

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-PEARL-2025-20 and should be submitted on or before June 6, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103023; File No. SR-FICC-2025-013]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing of Immediate Effectiveness of Proposed Rule Change To Permit Inter-Dealer Broker Netting Members To Use the Same Deposit ID

May 12, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on April 30, 2025, Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder.<sup>4</sup> The Commission is publishing this notice to

solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to FICC's Government Securities Division ("GSD") Rulebook ("GSD Rules" and "Rules") in order to permit Inter-Dealer Broker Netting Members who maintain both Dealer Account(s) and Broker Account(s) at FICC to use the same Deposit ID when making the Required Fund Deposit Portions for those Accounts.<sup>5</sup>

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

##### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

FICC is proposing to amend the GSD Rules to permit Inter-Dealer Broker Netting Members to use the same Deposit ID when making the Required Fund Deposit Portions for its Broker Account(s) and Dealer Account(s), which are both Proprietary Accounts. The proposed rule change would not affect the requirements that (i) Brokered Transactions be recorded in Broker Accounts, separate from other Proprietary Transactions that are recorded in Dealer Accounts, pursuant to Rule 2B; and (ii) margin for Brokered Transactions that are recorded in Broker Accounts be calculated separately, through separate Margin Portfolios, from other Proprietary Transactions recorded in Dealer Accounts and from activity of indirect participants recorded in Indirect Participants Accounts, pursuant to Rule 4.<sup>6</sup>

###### Background

The GSD Rules include provisions that operate to separately record and

margin different types of activity. These provisions are primarily designed to ensure margin for Proprietary Transactions is calculated, collected and held separately and independently of margin for indirect participant transactions, in compliance with the requirements of Rule 17ad-22(e)(6)(i) under the Act.<sup>7</sup> The provisions in the GSD Rules that accomplish this separate margining include requirements that (i) Proprietary Transactions and Indirect Participant Transactions be recorded in different Types of Accounts pursuant to Rule 2B; (ii) each Margin Portfolio established by Netting Members shall not contain more than one Type of Account, pursuant to Section 1b(a) of Rule 4; (iii) FICC calculates each Member's Required Fund Deposit to the Clearing Fund with reference to the Margin Portfolios established by that Member, pursuant to Section 1b(b) of Rule 4; and (iv) each Member's Required Fund Deposit consists of separate Required Fund Deposit Portions, each of which are calculated with respect to a separate Margin Portfolio, pursuant to Section 2(a) of Rule 4.<sup>8</sup>

In addition, to ensure separate collection and holding of margin deposited for Proprietary Transactions and indirect participant transactions, Section 2a(a) of Rule 4 requires that a Netting Member identify the different Account types for which a deposit is made on its wire instructions. Specifically, this Rule provides that each Required Fund Deposit Portion be made to FICC through a separate Deposit ID established by the Netting Member.<sup>9</sup>

The GSD Rules also require that brokered activity be recorded separately from other Proprietary Transactions. Specifically, Brokered Transactions can only be submitted to FICC by Netting Members that have qualified to be Inter-Dealer Broker Netting Members and must be recorded in Broker Accounts, separately from other Proprietary Transactions that are recorded in Dealer Accounts. Inter-Dealer Broker Netting Members receive favorable treatment under the loss allocation provisions with respect to their brokered activity.<sup>10</sup>

<sup>7</sup> 17 CFR 240.17Ad-22(e)(6)(i).

<sup>8</sup> See Rule 2B (Accounts) and Rule 4 (Clearing Fund and Loss Allocation), *supra* note 5.

<sup>9</sup> See Rule 1 (Definitions), where "Deposit ID" is defined as "an operational mechanism used by [FICC] to identify the Account for which a deposit is being made with [FICC] pursuant to Rule 4 and to facilitate the separate holding of such deposits on [FICC]'s books and records." *Id.*

<sup>10</sup> See Rule 4 (Clearing Fund and Loss Allocation) (providing that Inter-Dealer Broker Netting Members are subject to a cap on the application of FICC's loss allocation procedure of no greater than \$5 million if they meet a set of conditions), *id.*

<sup>21</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(4).

<sup>5</sup> Capitalized terms not defined herein are defined in the GSD Rules, as applicable, available at [www.dtcc.com/legal/rules-and-procedures](http://www.dtcc.com/legal/rules-and-procedures).

