

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104977; File No. 600-39]

## **Paxos Securities Settlement Company, LLC; Notice of Filing of an Amendment to Application for Registration as a Clearing Agency Under Section 17A of the Securities Exchange Act of 1934**

March 11, 2026.

On February 27, 2026, Paxos Securities Settlement Company, LLC (“PSSC”) filed with the Securities and Exchange Commission (“Commission”) an amendment (“Amendment”) to its application on Form CA-1 (“Application”) seeking to register as a clearing agency pursuant to Section 17A of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 17Ab2-1 thereunder.<sup>1</sup> PSSC originally filed its Application on July 14, 2025.<sup>2</sup> The filing of this Amendment serves as PSSC’s consent to extend the time for the Commission’s review of the Application to 90 days from the filing of the Amendment, or May 28, 2026.<sup>3</sup>

The Commission is publishing this notice (“Notice of Amendment”) to solicit comments on the Amendment.<sup>4</sup> A summary of the Application exhibits modified by the Amendment appears below.

### **I. Discussion**

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<sup>1</sup> 15 U.S.C. 78q-1; 17 CFR 240.17ab2-1.

<sup>2</sup> Notice of filing of the Application was published for comment in the *Federal Register* on August 6, 2025. Release No. 34-103624 (Aug. 1, 2025), 90 FR 37940 (Aug. 6, 2025). On November 4, 2025, the Commission instituted proceedings pursuant to Section 19(a)(1)(B) of the Exchange Act to determine whether to grant or deny the Application. Release No. 34-104174 (Nov. 4, 2025), 90 FR 51416 (Nov. 17, 2025) (“OIP”). On January 30, 2026, the Commission designated a longer period for Commission action on the OIP. Release No. 34-104757 (Jan. 30, 2026), 91 FR 4974 (Feb. 3, 2026).

<sup>3</sup> 15 U.S.C. 78s(a)(1)(B). *See also* 17 CFR 240.17Ab2-1(d).

<sup>4</sup> Non-confidential aspects of the Application exhibits modified by the Amendment, including any exhibits cited in this Notice of Amendment, are available on the Commission’s website together with the previously filed Application at: <https://www.sec.gov/rules-regulations/other-commission-orders-notices-information/pssc-form-ca-1>.

The Amendment modifies Exhibits C, E, and J of the Application, as described below.

In its amendment to Exhibit C.1,<sup>5</sup> PSSC has provided additional considerations regarding Member Directors and the requirement for fair representation set forth in Section 17A(b)(3)(C) of the Exchange Act, which state that: (i) Member Directors would not select the initial Public Directors or the initial Chairman of the Board of Directors of PSSC;<sup>6</sup> (ii) the conflict of interest requirements prescribed in Commission Rule 17Ad-25 apply to Member Directors the same as other directors;<sup>7</sup> (iii) the role of Member Directors in the nomination of Independent Directors is consistent with the Exchange Act and rules thereunder;<sup>8</sup> and (iv) a Member Director also serving as a PSSC Corporate Officer cannot serve on a Board committee.<sup>9</sup>

In its amendment to Exhibit E.12, PSSC has provided a consolidated set of the PSSC Rules, removing Exhibits E.12 through E.36 which previously set forth Rules 1 through 15 separately. In addition to consolidating the PSSC Rules into one exhibit and making certain technical changes, PSSC has modified or added the following aspects of the PSSC Rules: Rule 2.4B regarding monitoring of credit risk ratings; Rule 2.5D regarding the termination of Counterparty Pairs or Eligible Securities; Rule 5.4B regarding the calculation of the Computed Margin Requirement; and Rule 6.1 regarding the requirement for timely settlement.<sup>10</sup> In addition, PSSC has deleted the definition of “Required Margin Deposit” and provisions of its rules related to the “Potential Adjustment to the Preliminary Computed Margin Requirement” and to the

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<sup>5</sup> Capitalized terms not defined in this Notice of Amendment are defined in the Application.

