

rule change does not unfairly discriminate among issuers consistent with Section 6(b)(5) of the Act, and the proposed rule change is appropriate and consistent with Section 6(b)(8) of the Act in that it does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.²⁰

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²¹ that the proposed rule change (SR–NYSE–2018–01), be, and hereby is, approved.

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

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–05076 Filed 3–13–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82832; File No. SR–CboeBZX–2018–005]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To List and Trade Shares of the Cboe Vest S&P 500® Premium Income ETF Under Rule 14.11(c)(5)

March 8, 2018.

On January 10, 2018, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b–4 thereunder,² a proposed rule change to list and trade shares of the Cboe Vest S&P 500® Premium Income ETF under BZX Rule 14.11(c)(5). The proposed rule change was published for comment in the **Federal Register** on January 26, 2018.³ The Commission received no comments on the proposed rule change.

Section 19(b)(2) of the Act⁴ 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 filing is March 12, 2018.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. 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 Exchange’s proposal. Accordingly, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designates April 26, 2018, 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 No. SR–CboeBZX–2018–005).

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

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–05077 Filed 3–13–18; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82827; File No. SR–PEARL–2018–04]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities

March 8, 2018.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b–4 thereunder,² notice is hereby given that on February 22, 2018, MIAx PEARL, LLC (“MIAx PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change (“proposed rule change”) a proposed rule change as described in Items I and II 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.

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30–3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend Exchange Rule 402, Criteria for Underlying Securities, to modify the criteria for listing an option on an underlying covered security.

The text of the proposed rule change is available on the Exchange’s website at <http://www.miaxoptions.com/rule-filings/pearl> at MIAx PEARL’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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, to modify the criteria for listing options on an underlying security as defined in Section 18(b)(1)(A) of the Securities Act of 1933 (hereinafter “covered security” or “covered securities”). This is a competitive filing that is based on a proposal recently submitted by Nasdaq PHLX LLC (“Nasdaq Phlx”) and approved by the Commission.³

In particular, the Exchange proposes to modify Rule 402(b)(5)(i) to permit the listing of an option on an underlying covered security that has a market price of at least \$3.00 per share for the previous three (3) consecutive business days preceding the date on which the Exchange submits a certificate to the Options Clearing Corporation (“OCC”) for listing and trading. The Exchange does not intend to amend any other criteria for listing options on an underlying security in Rule 402.

Currently the underlying covered security must have a closing market

³ See Securities Exchange Act Release No. 82474 (January 9, 2018), 83 FR 2240 (January 16, 2018) (Order Approving SR–Phlx–2017–75).

²⁰ 15 U.S.C. 78f(b)(4), (5), and (8).

²¹ 15 U.S.C. 78s(b)(2).

²² 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 82538 (January 19, 2018), 83 FR 3807.

⁴ 15 U.S.C. 78s(b)(2).

price of \$3.00 per share for the previous five (5) consecutive business days preceding the date on which the Exchange submits a listing certificate to OCC. In the proposed amendment, the market price will still be measured by the closing price reported in the primary market in which the underlying covered security is traded, but the measurement will be the price over the prior three (3) consecutive business day period preceding the submission of the listing certificate to OCC, instead of the prior five (5) business day period.

The Exchange acknowledges that the Options Listing Procedures Plan⁴ requires that the listing certificate be provided to OCC no earlier than 12:01 a.m. and no later than 11:00 a.m. (Chicago time) on the trading day prior to the day on which trading is to begin.⁵ The proposed amendment will still comport with that requirement. For example, if an initial public offering (“IPO”) occurs at 11:00 a.m. on Monday, the earliest date the Exchange could submit its listing certificate to OCC would be on Thursday by 12:01 a.m. (Chicago time), with the market price determined by the closing price over the three-day period from Monday through Wednesday. The option on the IPO would then be eligible for trading on the Exchange on Friday. The proposed amendment would essentially enable options trading within four (4) business days of an IPO becoming available instead of six (6) business days (five (5) consecutive days plus the day the listing certificate is submitted to OCC).