<sup>6</sup> See Rule 2B (Accounts) and Rule 4 (Clearing Fund and Loss Allocation), *id.*

FICC believes this favorable treatment is appropriate because Inter-Dealer Broker Netting Members do not undertake a directional position with respect to the transactions. Instead, each transaction has a counterparty other than the Inter-Dealer Broker Netting Member that will ultimately deliver the securities or pay the cash. Therefore, the Rules require that Brokered Transactions be recorded in separate Broker Accounts by Inter-Dealer Broker Netting Members ensuring that this favorable treatment be applied only with respect to those Members' Brokered Transactions.

#### Proposed Rule Change

As noted above, the requirements that operate to separately record and margin different types of activity serve important goals—FICC's maintenance of compliance with the requirements of Rule 17Ad-22(e)(6)(i) under the Act<sup>11</sup> and FICC's ability to apply favorable loss allocation treatment to only the brokered activity of Inter-Dealer Broker Netting Members (and not to other activity submitted by these Members). However, FICC believes that one of these requirements—that Inter-Dealer Broker Netting Members use separate Deposit IDs for their Broker Accounts and Dealer Accounts—is not necessary to meet either of these goals. Further, because Inter-Dealer Broker Netting Members may maintain both Broker Accounts and Dealer Accounts, this requirement limits those Members from the operational convenience of making their separate Required Fund Deposit Portions for their proprietary activity through one Deposit ID.

Therefore, FICC is proposing to amend Rule 4 to provide that an Inter-Dealer Netting Member that maintains both Broker Account(s) and Dealer Account(s) may utilize the same Deposit ID for amounts deposited with respect to the Required Fund Deposit Portions calculated for each of these separate Accounts. As noted above, FICC would not amend the requirements that Brokered Transactions be recorded in Broker Accounts, separately from other Proprietary Transactions recorded in Dealer Accounts, and that separate Required Fund Deposit Portions be calculated for the activity recorded in these separate Accounts. As such, the proposed change would not impact FICC's ability to maintain compliance with the requirements of Rule 17Ad-22(e)(6)(i)<sup>12</sup> under the Act or its ability to identify the brokered activity of Inter-Dealer Broker Netting Members from

those Members' other proprietary activity.

#### 2. Statutory Basis

FICC believes that the proposed rule change is consistent with Section 17A of the Act and the rules thereunder applicable to FICC. Specifically, FICC believes that the proposed rule change is consistent with Section 17A(b)(3)(F)<sup>13</sup> of the Act and Rule 17ad-22(e)(21),<sup>14</sup> as promulgated under the Act, for the reasons described below.

Section 17A(b)(3)(F) of the Act requires that the Rules 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 FICC or for which it is responsible.<sup>15</sup> FICC is proposing to revise a requirement in the GSD Rules to no longer restrict Inter-Dealer Broker Netting Members from using the same Deposit ID for the Required Fund Deposit Portions for their proprietary activity. The proposed change would permit these Netting Members to more efficiently make their required deposits to the Clearing Fund. By removing an unnecessary restriction and facilitating more efficient payments of margin requirements, FICC believes the proposed change would promote the prompt and accurate clearance and settlement of securities transactions and would assure the safeguarding of securities and funds which are in the custody or control of FICC or for which it is responsible, consistent with the requirements of Section 17A(b)(3)(F) of the Act.<sup>16</sup>

Rule 17ad-22(e)(21) under the Act requires FICC to establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient in meeting the requirements of its participants.<sup>17</sup> As described above, the proposed changes would clarify that an existing requirement would not apply to Inter-Dealer Broker Netting Members with respect to the two Types of Accounts that such Members may maintain for their proprietary activity. By removing an unnecessary restriction and facilitating more efficient payments of margin requirements, FICC believes the proposed change is consistent with the requirements of Rule 17ad-22(e)(21) under the Act.<sup>18</sup>

<sup>13</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>14</sup> 17 CFR 240.17ad-22(e)(21).

<sup>15</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>16</sup> *Id.*

<sup>17</sup> 17 CFR 240.17ad-22(e)(21).

