

*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-NYSEAMER-2019-58. 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-NYSEAMER-2019-58 and should be submitted on or before January 21, 2020.

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

**Eduardo A. Aleman,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-87837; File No. SR-FINRA-2019-028]

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving Proposed Rule Change To Allow FINRA To Publish or Distribute Aggregated Transaction Information and Statistics on U.S. Treasury Securities**

December 20, 2019.

**I. Introduction**

On November 12, 2019, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to amend FINRA Rule 6750 to allow FINRA to publish or distribute aggregated transaction information and statistics on U.S. Treasury Securities. The proposed rule change was published for comment in the **Federal Register** on November 20, 2019.<sup>3</sup> The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

**II. Description of the Proposal**

Existing FINRA Rule 6750(a) provides that FINRA will publicly disseminate information regarding a transaction in a TRACE-Eligible Security<sup>4</sup> immediately upon receipt of a transaction report, unless an exception applies. FINRA Rule 6750(c)(5) specifies that FINRA will not disseminate information on a transaction in a TRACE-Eligible Security that is a U.S. Treasury Security.<sup>5</sup> Currently, Supplementary

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

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

<sup>3</sup> See Securities Exchange Act Release No. 87540 (November 14, 2019), 84 FR 64147 (November 20, 2019) ("Notice").

<sup>4</sup> FINRA Rule 6710(a) defines a "TRACE-Eligible Security" as a debt security that is U.S. dollar-denominated and is: (1) Issued by a U.S. or foreign private issuer, and, if a "restricted security" as defined in Securities Act of 1933 Rule 144(a)(3), sold pursuant to Securities Act of 1933 Rule 144A; (2) issued or guaranteed by an Agency, as defined in FINRA Rule 6710(k) or a Government-Sponsored Enterprise as defined in FINRA Rule 6710(n); or (3) a U.S. Treasury Security, as defined in FINRA Rule 6710(p). "TRACE-Eligible Security" does not include a debt security that is issued by a foreign sovereign or a Money Market Instrument, as defined in FINRA Rule 6710(o).

<sup>5</sup> "U.S. Treasury Security" means a security, other than a savings bond, issued by the U.S. Department of the Treasury ("Treasury Department") to fund the operations of the federal government or to retire such outstanding securities. The term also includes

Material .01 to FINRA Rule 6750 provides that, notwithstanding FINRA Rule 6750(c), FINRA may publish or distribute aggregated transaction information and statistics on non-disseminated TRACE-Eligible Securities other than U.S. Treasury Securities at no charge, unless FINRA submits a rule filing to the Commission imposing a fee for such data.

FINRA has proposed to amend Supplementary Material .01 to FINRA Rule 6750 to provide that FINRA may publish or distribute weekly aggregated transaction information and statistics on non-disseminated TRACE-Eligible Securities that are U.S. Treasury Securities. Pursuant to the proposed rule change, the aggregated U.S. Treasury Securities data would not be published or distributed by individual security, except for aggregated data that includes on-the-run U.S. Treasury Securities that may have had only one on-the-run security during the aggregated period.<sup>6</sup> In addition, the aggregated data would not identify individual market participants or transactions. FINRA has proposed to provide the aggregated data on U.S. Treasury Securities at no charge, unless FINRA first establishes a fee for such data by submitting an appropriate rule filing, as is the case with the aggregated data for TRACE-Eligible Securities that are not U.S. Treasury Securities.

FINRA has stated that the proposed rule change will become effective on the date of Commission approval.<sup>7</sup>

**III. Discussion and Commission Findings**

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities association.<sup>8</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 15A(b)(6) of the Act,<sup>9</sup>

separate principal and interest components of a U.S. Treasury Security that have been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities (STRIPS) program operated by the Treasury Department. See FINRA Rule 6710(p).

<sup>6</sup> In the Notice, FINRA stated that it intends to publish weekly volume information aggregated by U.S. Treasury Security subtype (e.g., Bills, Floating Rate Notes, Treasury Inflation-Protected Securities, and Nominal Coupons). FINRA further stated that the volume information may be grouped within dealer-to-customer, ATS and dealer-to-dealer, remaining years to maturity, or other categories. See Notice, 84 FR at 64148.

