule, Options Logical Port Fees, Certification Logical Ports, available at https://www.cboe.com/us/options/membership/fee_schedule/edx/.

incrementally higher with each Cboe BZX affiliate charging a \$250 monthly fee to access each testing environment, totaling as much as \$1,000.00 per month.²⁰ Accordingly, the Exchange believes that comparable and competitive pricing are key factors in determining whether a proposed fee meets the requirements of the Act.

The Proposed Fee Is Not Unfairly Discriminatory

The Exchange also believes the proposed fee is equitable and not unfairly discriminatory as the fee would apply equally to all Members and non-Members who choose to subscribe. It is a business and operational decision of each Member or non-Member that chooses to subscribe. The Exchange's proposed fee would not differentiate between Members and non-Members or connectivity types and is set at a modest level that would allow any interested Member and non-Member to subscribe based on their business and operational needs.

The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act²¹ in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general protect investors and the public interest and is not designed to permit unfair discrimination between customer, issuers, brokers and dealers. The Exchange does not believe that the proposed fee is unfairly discriminatory to subscribers to the test environment via a dedicated cross connection because, unlike the live trading environment where the capacity of connectivity to the Exchange may confer a competitive advantage to a market participant and therefore price differentiation is appropriate for the benefit conferred, there is no such benefit conferred in the testing systems environment.

The Exchange does not believe that the proposed fee is unfairly discriminatory among subscribers to the test environment because all Members and non-Members that subscribe to the service will be assessed the same fee.

²⁰ *See also* Cboe EDGX Exchange, Inc. Options Fee Schedule, Options Logical Port Fees, Certification Logical Ports, available at https://www.cboe.com/us/options/membership/fee_schedule/edx/; Cboe Exchange, Inc. Fee Schedule, Logical Connectivity Fees, Certification Logical Ports, available at https://www.cboe.com/us/options/membership/fee_schedule/c2/.

²¹ 15 U.S.C. 78f(b)(5).

Because the proposed fee does not discriminate between 1Gb and 10Gb cross connection options, Members and non-Members are able to subscribe to the test environment without regard to the cost of their capacity election. The Exchange believes that not discriminating on this basis will encourage participants to connect to the test environment in the same manner as they do to the live trading environment, and thereby help the test environment more closely mirror the live trading environment. Providing a more useful and accurate test environment will serve to improve live trading on the Exchange and the national market system by permitting Members and non-Members the ability to accurately test changes prior to implementing them in the live trading environment, thereby reducing the likelihood of a potentially disruptive system failure in the live trading environment, which has the potential to affect all market participants.

The Proposed Fee Is Equitable

The Exchange believes that the proposed fee is equitably allocated because all Members and non-Members that choose to connect to the test environment will be assessed a uniform fee for those services. The Exchange believes that offering subscribers the option to subscribe to either a 1Gb or 10Gb dedicated cross connection for the same fee is an equitable allocation of fees because, unlike the live trading environment, there is no competitive advantage to possessing a higher capacity connection in the test environment. The test environment is designed to closely mirror the live trading environment for Members and non-Members, including matching the capacity of the live trading environment connection of each Member and non-Member. In the absence of any competitive advantage, charging a uniform fee for both a 1Gb or 10Gb dedicated cross connection is an equitable allocation of fees. The Exchange believes that charging a uniform fee rather than mirroring the fees for the live trading environment will encourage Members and non-Members to subscribe to the test environment and further encourage those that subscribe to use the same hardware as is used by them for connectivity to the live trading environment.

* * * * *

Finally, and as noted above, the Exchange's test environment provides a robust and realistic testing experience using a replica of the Exchange's production environment process

configurations. This environment enables market participants to test upcoming Exchange software and code releases, product enhancements, as well as test firm software prior to implementation in the production environment. Further, the test environment allows unlimited firm-level testing of order types, order entry, order management, order throughput, acknowledgements, risk settings, mass cancelations, and purge requests. By providing firms the ability to test all of these features in the test environment prior to implementing them in the live trading environment, the Exchange believes this will reduce the likelihood of a potentially disruptive system failure in the live trading environment, which has the potential to affect all market participants.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange made connectivity access to the test environment available to keep pace with technological changes in the industry and evolving customer needs and demands, and believes the product will contribute to robust competition among national securities exchanges. As a result, the Exchange believes this proposed rule change permits fair competition among national securities exchanges.

