

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94610; File No. SR–NASDAQ–2022–028]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Expiration Date of the Temporary Amendments Concerning Video Conference Hearings

April 5, 2022.

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 March 23, 2022, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b–4 under the Act,³ which renders the proposal effective upon receipt of this filing by the Commission. 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 extend the expiration date of the temporary amendments in SR–NASDAQ–2020–076 from March 31, 2022, to July 31, 2022.⁴ The proposed rule change would not make any changes to the text of the Exchange rules.

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

The Exchange proposes to continue to harmonize Exchange Rules 1015, 9261, 9524 and 9830 with recent changes by the Financial Industry Regulatory Authority, Inc. (“FINRA”) to its Rules 1015, 9261, 9524 and 9830 in response to the COVID–19 global health crisis and the corresponding need to restrict in-person activities. The Exchange originally filed proposed rule change SR–NASDAQ–2020–076, which allows the Exchange’s Office of Hearing Officers (“OHO”) and the Exchange Review Council (“ERC”) to conduct hearings, on a temporary basis, by video conference, if warranted by the current COVID–19-related public health risks posed by an in-person hearing. In December 2021, the Exchange filed a proposed rule change, SR–NASDAQ–2021–104, to extend the expiration date of the temporary amendments in SR–NASDAQ–2020–076 from December 31, 2021, to March 31, 2022.⁵

While there are material signs of improvement, uncertainty still remains for the coming months. The continued presence of COVID–19 variants, dissimilar vaccination rates throughout the United States, and the current medium to high COVID–19 community levels in many states indicate that COVID–19 remains an active and real public health concern.⁶ Due to the uncertainty and the lack of a clear timeframe for a sustained and widespread abatement of COVID–19-related health concerns and corresponding restrictions,⁷ the

Exchange believes that there is a continued need for temporary relief beyond March 31, 2022. Accordingly, the Exchange proposes to extend the expiration date of the temporary rule amendments in SR–NASDAQ–2020–076 from March 31, 2022, to July 31, 2022.

On November 5, 2020, the Exchange filed, and subsequently extended to March 31, 2022, SR–NASDAQ–2020–076, to temporarily amend Exchange Rules 1015, 9261, 9524 and 9830 to grant OHO and the ERC authority⁸ to conduct hearings in connection with appeals of Membership Application Program decisions, disciplinary actions, eligibility proceedings and temporary and permanent cease and desist orders by video conference, if warranted by the COVID–19-related public health risks posed by an in-person hearing.⁹

As set forth in the previous filings, the Exchange also relies on COVID–19 data and the guidance issued by public health authorities to determine whether the current public health risks presented by an in-person hearing may warrant a hearing by video conference.¹⁰ Based on that data and guidance, the Exchange does not believe the COVID–19-related health concerns necessitating this relief will meaningfully subside by March 31, 2022, and believes that there will be a continued need for this temporary relief

¹⁹ community level regardless of vaccination status or individual risk. See <https://www.cdc.gov/coronavirus/2019-ncov/prevent-getting-sick/about-face-coverings.html>. Furthermore, numerous states currently have COVID–19 restrictions in place. Hawaii requires most people to wear masks in indoor public places regardless of vaccination status and several other states have mask mandates in certain settings, such as healthcare and correctional facilities.

⁸ For OHO hearings under Exchange Rules 9261 and 9830, the proposed rule change temporarily grants authority to the Chief or Deputy Chief Hearing Officer to order that a hearing be conducted by video conference. For ERC hearings under Exchange Rules 1015 and 9524, this temporary authority is granted to the ERC or relevant Subcommittee.

⁹ See Securities Exchange Act Release No. 90390 (November 10, 2020), 85 FR 73302 (November 17, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR–NASDAQ–2020–076); see also Securities Exchange Act Release No. 90774 (December 22, 2020), 85 FR 86614 (December 30, 2020) (Notice of Filing and Immediate Effectiveness of File No. SR–NASDAQ–2020–092); Securities Exchange Act Release No. 91763 (May 4, 2021), 86 FR 25055 (May 10, 2021) (Notice of Filing and Immediate Effectiveness of File No. SR–NASDAQ–2021–033); Securities Exchange Act Release No. 92911 (September 9, 2021), 86 FR 51395 (September 15, 2021) (Notice of Filing and Immediate Effectiveness of File No. SR–NASDAQ–2021–067); *supra* note 5.

