

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2018-032 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-FINRA-2018-032. 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2018-032, and should be submitted on or before September 13, 2018.

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

**Eduardo A. Aleman,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-83869; File No. SR-BX-2018-038]

**Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Codify the Definitions of the Protocols To Enter Quotes and Orders**

August 17, 2018.

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> notice is hereby given that on August 14, 2018, Nasdaq BX, Inc. ("BX" or "Exchange") 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 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 adopt new text at Chapter VI, Section 21 to codify the definitions of the protocols that

Participants can use to enter quotes and orders on the Exchange.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqbx.cchwallstreet.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 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 adopt new rule text at Chapter VI, Section 21 to codify the Financial Information eXchange ("FIX") and Specialized Quote Feed ("SQF") protocols. The Exchange believes that codifying definitions of these protocols in its rules will increase transparency around its operations. The protocols used by Participants to submit quotes and orders play an important role in the operation of the System. The Exchange therefore believes that codifying definitions of these protocols in its rules will increase transparency around its operations. Furthermore, the proposed definitions will be harmonized where appropriate with definitions to be included in the rules of the Exchange's affiliated options markets,<sup>3</sup> including by using consistent terms to define the buckets of information transmitted, or the features available, on each protocol.

The Exchange proposes to title Section 21 as "Order and Quote Protocols" and codify descriptions of the various protocols that Participants may use to enter quotes and orders on BX. The Exchange proposes to add a

<sup>3</sup> See Securities Exchange Act Release Nos. 83729 (July 27, 2018) 83 FR 37870 (August 2, 2018) (SR-ISE-2018-65); 83731 (July 27, 2018), 83 FR 37867 (August 2, 2018) (SR-GEMX-2018-26); and 83730 (July 27, 2018), 83 FR 37873 (August 2, 2018) (SR-MRX-2018-25). Nasdaq Phlx LLC was filed as SR-Phlx-2018-54. The Nasdaq Stock Market LLC will submit a similar filing to amend The Nasdaq Options Market LLC ports.

<sup>16</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.

new section (a) to Chapter VI, Section 21 entitled “Entry and Display of Orders and Quotes.” The Exchange proposes to state in proposed new Chapter VI, Section 21(a) “Participants may enter orders and quotes into the System as specified below.” The Exchange proposes to add a section Chapter VI, Section 21(a)(i) which provides, “The Exchange offers Participants the following protocols for entering orders and quotes respectively.”

#### A. Financial Information eXchange Ports

This protocol is not memorialized within the Exchange’s Rulebook, however rule changes describing FIX have been filed.<sup>4</sup> The Exchange proposes to codify a description of this protocol to add even greater specificity within the Rulebook. The Exchange proposes to state that FIX is an interface that allows Participants and their Sponsored Customers to connect, send and receive messages related to orders and auction orders and responses to and from the Exchange. Features include the following: (1) Execution messages; (2) order messages; and (3) risk protection triggers and cancel notifications.

#### B. Specialized Quote Feed Ports

This protocol is not memorialized within the Exchange’s Rulebook, however rule changes describing SQF have been filed.<sup>5</sup> At this time, the Exchange proposes to more specifically define the SQF Port. The Exchange proposes the following definition:

SQF is an interface that allows Market Makers to connect, send, and receive messages related to quotes, Immediate-or-Cancel Orders, and auction responses into and from the Exchange. Features include the following: (1) Options symbol directory

<sup>4</sup> See Securities Exchange Act Release No. 80055 (February 16, 2018), 82 FR 11381 (February 22, 2017) (SR–BX–2017–009). The FIX port was previously referred to as the “Order Entry Port” and described as a connection to routing orders to the Exchange via an external order entry port. Participants access the Exchange’s network through order entry ports. A BX Options Market Participant may have more than one order entry port. The Exchange recently renamed the “Order Entry Port” as the “FIX Port” in the Exchange’s Pricing Schedule. See Securities Exchange Act Release No. 83192 (May 9, 2018), 83 FR 22563 (May 15, 2018) (SR–BX–2018–017).