<sup>7</sup> See *id.*

<sup>8</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>9</sup> 15 U.S.C. 78o-3(b)(6).

<sup>25</sup> 17 CFR 200.30-3(a)(12).

which requires, among other things, that FINRA rules be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The Commission believes that the proposal will benefit investors and market participants by facilitating greater transparency in the U.S. Treasury Security market by making publicly available aggregate trading volume for transactions in U.S. Treasury Securities that are reported to TRACE. The Commission believes that the proposal is reasonably designed to preserve the confidentiality of individual market participants and transactions. The Commission also notes that the proposed rule change would not impose any new cost on FINRA members, because any aggregate statistics that are published or distributed by FINRA pursuant to this rule change would be derived from information that members are already required to report to TRACE.

Pursuant to Section 19(b)(5) of the Act,<sup>10</sup> the Commission consulted with and considered the views of the Treasury Department in determining to approve the proposed rule change. The Treasury Department indicated its support for the proposal.<sup>11</sup> Pursuant to Section 19(b)(6) of the Act,<sup>12</sup> the Commission has considered the sufficiency and appropriateness of existing laws and rules applicable to government securities brokers, government securities dealers, and their associated persons in approving the proposal. Currently there is not available, to the public or otherwise, a comprehensive source of aggregated volume data that reflects all major segments of the market for U.S. Treasury Securities.<sup>13</sup> The proposed rule change would promote transparency in the market for U.S. Treasury Securities by enabling FINRA to publish or distribute certain aggregate information regarding transactions in U.S. Treasury Securities that are reported to TRACE.

<sup>10</sup> 15 U.S.C. 78s(b)(5) (providing that the Commission “shall consult with and consider the views of the Secretary of the Treasury prior to approving a proposed rule filed by a registered securities association that primarily concerns conduct related to transactions in government securities, except where the Commission determines that an emergency exists requiring expeditious or summary action and publishes its reasons therefor”).

<sup>11</sup> Email from Treasury Department staff to Michael Gaw, Assistant Director, Division of Trading and Markets, Commission (December 18, 2019).

<sup>12</sup> 15 U.S.C. 78s(b)(6).

<sup>13</sup> See Notice, 84 FR at 64149.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> that the proposed rule change (SR-FINRA-2019-028) is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87847; File No. SR-CboeEDGA-2019-023]

#### Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Interpretation and Policy .01 of Rule 2.4 To Allow the Exchange To Provide Annual Notification to Individual Members That Are Subject to Paragraph (b) of Rule 2.4

December 23, 2019.

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 December 20, 2019, Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) 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<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 Interpretation and Policy .01 of Rule 2.4 to allow the Exchange to provide annual notification to individual Members that are subject to paragraph (b) of Rule 2.4, which requires certain Members to connect to the Exchange’s backup systems and participate in functional and performance testing based on the

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</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)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

prior calendar quarter’s volume on the Exchange.

The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/edga/](http://markets.cboe.com/us/equities/regulation/rule_filings/edga/)), at the Exchange’s Office of the Secretary, 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 amend Interpretation and Policy .01 of Rule 2.4 to allow the Exchange to provide annual notification to individual Members that are subject to paragraph (b) of Rule 2.4, which requires certain Members to connect to the Exchange’s backup systems and participate in functional and performance testing based on the prior calendar quarter’s volume on the Exchange.

As background, Regulation Systems Compliance and Integrity (“Regulation SCI”)<sup>5</sup> applies to certain self-regulatory organizations (including the Exchange), alternative trading systems (“ATs”), plan processors, and exempt clearing agencies (collectively, “SCI entities”). Specifically, Rule 1004 of Regulation SCI states that each SCI entity shall establish standards for the designation of Members that are necessary for the maintenance of fair and orderly markets in the event of the activation of the business continuity and disaster recovery plans, designate such Members in scheduled functional and performance testing of the operation of such plans no less than once every 12 months, and coordinate the testing of

<sup>5</sup> See Securities Exchange Act Release No. 73639 (November 19, 2014), 79 FR 72252 (December 5, 2014) (“SCI Adopting Release”).