

(“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 its port fee schedule. The proposed rule change was immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.<sup>3</sup> The proposed rule change was published for comment in the **Federal Register** on January 31, 2019.<sup>4</sup> On February 15, 2019, pursuant to Section 19(b)(3)(C) of the Act, the Commission: (1) Temporarily suspended the proposed rule change; and (2) instituted proceedings to determine whether to approve or disapprove the proposed rule change.<sup>5</sup> The Commission has received no comment letters on the proposed rule change. On February 25, 2019, the Exchange withdrew its proposed rule change (SR-Phlx-2018-83).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85205; File No. SR-CBOE-2019-013]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Allow the Addition of New Series of Options on an Individual Stock Until the Close of Trading on the Business Day Prior to Expiration in Unusual Market Conditions

February 27, 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 February 21, 2019, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to allow the addition of new series of options on an individual stock until the close of trading on the business day prior to expiration in unusual market conditions. The text of the proposed rule change is provided below and in Exhibit 1.

(deletions are [bracketed])

\* \* \* \* \*

#### Rules of Cboe Exchange, Inc.

\* \* \* \* \*

#### Rule 5.5. Series of Option Contracts Open for Trading

(a)–(e) (No change).

. . . Interpretations and Policies:

.01-.03 (No change).

.04 New series of options on an individual stock may be added until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add new series of options on an individual stock until the close of trading on the [second] business day prior to expiration.

.05-.23 (No change).

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), 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 .04 to Rule 5.5. to allow for the addition of new series of options on an individual stock until the close of trading on the business day prior to expiration in unusual market conditions. This is a competitive proposed rule change based on filings submitted by the International Securities Exchange, LLC (“ISE”) and NASDAQ OMX BX (“BX”) to the Securities and Exchange Commission (“Commission”).<sup>5</sup>

Currently, under Interpretation and Policy .04 to Rule 5.5, when faced with unusual market conditions, the Exchange may add new series of options on an individual stock until the close of trading on the second business day prior to expiration. In 2013, the Options Clearing Corporation (“OCC”) implemented a transition for standard option monthly expiration processing from Saturday to Friday. Accordingly, the Exchange, along with other exchanges, updated its rules to reflect the OCC change, referencing Friday expiration dates to replace Saturday expiration dates for all options expiring on or after February 1, 2015.<sup>6</sup> The Exchange also replaced any historic references to expiration dates with Friday expiration. At this time, other exchanges amended their rules to differentiate between Friday and Saturday or non-business day expirations during the transitional period. Other exchanges specified that additional series of individual stock options may be added during unusual market conditions until the close of trading on the business day prior to expiration in the case of an option contract expiring on a business day (*i.e.*, Thursday for Friday expirations), or, in the case of an option contract expiring on a day that is not a business day until

<sup>5</sup> See Securities Exchange Act Release 34-70900 (November 19, 2013), 78 FR 70382 (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Change the Expiration Date for Most Options Contracts to the Third Friday of the Expiration Month Instead of the Saturday Following the Third Friday) (SR-ISE-2013-58); Securities Exchange Act Release 34-70746 (October 23, 2013), 78 FR 64563 (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Implement Transition to Friday Expiration for Most Options Contracts) (SR-BX-2013-055).

<sup>6</sup> See Rule 1.1(mmm), Rule 23.5 & Rule 24.9.

<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).

<sup>4</sup> See Securities Exchange Act Release No. 84967 (December 26, 2018), 84 FR 861.

<sup>5</sup> See Securities Exchange Act Release No. 85152, 84 FR 5737 (February 22, 2019).

<sup>6</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).

the close of trading on the second business day prior to expiration (*i.e.*, Thursday for Saturday expirations). Consistent with the OCC initiative and industry-wide definition, the Exchange currently no longer lists series of option contracts with Saturday or non-business day expirations. The Exchange thus proposes to amend Rule 5.5. Interpretation and Policy .04 to allow specifically for the addition of new series of options on an individual stock until the close of trading on the business day prior to expiration in unusual market conditions in line with other exchanges' timing requirements for listing series of options prior to expiration.