<sup>18</sup> *Id.*

#### (B) Clearing Agency's Statement on Burden on Competition

FICC does not believe that the proposed rule change would have an impact on competition among its Members.<sup>19</sup> Inter-Dealer Broker Netting Members are the only types of Netting Members that are permitted to maintain both Broker Accounts and Dealer Accounts where their proprietary activity can be recorded. The proposed change would clarify an existing requirement that unnecessarily restricts these Members from making their Required Fund Deposit Portions for these Accounts using the same Deposit ID. The proposed change would not impact other Netting Members.

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

FICC has not received or solicited any written comments relating to this proposal. If any written comments are received, they will be publicly filed as an Exhibit 2 to this filing, as required by Form 19b-4 and the General Instructions thereto.

Persons submitting comments are cautioned that, according to Section IV (Solicitation of Comments) of the Exhibit 1A in the General Instructions to Form 19b-4, the Commission does not edit personal identifying information from comment submissions. Commenters should submit only information that they wish to make available publicly, including their name, email address, and any other identifying information.

All prospective commenters should follow the Commission's instructions on *How to Submit a Comment*, available at [www.sec.gov/rules-regulations/how-submit-comment](http://www.sec.gov/rules-regulations/how-submit-comment). General questions regarding the rule filing process or logistical questions regarding this filing should be directed to the Main Office of the Commission's Division of Trading and Markets at [tradingandmarkets@sec.gov](mailto:tradingandmarkets@sec.gov) or 202-551-5777.

FICC reserves the right not to respond to any comments 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) of the Act and paragraph (f) of Rule 19b-4 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

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>11</sup> See *supra* note 7.

<sup>12</sup> See *supra* note 7.

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### IV. Solicitation of Comments

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

##### *Electronic Comments*

- Use the Commission's internet comment form ([www.sec.gov/rules/sro.shtml](http://www.sec.gov/rules/sro.shtml)); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-FICC-2025-013 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-FICC-2025-013. 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 FICC and on DTCC's website (<https://dtcc.com/legal/sec-rule-filings.aspx>). 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-FICC-2025-013 and should be submitted on or before June 6, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103026; File No. SR-MEMX-2025-10]

### Self-Regulatory Organizations; MEMX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Exchange's Fee Schedule Concerning Equities Transaction Pricing

May 12, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on April 30, 2025, MEMX LLC ("MEMX" or the "Exchange") filed with the Securities and Exchange Commission (the "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 is filing with the Commission a proposed rule change to amend the Exchange's fee schedule applicable to Members<sup>3</sup> (the "Fee Schedule") pursuant to Exchange Rules 15.1(a) and (c). As is further described below, the Exchange proposes to (i) reduce the rebate provided under Liquidity Provision Tier 1 for executions of orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange (such orders, "Added Displayed Volume"); (ii) modify the required criteria under Non-Display Add Tier 2; (iii) reduce the rebate provided under the Displayed Liquidity Incentive ("DLI") Tier 1; and (iv) eliminate the Liquidity Removal Tier. The Exchange proposes to implement the changes to the Fee Schedule pursuant to this proposal immediately. The text of the

proposed rule change is provided in Exhibit 5.

#### 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 amend the Fee Schedule to: (i) reduce the rebate provided under Liquidity Provision Tier 1 for executions of orders in securities priced at or above \$1.00 per share that add displayed liquidity to the Exchange (such orders, "Added Displayed Volume"); (ii) modify the required criteria under Non-Display Add Tier 2; (iii) reduce the rebate provided under the Displayed Liquidity Incentive ("DLI") Tier 1; and (iv) eliminate the Liquidity Removal Tier.

The Exchange first notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. More specifically, the Exchange is only one of 18 registered equities exchanges, as well as a number of alternative trading systems and other off-exchange venues, to which market participants may direct their order flow. Based on publicly available information, no single registered equities exchange currently has more than approximately 14.1% of the total market share of executed volume of equities trading.<sup>4</sup> Thus, in such a low-concentrated and highly competitive market, no single equities exchange possesses significant pricing power in the execution of order flow, and the Exchange currently represents approximately 2.4% of the overall

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Exchange Rule 1.5(p).

<sup>4</sup> Market share percentage calculated as of April 30, 2025. The Exchange receives and processes data made available through consolidated data feeds (*i.e.*, CTS and UTDF).