The Exchange’s initial listing standards for equity options in Rule 402 (including the current price/time standard of \$3.00 per share for five (5) consecutive business days) are substantially similar to the initial listing standards adopted by other options exchanges.⁶ At the time the Exchange received its initial approval from the

Commission, as part of its Rules, the Exchange adopted the “look back” period of five (5) consecutive business days, it determined that the five-day period was sufficient to protect against attempts to manipulate the market price of the underlying security and would provide a reliable test for stability.⁷ Surveillance technologies and procedures concerning manipulation have evolved since then to provide adequate prevention or detection of rule or securities law violations within the proposed time frame, and the Exchange represents that its existing trading surveillances are adequate to monitor the trading of options on the Exchange.⁸

Furthermore, the Exchange notes that the scope of its surveillance program also includes cross market surveillance for trading that is not just limited to the Exchange. In particular, the Financial Industry Regulatory Authority (“FINRA”), pursuant to a regulatory services agreement, operates a range of cross-market equity surveillance patterns on behalf of the Exchange to look for potential manipulative behavior, including spoofing, algorithm gaming, marking the close and open, and momentum ignition strategies, as well as more general, abusive behavior related to front running, wash shales, quoting/routing, and Reg SHO violations. These cross-market patterns incorporate relevant data from various markets beyond the Exchange and its affiliate, Miami International Securities Exchange, LLC (“MIAX Options”), including data from the New York Stock Exchange (“NYSE”) and from the Nasdaq Stock Market (“Nasdaq”).

Additionally, for options, MIAX PEARL, through FINRA, utilizes an array of patterns that monitor manipulation of options, or manipulation of equity securities (regardless of venue) for the purpose of impacting options prices on both MIAX Options and MIAX PEARL options markets (*i.e.*, mini-manipulation strategies). Accordingly, the Exchange believes that the cross market surveillance performed by FINRA on behalf of the Exchange, coupled with

the Exchange staff’s real-time monitoring of similarly violative activity on MIAX PEARL and its affiliated market as described herein, reflects a comprehensive surveillance program that is adequate to monitor for manipulation of the underlying security and overlying option within the proposed three-day look back period.

Furthermore, the Exchange notes that the proposed listing criteria would still require that the underlying security be listed on NYSE, the American Stock Exchange (now known as NYSE American), or the National Market System of The Nasdaq Stock Market (now known as the Nasdaq Global Market) (collectively, the “Named Markets”), as provided for in the definition of “covered security” from Section 18(b)(1)(A) of the 1933 Act.⁹ Accordingly, the Exchange believes that the proposed rule change would still ensure that the underlying security meets the high listing standards of a Named Market, and would also ensure that the underlying is covered by the regulatory protections (including market surveillance, investigation and enforcement) offered by these exchanges for trading in covered securities conducted on their facilities.

Furthermore, the Nasdaq, Nasdaq Phlx’s affiliated listing market, had no cases within the past five years where an IPO-related issue for which it had pricing information qualified for the \$3.00 price requirement during the first three (3) days of trading and did not qualify for the \$3.00 price requirement during the first five (5) days.¹⁰ In other words, none of these qualifying issues fell below the \$3.00 threshold within the first three (3) or five (5) days of trading. As such, the Exchange believes that its existing surveillance technologies and procedures, coupled with Nasdaq’s findings related to the IPO-related issues as described herein, adequately address potential concerns regarding possible manipulation or price stability within the proposed timeframe.

The Exchange also believes that the proposed look back period can be implemented in connection with the other initial listing criteria for underlying covered securities. In

⁴ The Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options Submitted Pursuant to Section 11a(2)(3)(B) of the Securities Exchange Act of 1934 (a/k/a the Options Listing Procedures Plan (“OLPP”)) is a national market system plan that, among other things, sets forth procedures governing the listing of new options series. See Securities Exchange Act Release No. 44521 (July 6, 2001), 66 FR 36809 (July 13, 2001) (Order approving OLPP). The sponsors of OLPP include OCC; BATS Exchange, Inc.; BOX Options Exchange LLC; C2 Options Exchange, Incorporated; Chicago Board Options Exchange, Incorporated; EDGX Exchange, Inc.; Miami International Securities Exchange, LLC; MIAX PEARL, LLC; The Nasdaq Stock Market LLC; NASDAQ BX, Inc.; Nasdaq PHLX LLC; Nasdaq GEMX, LLC; Nasdaq ISE, LLC; Nasdaq MRX, LLC; NYSE American, LLC; and NYSE Arca, Inc.

