

Exchange anticipates moving to a modified ORF model in which ORF would only be assessed to on-exchange transactions and would continue to be assessed only to customers. At this time, the Exchange expects to continue assessing ORF as it does today and will continue to ensure that ORF Regulatory Revenue, in combination with its other regulatory fees and fines, does not exceed Options Regulatory Cost.

The Exchange's proposal to discontinue its June 2025 ORF is equitable and not unfairly discriminatory as the proposal would not apply to any Member.

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

This proposal does not create an unnecessary or inappropriate intra-market burden on competition because no Member would be subject to the June 2025 ORF as a result of this proposal.

Additionally, this proposal does not create an unnecessary or inappropriate inter-market burden on competition because it is a regulatory fee that supports regulation in furtherance of the purposes of the Act. The Exchange is obligated to ensure that the amount of ORF Regulatory Revenue collected from the ORF, in combination with its other regulatory fees and fines, does not exceed Options Regulatory Cost.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4¹⁵ 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 will institute proceedings 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-GEMX-2025-09 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-GEMX-2025-09. 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-GEMX-2025-09 and should be submitted on or before May 29, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102984; File No. SR-NSCC-2025-009]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Rules Relating to the Legal Entity Identifier Requirement

May 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 25, 2025, National Securities Clearing Corporation ("NSCC") 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. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(4) thereunder.⁴ 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 amendments to the NSCC Rules & Procedures ("Rules") in order to require (i) each applicant applying to become a Member or a Limited Member to obtain and provide a Legal Entity Identifier ("LEI") to NSCC as part of its membership application, (ii) each Member and Limited Member to have a current LEI on file with NSCC at all times, (iii) each Sponsoring Member to provide NSCC with an LEI for each of their current Sponsored Members and for each newly added Sponsored Member going forward, and (iv) CDS Clearing and Depository Services Inc. ("CDS") to provide NSCC with an LEI for each current participant of CDS ("CDS Participant") for which CDS

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(4).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

maintains a subaccount at NSCC and for each newly added CDS Participant going forward.^{5 6}

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

The purpose of the proposed rule change is to amend the Rules in order to require (i) each applicant applying to become a Member or a Limited Member to obtain and provide a Legal Entity Identifier ("LEI") to NSCC as part of its membership application, (ii) each Member and Limited Member to have a current LEI on file with NSCC at all times, (iii) each Sponsoring Member to provide NSCC with an LEI for each of their current Sponsored Members and for each newly added Sponsored Member going forward, and (iv) CDS to provide NSCC with an LEI for each current CDS Participant for which CDS maintains a subaccount at NSCC and for each newly added CDS Participant going forward.⁷

Background

LEI Background

An LEI is a 20-character reference code to uniquely identify legally distinct entities that engage in financial transactions.⁸ The LEI system was developed by the Financial Stability

Board⁹ together with finance ministers and central bank governors represented in the Group of 20 in the wake of the 2008 financial crisis.¹⁰ The Financial Stability Board established GLEIF in June 2014 to support the implementation and use of LEIs.¹¹ The Regulatory Oversight Committee ("ROC"), a group of public authorities from around the globe, oversees GLEIF and the global LEI system.¹²

LEIs are issued by entities called Local Operating Units ("LOUs") that are accredited by GLEIF to issue LEIs within certain jurisdictions.¹³ LOUs validate information about an entity and issue a unique LEI for that entity. An LEI provides information about legal entities, including the official legal name, registered address, country of incorporation, registration authority and the entities' ownership structure, including parent and child organizations.

Adding the LEI Requirement for NSCC

NSCC's parent entity, The Depository Trust & Clearing Corporation ("DTCC"),¹⁴ provides technology resources and support services to NSCC and DTCC's other subsidiaries, including providing support for onboarding, lifecycle management and risk management of the subsidiaries' applicants and members. Certain of DTCC's subsidiaries currently require that its applicants and members obtain and provide an LEI. However, this requirement is not consistent across DTCC's other subsidiaries, including NSCC.

NSCC is proposing to add a requirement that its applicants and members obtain and provide an LEI to NSCC similar to the requirement currently in place for its affiliate, FICC, which requires LEIs for members of its Government Securities Division.¹⁵

⁹ The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. See www.fsb.org.

¹⁰ See www.gleif.org/en/about/history.

¹¹ See *supra* note 8. See also www.gleif.org/en/about/this-is-gleif.

¹² The ROC is a group of public authorities from around the globe established in January 2013 to coordinate and oversee the global LEI system. See www.gleif.org/en/about/governance/regulatory-oversight-committee-roc.

¹³ See www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations.

¹⁴ DTCC is a non-public holding company that owns three registered clearing agencies and related businesses. In addition to NSCC, DTCC also owns the following registered clearing agencies: The Depository Trust Company and the Fixed Income Clearing Corporation ("FICC"). FICC has two divisions: the Government Securities Division and the Mortgage-Backed Securities Division.

