instruments governed by New York law. As described in the Notice, DTC believes that the proposed rules change would provide for a well-founded, clear, transparent, and enforceable legal basis for the valid issuance of E–CDs into DTC from issuers domiciled in any relevant jurisdiction.[31] Specifically, DTC conducted analysis of the legal basis for E–CDs under the Uniform Commercial Code, the New York Electronic Signatures and Records Act,[32] the Uniform Electronic Transactions Act,[33] and the federal Electronic Signatures in Global and National Commerce Act.[34] DTC believes that it has structured the E–CDs to meet the requirements of each law.[35] By conducting this analysis of applicable laws, the Commission believes that DTC designed the proposal to help ensure that E–CDs are well-founded, transparent, and legally enforceable in all relevant jurisdictions, consistent with Rule 17Ad–22(e)(1) under the Act.[36]

C. Consistency With Rule 17Ad–22(e)(10)

Rule 17Ad–22(e)(10) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to establish and maintain operational practices that manage the risks associated with physical deliveries.[37]

The proposed rule change will provide for the issuance of Electronic Master Certificates for E–CDs. As such, the proposal should help reduce risks of loss related to the physical CDs that would otherwise be physically transported to DTC for deposit and later returned to issuers or their agents for redemption upon maturity of the CD. By reducing the risk of loss of physical master certificates by allowing their replacement with Electronic Master Certificates, the Commission believes the proposal is designed to manage the risks associated with physical deliveries.[38]

D. Consistency With Rule 17Ad–22(e)(11)

Rule 17Ad–22(e)(11) under the Act requires that DTC establish, implement, maintain and enforce written policies and procedures reasonably designed to (i) maintain securities in an immobilized or dematerialized form for their transfer by book entry; (ii) prevent the unauthorized creation or deletion of securities; and (iii) protect assets against custody risk through appropriate rules and procedures consistent with relevant laws, rules and regulations in jurisdictions where it operates.[39]

The proposed rule change will provide for the issuance of Electronic Master Certificates for E–CDs. First, by providing for the deposit of securities in the name of Cede & Co. to be deposited in electronic form and stored in an electronic vault, the proposed rule change will provide for the immobilization and dematerialization of these master certificates for the transfer of CDs by book entry. Thus, the Commission believes the proposal is designed to maintain securities in an immobilized or dematerialized form for their transfer by book entry. Second, by the use of this centralized process for issuance and processing of CDs, the proposed rule change should facilitate the prevention of the unauthorized creation or deletion of securities processed through the E–CD program. Therefore, the Commission believes the proposal is designed to prevent the unauthorized creation or deletion of securities. Third, by the utilization of Electronic Master Certificates in the forms of System E–CD Templates issued under the applicable E–CD BLOR to account for relevant laws, the Commission believes the proposal is designed to protect assets against custody risk through appropriate rules and procedures consistent with relevant laws, rules, and regulations in jurisdictions where it operates.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act and, in particular, with the requirements of Section 17A of the Act[40] and the rules and regulations promulgated thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act[41] that proposed rule change SR–DTC–2020–017, be, and hereby is, APPROVED.[42]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[43]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2021–00815 Filed 1–14–21; 8:45 am]

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[31] *See* Notice, *supra* note 3, 85 FR at 78373–75.

[32] N.Y. State Tech. Law § 30 (McKinney 2012).

[33] Unif. Electronic Transactions Act (Unif. L. Comm'n 1999).

[34] Electronic Signatures in Global and National Commerce 15 U.S.C. § 70.

[35] *See* Notice, *supra* note 3, 85 FR at 78373–75.

[36] 17 CFR 240.17Ad–22(e)(1).

[37] 17 CFR 240.17Ad–22(e)(10).

[38] *Id.*

[39] 17 CFR 240.17Ad–22(e)(11).

[40] 15 U.S.C. 78q–1.

[41] 15 U.S.C. 78s(b)(2).

[42] In approving the proposed rule change, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

[43] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90890; File No. SR–NYSE–2020–103]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Section 902.02 of the NYSE Listed Company Manual

January 11, 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 December 28, 2020, New York Stock Exchange LLC (''NYSE'' or the ''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 proposes to amend Section 902.02 of the NYSE Listed Company Manual (the ''Manual'') to modify the terms of the Investment Management Entity Group Fee Discount. The proposed rule change is available on the Exchange's website at *www.nyse.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 self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries,

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

Pursuant to Section 902.02 of the Manual, the Exchange provides a fee discount applicable only to an Investment Management Entity and its Eligible Portfolio Companies (the ''Investment Management Entity Group Fee Discount''). For purposes of Section 902.02, an Investment Management Entity is a listed company that manages private investment vehicles not registered under the Investment Company Act. An ''Eligible Portfolio Company'' of an Investment Management Entity is a company in which the Investment Management Entity has owned at least 20% of the common stock on a continuous basis since prior to that portfolio company's initial listing. The Investment Management Entity Group Fee Discount is (i) limited to annual fees and (ii) represents a 50% discount on all annual fees of an Investment Management Entity and each of its Eligible Portfolio Companies in any year in which the Investment Management Entity has one or more Eligible Portfolio Companies. As currently applied, the Investment Management Entity Group Fee Discount is subject to a maximum aggregate discount of $500,000 in any given year (the ''Maximum Discount'') distributed among the Investment Management Entity and each of its Eligible Portfolio Companies in proportion to their respective eligible fee obligations in such year.[3]

The Exchange proposes to eliminate the Maximum Discount limitation on the Investment Management Entity Group Fee Discount with effect from the calendar year commencing January 1, 2021. Consequently, the Investment Management Entity and each Eligible Portfolio Company would receive a discount from each company's annual fee bill equal to 50% of such company's annual fees, without any limitation imposed by the application of the Maximum Discount. The purpose of this proposal is to remove the arbitrary differences the application of the Maximum Discount imposes on the benefits companies receive from the Investment Management Entity Group Fee Discount.