⁵ See OLPP at page 3.

⁶ See, e.g., Phlx Rule 1009, Commentary .01; see also BOX Rule 5020(b)(5).

⁷ See Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016) (order granting approval of MIAX PEARL for registration as a National Securities Exchange).

⁸ Such surveillance procedures generally focus on detecting securities trading subject to opening price manipulation, closing price manipulation, layering, spoofing or other unlawful activity impacting an underlying security, the option, or both. The Exchange, through the Financial Industry Regulatory Authority (“FINRA”), has price movement alerts, unusual market activity and order book alerts active for all trading symbols. These real time patterns are active for the new security as soon as the IPO begins trading.

⁹ See 15 U.S.C. 77r(b)(1)(A).

¹⁰ There were over 750 IPO-related issues on Nasdaq within the past five years. Out of all of the issues with pricing information, there was only one issue that had a price below \$3 during the first five consecutive business days. The Exchange notes, however, that Nasdaq allows for companies to list on the Nasdaq Capital Market at \$2.00 or \$3.00 per share in some instances, which was the case for this particular issue. See Nasdaq Rule 5500 Series for initial listing standards on the Nasdaq Capital Market. See also *supra* note 3.

particular, the Exchange recognizes that it may be difficult to verify the number of shareholders in the days immediately following an IPO due to the fact that stock trades generally clear within two business days (T+2) of their trade date and therefore the shareholder count will generally not be known until T+2.¹¹ The Exchange notes that the current T+2 settlement cycle was recently reduced from T+3 on September 5, 2017 in connection with the Commission's amendments to Exchange Rule 15c6-1(a) to adopt the shortened settlement cycle,¹² and the look back period of three (3) consecutive business days proposed herein reflects this shortened T+2 settlement period. As proposed, stock trades would clear within T+2 of their trade date (*i.e.*, within three (3) business days) and therefore the number of shareholders could be verified within three (3) business days, thereby enabling options trading within four (4) business days of an IPO (three (3) consecutive business days plus the day the listing certificate is submitted to OCC).

Furthermore, the Exchange notes that it can verify the shareholder count with various brokerage firms that have a large retail customer clientele. Such firms can confirm the number of individual customers who have a position in the new issue. The earliest that these firms can provide confirmation is usually the day after the first day of trading (T+1) on an unsettled basis, while others can confirm on the third day of trading (T+2). The Exchange has confirmed with some of these brokerage firms who provide shareholder numbers to the Exchange that they are T+2 after an IPO. For the foregoing reasons, the Exchange believes that basing the proposed three (3) business day look back period on the T+2 settlement cycle would allow for sufficient verification of the number of shareholders.

The proposed rule change will apply to all covered securities that meet the criteria of Rule 402. Pursuant to Rule 402, the Exchange establishes guidelines to be considered in evaluating the potential underlying securities for Exchange option transactions.¹³ However, the fact that a particular security may meet the guidelines established by the Exchange does not

necessarily mean that it will be approved as an underlying security.¹⁴ As part of the established criteria, the issuer must be in compliance with any applicable requirement of the Securities Exchange Act of 1934.¹⁵ Additionally, in considering the underlying security, the Exchange relies on information made publicly available by the issuer and/or the markets in which the security is traded.¹⁶ Even if the proposed option meets the objective criteria, the Exchange may decide not to list, or place limitations or conditions upon listing.¹⁷ The Exchange believes that these measures, together with its existing surveillance procedures, provide adequate safeguards in the review of any covered security that may meet the proposed criteria for consideration of the option within the timeframe contained in this proposal.

The Exchange notes that this filing is substantially similar to a companion MIAX Options filing, modifying the criteria for listing an option on an underlying covered security on its exchange.

2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act¹⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act¹⁹ 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, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed changes to its listing standards for covered securities would allow the Exchange to more quickly list options on a qualifying covered security that has met the \$3.00 eligibility price without sacrificing investor protection. As discussed above, the Exchange believes that its existing trading surveillances provide a sufficient measure of protection against potential price manipulation within the proposed three (3) consecutive business day timeframe. The Exchange also believes that the proposed three (3) consecutive business day timeframe would continue to be a

reliable test for price stability in light of Nasdaq's findings that none of the IPO-related issues on Nasdaq within the past five years that qualified for the \$3.00 per share price standard during the first three trading days fell below the \$3.00 threshold during the fourth or fifth trading day. Furthermore, the established guidelines to be considered by the Exchange in evaluating the potential underlying securities for Exchange option transactions,²⁰ together with existing trading surveillances, provide adequate safeguards in the review of any covered security that may meet the proposed criteria for consideration of the option within the proposed timeframe.