The Exchange believes the proposed fee would not cause any unnecessary or inappropriate burden on intermarket competition as other exchanges are free to introduce their own comparable testing environments for free or lower prices, which several competing exchanges already provide.²² The Exchange operates in a highly competitive environment, and its ability to price access to the test environment is constrained by the optional nature of accessing the test environment via a dedicated cross connect. Providing access to the test environment via dedicated cross connection is provided purely for convenience, in response to Member demand, and, again, would be entirely optional. The Exchange notes that use of accessing the test environment via a dedicated cross connection would be completely voluntary and is simply an additional optional means to access the test environment. Members who do not prefer the to access the test environment via a dedicated cross connection and

pay the applicable fee will be able to continue to perform the same testing functions when accessing the test environment via the existing VPN internet access for free. The Exchange must consider this in its pricing discipline in order to attract subscribers. The Exchange believes that if it were to propose a fee that is excessively high, it would simply serve to reduce demand for the Exchange's product, which as discussed, Members and non-Members are under no obligation to utilize.

The Exchange does not believe the proposed rule change would cause any unnecessary or inappropriate burden on intramarket competition. Particularly, the proposed fee applies uniformly to any purchaser in that the Exchange does not differentiate between subscribers that wish to access the testing systems environment via a dedicated cross connect via either a 1Gb or 10Gb connection. The proposed fee is set at a modest level that would allow any interested market participant to purchase access to the test environment based on their business needs.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor 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,²³ and Rule 19b-4(f)(2)²⁴ thereunder. 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 necessary or appropriate in the public interest, for the protection of investors, or 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:

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁴ 17 CFR 240.19b-4(f)(2).

²² See *supra* note 18.

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-MIAX-2024-45 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-MIAX-2024-45. 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 (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-MIAX-2024-45 and should be submitted on or before January 8, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-101892; File No. SR-NASDAQ-2024-078]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Lower the Options Regulatory Fee (ORF) and Adopt a New Approach to ORF in 2025

December 12, 2024.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 27, 2024, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission (the "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 amend The Nasdaq Options Market LLC ("NOM") Pricing Schedule at Options 7, Section 5, Options Regulatory Fee.³

While the changes proposed herein are effective upon filing, the Exchange has designated certain amendments to be operative on November 1, 2024, and other amendments to be operative on January 1, 2025, as noted in the Exhibit 5 and herein.

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

NOM proposes to amend its current ORF in several respects. In summary, first, NOM proposes to reduce its ORF from \$0.0016 to \$0.0014 per contract side from November 1, 2024, through December 31, 2024. Second, as of January 1, 2025, NOM proposes to amend its methodology of collection to: (1) exclude options transactions in proprietary products; and (2) assess ORF in all clearing ranges except market makers who clear as "M" at The Options Clearing Corporation ("OCC"). Additionally, NOM will assess a different rate for trades executed on NOM ("Local ORF Rate") and trades executed on non-NOM exchanges ("Away ORF Rate"). Each change will be described below in greater detail.

Background on Current ORF

Today, NOM assesses its ORF for each Customer⁴ option transaction that is either: (1) executed by a Participant⁵ on NOM; or (2) cleared by a NOM Participant at OCC in the Customer range,⁶ even if the transaction was executed by a non-member of NOM, regardless of the exchange on which the transaction occurs.⁷ If the OCC clearing member is a NOM Participant, ORF is assessed and collected on all ultimately cleared Customer contracts (after adjustment for CMTA⁸); and (2) if the OCC clearing member is not a NOM Participant, ORF is collected only on the cleared Customer contracts executed at

⁴ Today, ORF is collected from Customers, Professionals and broker-dealers that are not affiliated with a clearing member that clear in the "C" range at OCC. See *supra* notes 18 and 19 for descriptions of Customers and Professionals.

⁵ The term "Options Participant" or "Participant" mean a firm, or organization that is registered with the Exchange pursuant to Options 2A of these Rules for purposes of participating in options trading on NOM as a "Nasdaq Options Order Entry Firm" or "Nasdaq Options Market Maker". See Options 1, Section 1(a)(39).

⁶ Participants must record the appropriate account origin code on all orders at the time of entry of the order. The Exchange represents that it has surveillances in place to verify that Participants mark orders with the correct account origin code.

⁷ The Exchange uses reports from OCC when assessing and collecting the ORF.

⁸ CMTA or Clearing Member Trade Assignment is a form of "give-up" whereby the position will be assigned to a specific clearing firm at OCC.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On October 31, 2024, SR-NASDAQ-2024-058 was filed to amend ORF. On November 27, 2024, SR-NASDAQ-2024-058 was withdrawn and this rule change was filed. The current proposal amends the ORF Rate for Local Customer "C" Origin Code transactions executed on NOM, Local Firm "F" Origin Code transactions executed on NOM, and Away ORF Rate Firm "F" Origin Code multi-list transactions executed on non-NOM exchanges.

²⁵ 17 CFR 200.30-3(a)(12).