The following is an illustrative example:

Scenario One: An Investment Management Entity incurs $500,000 in annual fees before the discount and has two Eligible Portfolio Companies, each of which incurs $250,000 in annual fees before the discount. Applying the Maximum Discount on a prorated basis, the Investment Management Entity would receive a discount of $250,000 (and pay $250,000 in annual fees), while each of the two Eligible Portfolio Companies would receive a discount of $125,000 (and each pay $125,000 in annual fees).

Scenario Two: An Investment Management Entity incurs $500,000 in annual fees before the discount and has four Eligible Portfolio Companies, each of which incurs $250,000 in annual fees before the discount. Applying the Maximum Discount on a prorated basis, the Investment Management Entity would receive a discount of $166,666.67 (and pay $333,333.33 in annual fees), while each of the four Eligible Portfolio Companies would receive a discount of $83,333.33 (and each pay $166,666.67 in annual fees).

In both these scenarios, the Investment Management Entity has the same annual fee bill before the application of the Investment Management Entity Group Fee Discount ($500,000) and each Eligible Portfolio Company also has the same annual fee bill prior to the application of the discount ($250,000). However, as a result of the limitation imposed by the Maximum Discount, the Investment Management Entity in Scenario One pays $250,000 in annual fees, while the Investment Management Entity in Scenario Two pays $333,333.33 in annual fees. Similarly, in both scenarios, all of the Eligible Portfolio Companies have the same annual fee obligation of $250,000 prior to application of the discount, but the limitation imposed by the Maximum Discount causes the Eligible Portfolio Companies in Scenario One to pay $125,000 in annual fees after application of the discount, while the Eligible Portfolio Companies in Scenario Two each pay $166,666.67 in annual fees. This proposal would eliminate this discrepancy in the treatment of companies that are the same size and would otherwise be subject to identical treatment for annual fee billing purposes.

The Exchange notes that the elimination of the Maximum Discount would result in reduction in revenue as the overall discount to annual fees that companies can claim pursuant to the Investment Management Entity Group Fee Discount would increase. Because only a small percentage of listed companies qualify for the Investment Management Entity Group Fee Discount, the proposed rule change would not affect the Exchange's commitment of resources to its regulatory programs.

The Exchange also proposes to make some nonsubstantive changes to Section 902.02 to remove provisions that are no longer needed, as they do not apply by their terms to any calendar year starting after January 1, 2019.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[4] in general, and furthers the objectives of Section 6(b)(4)[5] of the Act, in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Act,[6] in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange operates in a highly competitive marketplace for the listing of equity securities. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets.

The Exchange believes that the ever shifting market share among the exchanges with respect to new listings and the transfer of existing listings between competitor exchanges demonstrates that issuers can choose different listing markets in response to fee changes. Accordingly, competitive forces constrain exchange listing fees. Stated otherwise, changes to exchange listing fees can have a direct effect on the ability of an exchange to compete for new listings and retain existing listings.

The Exchange believes that the proposed amendment is equitable and is

[3] In addition to benefiting from the Investment Management Entity Group Fee Discount, the Investment Management Entity and each of the Eligible Portfolio Companies each continue to have its fees capped by the applicable company's individual total maximum fee of $500,000 per annum.

[4] 15 U.S.C. 78f(b).

[5] 15 U.S.C. 78f(b)(4).

[6] 15 U.S.C. 78f(b)(5).

not unfairly discriminatory as it being implemented solely to avoid arbitrarily different annual fee billing outcomes for companies based solely on the impact of the Maximum Discount.

Only a small percentage of listed companies qualify for the Investment Management Entity Group Fee Discount. Consequently, the proposed rule change would not affect the Exchange's commitment of resources to its regulatory programs.

The changes the Exchange proposes to make to Section 902.02 to remove provisions that are no longer needed, as they do not apply by their terms to any calendar year starting after January 1, 2019, are nonsubstantive in nature.

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 that is not necessary or appropriate in furtherance of the purposes of the Act.

Intramarket Competition.

The purpose of the proposed amendment is to eliminate the arbitrary effects of the of the [sic] Maximum Discount in the application of the Investment Management Entity Group Fee Discount. As only a small percentage of listed companies qualify for the Investment Management Entity Group Fee Discount and the proposal makes the application of the discount more consistent across that small category of listed issuers, the Exchange does not believe that the proposed rule change will have any meaningful effect on the competition among issuers listed on the Exchange.

Intermarket Competition.

The Exchange operates in a highly competitive market in which issuers can readily choose to list new securities on other exchanges and transfer listings to other exchanges if they deem fee levels at those other venues to be more favorable. Because competitors are free to modify their own fees in response, and because issuers may change their listing venue, the Exchange does not believe its proposed fee change can impose any burden on intermarket competition.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)[7] of the Act and subparagraph (f)(2) of Rule 19b–4[8] thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)[9] of the Act to determine whether the proposed rule change 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–NYSE–2020–103 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–NYSE–2020–103. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NYSE–2020–103, and should be submitted on or before February 5, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2021–00812 Filed 1–14–21; 8:45 am]

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[7] 15 U.S.C. 78s(b)(3)(A).

[8] 17 CFR 240.19b–4(f)(2).

[9] 15 U.S.C. 78s(b)(2)(B).

[10] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90899; File No. SR–CboeBYX–2020–034]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish a Policy Relating to Billing Errors

January 11, 2021.

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 December 31, 2020, Cboe BYX Exchange, Inc. (the ''Exchange'' or ''BYX'') 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 Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] The Commission is publishing this notice to

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).