

Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act⁵ provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is May 24, 2020. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁶ designates July 8, 2020, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File Number SR-CboeBZX-2020-029).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88891; File No. SR-NYSE-2020-45]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Temporary Period for Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C

May 15, 2020.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”),² and Rule 19b-4 thereunder,³ notice is hereby given that on May 15, 2020, New York Stock Exchange LLC

(“NYSE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 temporary period for Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C to end on the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 22, 2020. 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, 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to modify the temporary period for Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C to end on the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 22, 2020. The current temporary period that these Rules are in effect ends on the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 15, 2020.

To slow the spread of COVID-19 through social-distancing measures, on March 18, 2020, the CEO of the Exchange made a determination under Rule 7.1(c)(3) that, beginning March 23, 2020, the Trading Floor facilities located at 11 Wall Street in New York City would close and the Exchange would move, on a temporary basis, to fully

electronic trading.⁴ Pursuant to Rule 7.1(e), the CEO notified the Board of Directors of the Exchange of this determination.

For the period while the Trading Floor is temporarily closed, the Exchange has modified the rules governing Auctions to add the following Commentaries that are in effect until the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 15, 2020:

- Commentary .01 to Rule 7.35C;⁵
- Commentary .01 to Rule 7.35A; Commentary .01 to Rule 7.35B; and Commentary .02 to Rule 7.35C;⁶
- Commentary .02 to Rule 7.35A;⁷
- Commentary .03 to Rule 7.35A;⁸
- Commentary .03 to Rule 7.35C;⁹
- Commentary .04 to Rule 7.35A;¹⁰
- Commentary .01 to Rule 7.35;¹¹ and
- Commentary .02 to Rule 7.35B.¹²

The Exchange proposes to amend the above-listed Commentaries to extend the end date of such temporary rules to May 22, 2020, which is the last day when the Trading Floor facilities will be fully closed. With this proposed extension, such Commentaries would be in effect until the earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 22, 2020. The Exchange is not proposing any substantive changes to these Rules.

⁴ The Exchange’s current rules establish how the Exchange will function fully-electronically. The CEO also closed the NYSE American Options Trading Floor, which is located at the same 11 Wall Street facilities, and the NYSE Arca Options Trading Floor, which is located in San Francisco, CA. See Press Release, dated March 18, 2020, available here: <https://ir.theice.com/press/press-releases/all-categories/2020/03-18-2020-204202110>.

⁵ See Securities Exchange Act Release No. 88413 (March 18, 2020), 85 FR 16713 (March 24, 2020) (SR-NYSE-2020-19).

⁶ See Securities Exchange Act Release No. 88444 (March 20, 2020), 85 FR 17141 (March 26, 2020) (SR-NYSE-2020-22).

⁷ See Securities Exchange Act Release No. 88488 (March 26, 2020), 85 FR 18286 (April 1, 2020) (SR-NYSE-2020-23).

⁸ See Securities Exchange Act Release No. 88546 (April 2, 2020), 85 FR 19782 (April 8, 2020) (SR-NYSE-2020-28).

⁹ See Securities Exchange Act Release No. 88562 (April 3, 2020), 85 FR 20002 (April 9, 2020) (SR-NYSE-2020-29).

¹⁰ See Securities Exchange Act Release No. 88705 (April 21, 2020), 85 FR 23413 (April 27, 2020) (SR-NYSE-2020-35).

¹¹ See Securities Exchange Act Release No. 88725 (April 22, 2020), 85 FR 23583 (April 28, 2020) (SR-NYSE-2020-37).

¹² See Securities Exchange Act Release No. 88829 (May 6, 2020), 85 FR 28115 (May 12, 2020) (SR-NYSE-2020-41). The rule text filed with this proposed rule change unintentionally changed the end date of Commentary .01 to Rule 7.35B to May 29, 2020 instead of May 15, 2020. With this proposed rule change, the end date for all Commentaries will be the same.

⁵ 15 U.S.C. 78s(b)(2).

⁶ *Id.*

⁷ 17 CFR 200.30-3(a)(31).

¹¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

Due to social-distancing measures implemented throughout the country, including in New York City, to reduce the spread of COVID-19, the CEO of the Exchange made a determination under Rule 7.1(c)(3) that beginning March 23, 2020, the Trading Floor facilities located at 11 Wall Street in New York City would close and the Exchange would move, on a temporary basis, to fully electronic trading.

The Exchange believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system because the Exchange will remain temporarily closed past May 15, 2020. Accordingly, the Exchange believes that the temporary rule changes in effect pursuant to the Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C, which are intended to be in effect during the temporary period while the Trading Floor is closed to prevent the spread of COVID-19. The Exchange is not proposing any substantive changes to these Rules.

The Exchange believes that, by clearly stating that this relief will be in effect through the earlier of the reopening of the Trading Floor facilities or the close of the Exchange on May 22, 2020, market participants will have advance notice of the temporary period during which the Commentaries to Rules 7.35, 7.35A, 7.35B, and 7.35C will be in effect.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not designed to address any competitive issues but rather would extend the period during which Commentary .01 to Rule 7.35; Commentaries .01, .02, .03, and .04 to

Rule 7.35A; Commentaries .01 and .02 to Rule 7.35B; and Commentaries .01, .02, and .03 to Rule 7.35C will be in effect. These Commentaries are intended to be in effect during the temporary period while the Trading Floor is closed and currently expire on May 15, 2020. Because the Trading Floor will remain fully closed until May 22, 2020, the Exchange proposes to extend the temporary period to be the earlier of earlier of the reopening of the Trading Floor facilities or after the Exchange closes on May 22, 2020.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁵ and Rule 19b-4(f)(6) thereunder.¹⁶ Because the 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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and Rule 19b-4(f)(6) thereunder.¹⁸