The Exchange seeks to introduce this proposed change to Interpretation and Policy .04 to Rule 5.5 to create a uniform expiration date across exchanges for standard options on listed classes. The Exchange believes that keeping its rules consistent with those of the industry will protect all participants in the market by eliminating confusion, reducing the likelihood of rule violations due to discrepant industry rules, and by allowing for a more orderly market. In addition, the Exchange believes that keeping the proposed rule consistent with other exchange rules will foster better cooperation and coordination with persons engaged in regulating clearing, settling, processing information with respect to, and facilitating transactions in securities by aligning a pivotal part of the options processing to be consistent industry-wide

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>8</sup> requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect

investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that keeping its rules consistent with those of other exchanges and industry practices will protect all participants in the market by eliminating confusion, thus, preventing investor vulnerability to violating different exchange rules. Additionally, the proposed change will foster cooperation and coordination with persons engaged in regulating clearing, settling, processing information with respect to, and facilitating transactions in securities by aligning the timing of series of options listing during unusual market conditions to be consistent industry-wide. Further, as the industry-wide transition from Saturday (and non-business day) expiration dates to Friday (or other business days) expiration dates was successful, the Exchange believes the proposed rule change will remove a discrepant industry impediment and allow for a more orderly market by permitting all options markets, including the clearing agencies, to have the same expiration date for series of options listed during periods of unusual market conditions. The proposed rule change also perfects the mechanism of a free and open market by allowing for the Exchange to list additional series of options on an individual stock closer to expiration during unusual market conditions thus better aligning the listed series of options with prices near expiration. Finally, the proposed rule change does not permit unfair discrimination between any Trading Permit Holders ("TPHs") as it is applied to all TPHs equally.

## 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 that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to proposals previously filed by ISE and BX with the Commission.<sup>10</sup> The proposed rule change will allow for the Exchange to list additional series of options on an individual stock closer to expiration during unusual market conditions thus better aligning the listed

series of options with prices near expiration.

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

The Exchange neither solicited nor received comments on the proposed rule change.

## 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) of the Act<sup>11</sup> and Rule 19b-4(f)(6) thereunder.<sup>12</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>13</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>14</sup> permits the Commission to 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. The Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it is substantially similar in all material respects to a previous ISE and BX filing,<sup>15</sup> and does not raise any new or novel issues. For this reason, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.<sup>16</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its 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.

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>15</sup> See *supra* note 5.

<sup>16</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

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

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

<sup>10</sup> See *supra* note 5.

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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2019-013 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-CBOE-2019-013. 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make

available publicly. All submissions should refer to File Number SR-CBOE-2019-013 and should be submitted on or before March 26, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85206; File No. SR-MSRB-2019-03]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to the MSRB's Facility for the Short-Term Obligation Rate Transparency (SHORT) System To Modernize and Consolidate the Information Facility for the SHORT System

February 27, 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 February 25, 2019 the Municipal Securities Rulemaking Board ("MSRB") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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 MSRB filed with the Commission a proposed rule change (the "proposed rule change") to the MSRB's facility for the Short-Term Obligation Rate Transparency (SHORT) system to modernize and consolidate the information facility for the SHORT system (the "SHORT IF"), which consists of the electronic interface for the collection and dissemination of information and documents related to municipal securities bearing interest at short-term rates and the electronic systems that process and transmit the information and documents for further dissemination (the "SHORT system"). The MSRB has filed the proposed rule

change under Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6)<sup>4</sup> thereunder, as a noncontroversial rule change that renders the proposal effective upon filing. The proposed rule change would be made operative on April 8, 2019.

The text of the proposed rule change is available on the MSRB's website at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2019-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2019-Filings.aspx), at the MSRB's principal office, 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 MSRB 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 MSRB 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

MSRB Rule G-34 ("Rule G-34"), on CUSIP numbers, new issue, and market information requirements, requires brokers, dealers, and municipal securities dealers (collectively, "dealers") to report certain information and submit certain documents to the MSRB about auction rate securities ("ARS") and variable rate demand obligations ("VRDOs"). More specifically, in terms of auction rate securities, Rule G-34(c)(i)(A) currently requires each dealer that submits an order directly to an auction agent for its own account or on behalf of another account to buy, hold or sell an auction rate security through the auction process program dealer shall report, or ensure the reporting of, certain data about the auction rate security and the results of the auction to the MSRB. In terms of VRDOs, Rule G-34(c)(ii)(A) currently requires each dealer acting in the capacity of a remarketing agent to report certain information to the MSRB and to use its best efforts to obtain and submit certain documents to the MSRB.

The SHORT system provides the submission platform and instructions for how dealers fulfill these regulatory

<sup>17</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).