¹⁵ FICC implemented LEI requirements for its Government Securities Division in compliance with a rule adopted by the Office of Financial Research

NSCC believes that requiring that its applicants and members obtain and provide an LEI to NSCC would improve the quality of data that is collected from its participants as well as the process for collecting that data, including providing the following benefits:

- **Simplify Operational Processes**—LEIs would help simplify and expedite due diligence and know your customer ("KYC") verification of participants enabling NSCC to do business with participants faster and safer.
- **Enhance Risk Management**—LEIs provide information about counterparty relationships and hierarchies within and between financial entities, improving counterparty risk assessment and management.
- **Leverage Existing Capabilities**—The use of LEIs would allow NSCC to leverage existing DTCC technology and data to create automatic upfront validations to support participant onboarding and lifecycle management for NSCC and DTCC's other subsidiaries.
- **Reliable Data Source**—The LEI system is supported by a trusted method of verifying the identity of the legal entity in question and would provide a reliable data source. This is supported by the LOUs maintenance of all respective reference and identification data and the overall global LEI system which is coordinated and overseen by ROC.

- **Reduction in Record Duplication**—The use of LEIs would reduce overlap and duplication of data within databases, helps streamline data reconciliations and reduce data errors by decreasing the requirements for manual comparison of different databases.

Implementing an LEI requirement is also intended to improve DTCC's ability to manage data across its subsidiaries, including NSCC. Many participants are shared among NSCC and its affiliates. Currently, there is no consistent requirement for submission of an industry identifier by NSCC and DTCC's other subsidiaries. This has impacted DTCC's ability to profile its subsidiaries' participants quickly and efficiently across all the subsidiaries' products and services. DTCC's other subsidiaries are also implementing an LEI requirement consistent with the LEI requirements being proposed for NSCC.

of the U.S. Department of Treasury establishing a data collection requirement covering centrally cleared transactions in the U.S. repurchase market. See Securities Exchange Act Release No. 88557 (Apr. 3, 2020), 85 FR 19979 (Apr. 9, 2020) (SR-FICC-2020-002).

⁵ CDS, the Canadian central securities depository and central counterparty, is a Member of NSCC. The relationship between NSCC and CDS enables CDS Participants to clear and settle trades with NSCC Members through subaccounts at NSCC maintained by CDS on behalf of CDS Participants.

⁶ Terms not defined herein are defined in the Rules, available at www.dtcc.com/legal/rules-and-procedures.

⁷ *Supra* note 5.

⁸ See www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei. The LEI is based on the ISO 17442 standard developed by the International Organization for Standardization and satisfies the standards implemented by the Global Legal Entity Identifier Foundation ("GLEIF"). See www.gleif.org/en/about-lei/introducing-the-legal-entity-identifier-lei.

Member Impact

Based on an analysis by NSCC, approximately 88% of Members, 48% of Limited Members, and 100% of CDS Participants currently have an LEI.¹⁶ Adding the LEI requirement would require the Members and Limited Members that have not obtained an LEI to select an LOU,¹⁷ apply for an LEI, and once obtained provide the LEI to NSCC. In addition, Sponsoring Members and CDS would be required to obtain LEIs from their respective Sponsored Members and CDS Participants. The Members, Limited Members, Sponsored Members and CDS Participants would also need to renew the LEI periodically. The expense of obtaining and renewing an LEI is minimal, and it can usually be obtained within a few days once the entity provides the necessary information to the LOU.¹⁸

Failure to adhere to the LEI requirement could result in a fine in accordance with the Rules.¹⁹

Rule Changes

LEI Requirement

In order to add the requirement that participants obtain and provide an LEI, NSCC is proposing to make the following changes.

(i) Defined Term

NSCC would add a new defined term, LEI, to Rule 1. NSCC would use the terminology of the GLEIF for the definition.²⁰

(ii) Applicants

NSCC would amend Section 1.C. of Rule 2A to require each NSCC applicant to obtain and provide an LEI to NSCC as part of its membership application.

(iii) Members and Limited Members

NSCC would amend Section 2.A. of Rule 2B to require that each Member and Limited Member always has a current LEI on file with NSCC. NSCC would also require CDS to provide NSCC with an LEI for each CDS Participant such that NSCC would have a current LEI for each CDS Participant

at all times. NSCC is proposing to add a footnote in that section which states that Members, Limited Members and CDS shall have 60 calendar days from the date they are notified by Important Notice to submit the requisite LEIs. The footnote would provide that it would sunset at the end of the 60-calendar day period.

(iv) Sponsoring Members and Sponsored Members

NSCC would amend Section 2(g) of Rule 2C to require that each Sponsoring Member submit the LEIs of its Sponsored Member applicants. The proposed rule change would also add language to Section 2(g) of Rule 2C to require that each Sponsoring Member provide NSCC with an LEI for each of its existing Sponsored Members such that NSCC has a current LEI for each such Sponsored Member at all times. NSCC is proposing to add a footnote in that section which states such Sponsoring Members shall have 60 calendar days from the date they are notified by Important Notice to submit LEIs for each of their respective Sponsored Members. The footnote would provide that it would sunset at the end of the 60-calendar day period.

In order to cover new Sponsored Members, NSCC would amend Section 3(b) of Rule 2C to add that the Sponsoring Member must provide the LEI of each Person it wishes to sponsor into membership as a Sponsored Member.