A proposed rule change filed under Rule 19b-4(f)(6)¹⁹ normally does not become operative for 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁰ 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 proposal

would extend the period during which Commentary .01 to Rule 7.35; Commentaries .01, .02, .03, and .04 to Rule 7.35A; Commentaries .01 and .02 to Rule 7.35B; and Commentaries .01, .02, and .03 to Rule 7.35C will be in effect for one more week, until May 22, 2020, without any substantive changes to these Commentaries. The Exchange has represented that these Commentaries are intended to be in effect during the temporary period while the Trading Floor is closed, and would currently expire on May 15, 2020. The Exchange also has represented that the Trading Floor will now remain fully closed until May 22, 2020. The Commission notes that, without a waiver of the operative delay, the Commentaries would cease to apply while the Exchange's Trading Floor facilities are still closed. For these reasons, the Commission believes that waiver of the 30-day operative delay 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.²¹

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 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-2020-45 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

²¹ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of 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.

¹⁹ 17 CFR 240.19b-4(f)(6).

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSE–2020–45. 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–2020–45, and should be submitted on or before June 11, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–88884/May 15, 2020]

Order Granting a Conditional Exemption From Exchange Act Section 11(d)(1) for Certain Asset Backed Securities and Other Collateral

The Securities and Exchange Commission (“Commission” or “SEC”) is issuing an order granting an exemption from compliance with Section 11(d)(1) of the Securities

Exchange Act of 1934 (“Exchange Act”) pertaining to certain lending transactions in asset backed securities.

I. Introduction

By letter dated May 12, 2020 (the “Letter”),¹ the Federal Reserve Bank of New York (“New York Fed”), has requested that the Commission grant exemptive relief from Section 11(d)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) to permit all brokers and dealers registered with the Commission and designated by the New York Fed as “TALF Agents” (“TALF Agents”) to participate in the Federal Reserve’s 2020 Term Asset-Backed Securities Loan Facility (“TALF 2020”) by facilitating extensions of non-recourse credit, on behalf of a special purpose vehicle (the “TALF SPV”) established by the New York Fed, to purchasers of new issues of asset-backed securities (“ABS”) that are or that may be designated as “eligible collateral” in the distribution of which such TALF Agents may have participated as member of a selling syndicate or group within the meaning of Section 11(d)(1).

II. Discussion

Section 11(d)(1) of the Exchange Act generally prohibits a person that is both a broker and a dealer from extending or maintaining credit, or arranging for the extension or maintenance of credit, to or for a customer on any security (other than an exempted security) that was part of a distribution of a new issue of securities in which the broker-dealer participated as a member of a selling syndicate or group within thirty days prior to such transaction.

The TALF 2020 is intended to support the provision of credit to consumers and businesses by enabling the issuance of ABS backed by private student loans, auto loans and leases, consumer and corporate credit card receivables, equipment loans and leases, floorplan loans, insurance premium finance loans, certain small business loans guaranteed by the Small Business Administration, and leveraged loans.² TALF Agents will act as agents of borrowers in, among other things, making applications for TALF loans. TALF Agents will also (i) assess the eligibility of prospective borrowers and collateral, (ii) receive that

portion of the interest and principal distributions on the collateral that is for the account of the borrowers, and (iii) disburse such interest and principal to the borrowers. TALF Agents will also perform certain recordkeeping functions. In addition, all payments in respect of interest and principal on the underlying collateral that are to be paid to a borrower shall be paid by the custodian to such borrower’s TALF Agent, for further distribution to that borrower. The function of the TALF Agents is necessary to the success of the TALF 2020 because the New York Fed and the TALF SPV lack the resources to perform these functions themselves.

The Commission understands, based on the New York Fed statements, that the success of the TALF 2020 program depends on the effective participation of TALF Agents in facilitating the availability of the program to potential participants, and furthermore that the success of the TALF 2020 program is important to the United States Government’s efforts to restore the availability of credit in the national economy. The relief is consistent with investor protection because the TALF 2020 loans are non-recourse to the borrower, absent a breach of representation or other enforcement event under the facility documentation, and therefore neither the TALF SPV nor the New York Fed may proceed against the borrower for collection of the loan balance, irrespective of the market value or performance of the underlying collateral. Furthermore, natural persons do not qualify as participants under the TALF 2020 program. The Commission agrees that granting the requested relief is consistent with its tripartite mission.

III. Conclusion

In light of the above, and in accordance with Section 36 of the Exchange Act, the Commission finds that exempting brokers and dealers that are designated by the New York Fed as TALF Agents and that participate in TALF 2020 from the requirements of Section 11(d)(1) of the Exchange Act with respect to ABS that are or that may be designated as “eligible collateral” is necessary and appropriate in the public interest, and consistent with the mission of the Commission, including the protection of investors.³

¹ Letter from Michael Held, General Counsel and Executive Vice President, Federal Reserve Bank of New York to Vanessa Countryman, Secretary, Securities and Exchange Commission, dated May 12, 2020. Each defined term in this order has the same meaning as defined in the Letter, unless otherwise noted.

² Certain legacy commercial mortgage-backed securities are also eligible ABS. The set of permissible underlying assets of eligible ABS may be expanded later to other asset classes.

³ Exchange Act Section 36 [15 U.S.C. 78mm]. Section 36 of the Exchange Act authorizes the Commission to conditionally or unconditionally exempt, by rule, regulation, or order any person, security, or transaction (or any class or classes of persons, securities, or transactions) from any provision of the Exchange Act or any rule or regulation thereunder, to the extent such exemption

Continued

²² 17 CFR 200.30–3(a)(12), (59).