¹⁰ As noted in SR–NASDAQ–2020–076, the temporary proposed rule change grants discretion to OHO and the ERC to order a video conference hearing. In deciding whether to schedule a hearing by video conference, OHO and the ERC may consider a variety of other factors in addition to COVID–19 trends.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 17 CFR 240.19b–4(f)(6).

⁴ If the Exchange seeks to provide additional temporary relief from the rule requirements identified in this proposed rule change beyond July 31, 2022, the Exchange will submit a separate rule filing to further extend the temporary extension of time. The amended Exchange rules will revert to their original form at the conclusion of the temporary relief period and any extension thereof.

⁵ See Securities Exchange Act Release No. 93852 (December 22, 2021), 86 FR 74201 (December 29, 2021) (Notice of Filing and Immediate Effectiveness of File No. SR–NASDAQ–2021–104).

⁶ For example, on February 18, 2022, President Joe Biden continued the national emergency concerning COVID–19 beyond March 1, 2022, because COVID–19 “continues to cause significant risk to the public health and safety” of the United States. See Continuation of the National Emergency Concerning the Coronavirus Disease 2019 (COVID–19) Pandemic, 87 FR 10289 (February 23, 2022).

⁷ For instance, the Centers for Disease Control (“CDC”) recommends that people wear a mask in public indoor settings in areas with a high COVID–

beyond that date. Accordingly, the Exchange proposes to extend the expiration date of the temporary rule amendments originally set forth in SR-NASDAQ-2020-076 from March 31, 2022, to July 31, 2022. The extension of these temporary amendments allowing for specified OHO and ERC hearings to proceed by video conference will allow the Exchange's critical adjudicatory functions to continue to operate effectively in these extraordinary circumstances—enabling the Exchange to fulfill its statutory obligations to protect investors and maintain fair and orderly markets—while also protecting the health and safety of hearing participants.

The Exchange has filed the proposed rule change for immediate effectiveness and has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing, so the Exchange can implement the proposed rule change immediately.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² in particular, in that it is designed to promote just and equitable principles of trade, 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, by continuing to provide greater harmonization between the Exchange rules and FINRA rules of similar purpose,¹³ resulting in less burdensome and more efficient regulatory compliance.

The proposed rule change, which extends the expiration date of the temporary amendments to the Exchange rules set forth in SR-NASDAQ-2020-076, will continue to aid the Exchange's efforts to timely conduct hearings in connection with its core adjudicatory functions. Given the current and frequently changing COVID-19 conditions and the uncertainty around when those conditions will see meaningful, widespread, and sustained improvement, without this relief allowing OHO and ERC hearings to proceed by video conference, the Exchange might be required to postpone some or almost all hearings indefinitely. The Exchange must be able to perform

its critical adjudicatory functions to fulfill its statutory obligations to protect investors and maintain fair and orderly markets. As such, this relief is essential to the Exchange's ability to fulfill its statutory obligations and allows hearing participants to avoid the serious COVID-19-related health and safety risks associated with in-person hearings.

Among other things, this relief will allow OHO to conduct temporary cease and desist proceedings by video conference so that the Exchange can take immediate action to stop ongoing customer harm and will allow the ERC to timely provide members, disqualified individuals and other applicants an approval or denial of their applications. As set forth in detail in SR-NASDAQ-2020-076, this temporary relief allowing OHO and ERC hearings to proceed by video conference accounts for fair process considerations and will continue to provide fair process while avoiding the COVID-19-related public health risks for hearing participants. Accordingly, the proposed rule change extending this temporary relief is in the public interest and consistent with the Act's purpose.

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

The Exchange does not believe that the temporary proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As set forth in SR-NASDAQ-2020-076, the proposed rule change is intended solely to extend temporary relief necessitated by the continued impacts of the COVID-19 outbreak and the related health and safety risks of conducting in-person activities. The Exchange believes that the proposed rule change will prevent unnecessary impediments to its operations, including its critical adjudicatory processes, and its ability to fulfill its statutory obligations to protect investors and maintain fair and orderly markets that would otherwise result if the temporary amendments were to expire on March 31, 2022.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public

interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

A proposed rule change filed under Rule 19b-4(f)(6)¹⁶ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁷ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange has indicated that the proposed rule change to extend the expiration date will continue to prevent unnecessary impediments to its operations, including its critical adjudicatory processes, and its ability to fulfill its statutory obligations to protect investors and maintain fair and orderly markets that would otherwise result if the temporary amendments were to expire on March 31, 2022.¹⁸ Importantly, extending the temporary relief provided in SR-NASDAQ-2020-076 immediately upon filing and without a 30-day operative delay will allow the Exchange to continue critical adjudicatory and review processes in a reasonable and fair manner and meet its critical investor protection goals, while also following best practices with respect to the health and safety of its employees.¹⁹ The Commission also notes that this proposal extends without change the temporary relief previously provided by SR-NASDAQ-2020-076.²⁰ As proposed, the temporary changes would be in place through July 31, 2022 and the amended rules will revert back to their original state at the conclusion of the temporary relief period and, if

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

¹⁸ See *supra* Item II.

¹⁹ See Securities Exchange Act Release No. 94430 (March 16, 2022); 86 FR 16262, 16264 (March 16, 2022) (noting the same in granting FINRA's request to waive the 30-day operative delay so that SR-FINRA-2022-004 would become operative immediately upon filing).

²⁰ See *supra* note 9.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ See Securities Exchange Act Release No. 94430 (March 16, 2022), 87 FR 16262 (March 22, 2022) (Notice of Filing and Immediate Effectiveness of File No. SR-FINRA-2022-004).

applicable, any extension thereof.²¹ For these reasons, the Commission believes that waiver of the 30-day operative delay for this proposal is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.²²

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:

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–2022–028 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–2022–028. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the

Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NASDAQ–2022–028 and should be submitted on or before May 2, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²³

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–94607; File No. SR–ICEEU–2022–004]

Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Change Relating to Amendments to the ICE Clear Europe CDS Clearing Stress-Testing Policy and CDS Clearing Back-Testing Policy

April 5, 2022.

I. Introduction

On February 10, 2022, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b–4 thereunder,² a proposed rule change to amend its CDS Clearing Back-Testing Policy (“CDS Back-Testing Policy”) and CDS Clearing Stress-Testing Policy (“CDS Stress-Testing Policy”). The proposed rule change was published for comment in the **Federal Register** on February 25, 2022.³ The

Commission did not receive comments regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description of the Proposed Rule Change

The proposed rule change would amend the CDS Clearing Back-Testing Policy and CDS Clearing Stress-Testing Policy to remediate the findings of an independent validation. The discussion below describes the proposed amendments in the order they appear in each policy.

i. CDS Back-Testing Policy

The proposed rule change first would correct the capitalization of the title of Section 2.1. In that section, the proposed rule change also would correct a typographical error by replacing the word “follow” with “follows.” In addition to those typographical corrections, the proposed rule change would add new language at the end of the section. This new language would explain that ICE Clear Europe conducts several types of backtests and that ICE Clear Europe adopts all the available reliable and validated data for each backtest in order to assess the model performance over a long period, where stress market conditions and idiosyncratic events are likely to have manifested.

Next, the proposed rule change would add a new Section 2.2 and re-number the remaining sections accordingly. New Section 2.2 would explain that ICE Clear Europe backtests the CDS risk model with overlapping data and non-overlapping data. This section also would explain that ICE Clear Europe prefers to backtest with non-overlapping data for static portfolios. Because the CDS risk model covers a multi-days risk horizon, the lack of sufficiently long data sets limits ICE Clear Europe's ability to use non-overlapping data, however. ICE Clear Europe would address this limitation by using overlapping data to make a statistically significant sample.

This new Section 2.2, as well as the new language at the end of Section 2.1, would document ICE Clear Europe's existing practice of backtesting using overlapping data and non-overlapping data, and, in doing so, using all the available reliable and validated data for each backtest in order to assess the model performance over a long period.

²¹ See *supra* note 4. As noted above, the Exchange states that if it requires temporary relief from the rule requirements identified in this proposal beyond July 31, 2022, it may submit a separate rule filing to extend the effectiveness of the temporary relief under these rules.

²² For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²³ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change

Relating to Amendments to the ICE Clear Europe CDS Clearing Stress Testing Policy and CDS Clearing Back-Testing Policy, Exchange Act Release No. 94280 (Feb. 18, 2022); 87 FR 10878 (Feb. 25, 2022) (SR–ICEEU–2022–004) (“Notice”).