Implementation Timeframe

DTCC is determining a framework relating to the adoption of the selected LEI option across all DTCC subsidiaries and product lines, including an approach to managing the implementation of the LEI requirement for both existing and new clients of NSCC. NSCC would provide notice to existing Members, Limited Members, Sponsoring Members and CDS including by Important Notice, advising them of the LEI requirements for NSCC and notifying them of the dates by which they are expected to have obtained and provided the requisite LEIs to NSCC. NSCC would give Members, Limited Members, Sponsoring Members and CDS that do not currently have the requisite LEIs, 60-calendar days from the date of the notice to obtain and provide the LEIs to NSCC. NSCC considers 60-calendar days to be sufficient for obtaining an LEI, as it can typically be acquired within a few days once the entity provides the necessary entity information to the LOU.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act, requires, that the Rules be designed to, among other things, promote the prompt and accurate clearance and settlement of securities transactions.²¹

NSCC believes that the proposed changes to add an LEI requirement are consistent with this provision because the proposed revisions would improve the quality of data that is collected from NSCC's participants as well as the process for collecting that data including (i) simplifying and expediting certain operational processes, including due diligence and KYC, by utilizing an efficient and accurate method to verify identity of NSCC participants, (ii) enhancing counterparty risk assessment and management of NSCC participants by improving information about counterparty relationships and hierarchies within and between NSCC participants, (iii) creating efficiencies relating to onboarding and lifecycle management for NSCC and DTCC's other subsidiaries that share participants, (iv) obtaining reliable data from the standardized global LEI system, a dependable source of verified data, and (v) reducing overlap and duplication of data within databases and helping to streamline data reconciliations and reduce data errors. NSCC believes that creating efficiencies in operational processes, onboarding and lifecycle management and improving risk management by improving the quality of verified data that is collected from NSCC's participants as well as the process for collecting that data would promote the prompt and accurate clearance and settlement of securities transactions by NSCC. As such, NSCC believes the proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act.²²

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

NSCC believes that the proposed changes to add an LEI requirement could impose a burden on competition because these changes would impose a cost on firms that currently do not have an LEI to obtain and maintain them. NSCC does not believe that any burden on competition imposed by the proposed rule change would be significant because the cost to obtain and maintain an LEI is relatively small,²³ and NSCC understands that

²¹ 15 U.S.C. 78q-1(b)(3)(F).

²² *Id.*

²³ As noted above, based on a review by DTCC, the average cost for registering a new LEI is

¹⁶ There are currently no Sponsored Members at NSCC.

¹⁷ Only entities that are accredited by GLEIF may issue LEIs. A list of accredited LOUs can be found on the GLEIF website: www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organizations.

¹⁸ Based on a review by DTCC, the average cost for registering a new LEI is approximately \$71, the average cost for maintenance is approximately \$62, and the application processing time is typically 24-48 business hours.

¹⁹ See Rule 48, *supra* note 6 (provides that NSCC may discipline any Member or Limited Member for violations of the Rules, including but not limited to a fine).

²⁰ See *supra* note 8.

many of its members already maintain LEIs for other purposes. Regardless of whether the potential burden on competition is deemed significant, NSCC believes the proposed rule change is both necessary and appropriate in furtherance of the purposes of the Act. Specifically, NSCC believes that any burden on competition that is created by the proposed changes would be necessary in furtherance of the purposes of the Act²⁴ because creating efficiencies in operational processes, onboarding and lifecycle management and improving risk management by improving the quality of verified data that is collected from NSCC's participants as well as the process for collecting that data would promote the prompt and accurate clearance and settlement of securities transactions by NSCC. NSCC also believes that any burden that is created by the proposed rule change would be appropriate in furtherance of the purposes of the Act²⁵ because the proposed changes would be limited to requiring an LEI that is easily obtained through the established global LEI system at a relatively minor cost.

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

NSCC 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/regulatory-actions/how-to-submit-comments. 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 or 202-551-5777.

NSCC 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 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); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NSCC-2025-009 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-NSCC-2025-009. 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 NSCC 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-NSCC-2025-009 and should be submitted on or before May 29, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Sherry R. Haywood,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102977; File No. SR-Phlx-2025-20]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Phlx's FLEX Floor Trading

May 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 22, 2025, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I 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 Options 8, Section 34, FLEX Trading.³

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Phlx Options 8, Section 34 rule text was previously amended by two rule changes which are effective, but not yet operative. See Securities Exchange Act Release Nos. 97658 (June 7, 2023), 88 FR 38562 (June 13, 2023) (SR-Phlx-2023-22); and 100321 (June 12, 2024), 89 FR 51580 (June 18, 2024) (SR-Phlx-2024-24). Phlx further delayed the implementation so that it could implement SR-Phlx-2023-22 while also completing an OCC industry rule change prior. These two prior rule changes will be implemented at the same time as the rule changes proposed herein.

approximately \$71 and the average cost for maintenance is approximately \$62.

²⁴ 15 U.S.C. 78q-1(b)(3)(I).

²⁵ *Id.*