<sup>6</sup> Amendment, Exhibit C.1 at 9–10.

<sup>7</sup> *Id.* at 10.

<sup>8</sup> *Id.* at 10–12.

<sup>9</sup> *Id.* at 12.

<sup>10</sup> *See* Amendment, Exhibit E.12 (“PSSC Rules”).

“Credit Risk Rating as a Modification Factor,” as originally set forth in Rules 5.4.1.7B and 5.4.2B respectively.

In modifying aspects of the PSSC Rules as described above, the Amendment modifies the Compliance and Risk Management Committee Charter at Exhibit E.7 to update certain cross references to the corresponding PSSC Rules.<sup>11</sup> In addition, in consolidating the PSSC Rules into one document (*i.e.*, Exhibit E.12), PSSC has revised the numbering for the Schedule of Fees from Exhibit E.37 to Exhibit E.13.<sup>12</sup>

In its amendment to Exhibit J, PSSC has made a number of technical changes, as well as the following changes: (i) under “Ongoing Monitoring of Participants,” adding discussion of its Credit Risk Rating and the Credit Risk Rating Matrix;<sup>13</sup> (ii) under “Counterparty Pairs for Settlement of Settlement Obligations,” adding discussion regarding actions PSSC may take in response to a Participant’s outstanding Fails;<sup>14</sup> (iii) under “Margin,” in discussing “Computed Margin Requirement,” removing references to the Credit Risk Modification Factor and revising references to Fails Charges and Excessive Fails Penalties;<sup>15</sup> (iv) under “Margin,” in discussing the “Preliminary Computed Margin Requirement,” deleting discussion of the “Credit Risk Rating as a Modification Factor;” (v) under “Settlement,” in the context of a Participant’s failure to comply with PSSC Rules, adding reference to restrictions on access, disciplinary proceedings, and ceasing to act;<sup>16</sup> and (vi) at the end of Exhibit J, adding a new discussion of the “Ramp-Up Period,” during which PSSC explains that it would not commence operations sooner than ten

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<sup>11</sup> See Amendment, Exhibit E.7.

<sup>12</sup> See Amendment, Exhibit E.13.

<sup>13</sup> Amendment, Exhibit J at 7–9.

<sup>14</sup> *Id.* at 12.

<sup>15</sup> *Id.* at 18.

<sup>16</sup> *Id.* at 25.

months from the date of any approval of its Application and would limit operations in certain ways for at least the following 12 months after the initial 10-month period.<sup>17</sup> The specific elements of the Ramp Up Period are described further in the Amendment.

## **II. Request for Comment**

Interested persons are invited to submit written data, views, and arguments concerning the Application as amended, including whether the Application as amended is consistent with the Exchange Act and the rules and regulations thereunder applicable to clearing agencies (*e.g.*, Exchange Act Rules 17Ad-22, 17Ad-25, 17Ad-26, and Regulation Systems Compliance and Integrity).<sup>18</sup>

Comments may be submitted by any of the following methods:

### Electronic comments:

- Use the Commission’s internet comment form (<https://www.sec.gov/rules-regulations/how-submit-comment>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number 600-39 on the subject line.

### Paper comments:

- Send paper comments to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number 600-39. 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

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<sup>17</sup> *Id.* at 37–39.

<sup>18</sup> *See* 17 CFR 240.17ad-22 (“Rule 17Ad-22”), 240.17ad-25 (“Rule 17Ad-25”), and 240.17ad-26 (“Rule 17Ad-26”); 17 CFR 242.1000 through 242.1007 (“Regulation Systems Compliance and Integrity”).

Commission's internet website (<https://www.sec.gov/rules-regulations/commission-orders-notices/other-commission-orders-notices-information>).

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 600-39 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Vanessa A. Countryman,**

*Secretary.*

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<sup>19</sup> 17 CFR 200.30-3(a)(16).