<sup>5</sup> See Securities Exchange Act Release No. 76952 (January 21, 2016), 81 FR 4721 (January 27, 2016) (SR–BX–2016–003). This rule change generally described SQF as The SQF Port is a port that allows a Participant acting as a BX Options Market Maker to enter his markets into the BX Options markets. The SQF Port also allows a Market Maker to access information such as execution reports and other relevant data through a single feed. Market Makers rely on data available through the SQF Port to provide them the necessary information to perform market making activities in a swift and meaningful way.

messages (e.g. underlying instruments); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8) opening imbalance messages; (9) auction notifications; and (10) auction responses. The SQF Purge Interface only receives and notifies of purge request from the Market Maker.<sup>6</sup>

The Exchange believes that this information provides a more thorough description of the SQF protocol.

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by adding greater transparency to the order and quote protocols available on BX.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it codifies the protocols used to connect to the Exchange’s System. While no functional changes to the protocols are proposed in this filing, the Exchange believes that including a description of the various order entry protocols in its rulebook will benefit Participants by increasing transparency around the operation of the Exchange. Furthermore, the proposed descriptions of the order entry protocols in one rule will more clearly and accurately reflect the information included on the protocols, and will be harmonized with language to be included in the rules of its affiliated exchanges to the extent that the protocols operate in the same manner. The protocols described in this filing provide a range of important features to Participants, including the ability to submit quotes and orders, and perform other functions necessary to manage trading on the Exchange. The Exchange believes codifying the quote and order entry protocols will increase transparency to the Participants that use these protocols to connect to the Exchange.

<sup>6</sup> All of the notification messages available on SQF ports as described above (i.e., options symbol directory messages, system event messages, trading action messages, etc.) are configurable in that BX Market Makers can select the specific types of notifications they wish to receive on their SQF ports. As such, SQF Purge Interface ports are a subpart of SQF ports that have been configured to only receive and notify of purge requests.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

#### 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. As explained above, the Exchange is codifying the quote and order entry protocols that Participants use to connect to the Exchange’s System.

The Exchange does not believe that codifying the order entry protocols in the rulebook will have any competitive impact. Locating all the descriptions within a single rule and adding context around each order entry protocol will increase transparency around the operation of the Exchange without having any impact on inter-market or intra-market competition. All market participants have the ability to subscribe to the protocols for order entry. The quoting protocols are limited to the market participants who are permitted by rule to quote on BX, but the function is uniformly available to these eligible participants.

#### 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 Act<sup>9</sup> and subparagraph (f)(6) of Rule 19b–4 thereunder.<sup>10</sup>

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 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.

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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2018-038 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-BX-2018-038. 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-BX-2018-038 and should be submitted on or before September 13, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83881; File No. SR-CboeEDGX-2018-034]

### Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Options Regulatory Fee

August 17, 2018.

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 August 9, 2018, Cboe EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with 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 filed a proposal to amend its fee schedule related to the Options Regulatory Fee.

The text of the proposed rule change is available at the Exchange's website at [www.markets.cboe.com](http://www.markets.cboe.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 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 parts of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to modify the fee schedule applicable to the Exchange's options platform ("EDGX Options") to amend the rate of its Options Regulatory Fee ("ORF").<sup>5</sup> Currently, the Exchange charges an ORF in the amount of \$0.0004 per contract side. The Exchange proposes to decrease the amount of ORF from \$0.0004 per contract side to \$0.0001 per contract side. The proposed change to ORF should continue to balance the Exchange's regulatory expenses against the anticipated revenue.

The ORF is assessed by the Exchange on each Member for options transactions cleared by the Member that are cleared by the Options Clearing Corporation (OCC) in the customer range, regardless of the exchange on which the transaction occurs. In other words, the Exchange imposes the ORF on all customer-range transactions cleared by a Member, even if the transactions do not take place on the Exchange. The ORF is collected by OCC on behalf of the Exchange from the Clearing Member or non-Clearing Member that ultimately clears the transaction. With respect to linkage transactions, the Exchange reimburses its routing broker providing Routing Services for options regulatory fees it incurs in connection with the Routing Services it provides.

Revenue generated from ORF, when combined with all of the Exchange's other regulatory fees and fines, is designed to recover a material portion of the regulatory costs to the Exchange of the supervision and regulation of Member customer options business. Regulatory costs include direct regulatory expenses and certain indirect expenses for work allocated in support of the regulatory function. The direct expenses include in-house and third party service provider costs to support

<sup>11</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)(ii).

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

<sup>5</sup> The Exchange initially filed the proposed fee change on August 1, 2018 (SR-CboeEDGX-2018-028) for August 1, 2018 effectiveness. On business date August 9, 2018, the Exchange withdrew that filing and submitted this filing.