In addition, the Exchange believes that basing the proposed timeframe on the T+2 settlement cycle adequately addresses the potential difficulties in confirming the number of shareholders of the underlying covered security. Having some of the largest brokerage firms that provide these shareholder counts to the Exchange confirm that they are able to provide these numbers within T+2 further demonstrates that the 2,000 shareholder requirement can be sufficiently verified within the proposed timeframe. For the foregoing reasons, the Exchange believes that the proposed amendments will remove and perfect the mechanism of a free and open market and a national market system by providing an avenue for investors to swiftly hedge their investment in the stock in a shorter amount of time than what is currently in place.²¹

Finally, it should be noted that a price/time standard for the underlying security was first adopted when the listed options market was in its infancy, and was intended to prevent the proliferation of options being listed on low-priced securities that presented special manipulation concerns and/or lacked liquidity needed to maintain fair and orderly markets.²² When options trading commenced in 1973, the Commission determined that it was necessary for securities underlying options to meet certain minimum standards regarding both the quality of the issuer and the quality of the market

¹¹ The number of shareholders of record can be validated by large clearing agencies such as The Depository Trust and Clearing Corporation ("DTCC") upon the settlement date (*i.e.*, T+2).

¹² See Securities Exchange Act Release No. 78962 (September 28, 2016), 81 FR 69240 (October 5, 2016) (Amendment to Securities Transaction Settlement Cycle) (File No. S7-22-16).

¹³ See Exchange Rule 402(b). The Exchange established specific criteria to be considered in evaluating potential underlying securities for Exchange Option Transactions.

¹⁴ *Id.*

¹⁵ See Exchange Rule 402(b)(3).

¹⁶ See Exchange Rule 402(d).

¹⁷ See Exchange Rule 402(b).

¹⁸ 15 U.S.C. 78f(b).

¹⁹ 15 U.S.C. 78f(b)(5).

²⁰ See notes 13-17 above.

²¹ This proposed rule change does not alter any obligations of issuers or other investors of an IPO that may be subject to a lock-up or other restrictions on trading related securities.

²² See Securities Exchange Act Release No. 29628 (August 29, 1991), 56 FR 43949-01 (September 5, 1991) (SR-AMEX-86-21; SR-CBOE-86-15; SR-NYSE-86-20; SR-PSE-86-15; and SR-PHLX-86-21) ("1991 Approval Order") at 43949 (discussing the Commission's concerns when options trading initially commenced in 1973).

for a particular security.²³ These standards, including a price/time standard, were imposed to ensure that those issuers upon whose securities options were to be traded were widely-held, financially sound companies whose shares had trading volume and float substantial enough so as not to be readily susceptible to manipulation.²⁴ At the time, the Commission determined that the imposition of these standards was reasonable in view of the pilot nature of options trading and the limited experience of investors with options trading.²⁵

Now more than 40 years later, the listed options market has evolved into a mature market with sophisticated investors. In view of this evolution, the Commission has approved various exchange proposals to relax some of these initial listing standards throughout the years,²⁶ including reducing the price/time standard in 2003 from \$7.50 per share for the majority of business days over a three month period to the current \$3.00 per share/five business day standard (“2003 Proposal”).²⁷ It has been almost fifteen years since the Commission approved the 2003 proposal, and both the listed options market and exchange technologies have continued to evolve since then. In this instance, MIAX PEARL is only proposing a modest reduction of the current five (5) business day standard to three (3) business days to correspond to the securities industry’s move to a T+2 standard settlement cycle.²⁸ The \$3.00 per share standard and all other initial options listing criteria in Rule 402 will remain unchanged by this proposal. For the reasons discussed herein, the Exchange therefore believes that the proposed three (3) business day period will be beneficial to the marketplace without sacrificing investor protections.

²³ See 1991 Approval Order at 43949.

²⁴ *Id.*

²⁵ *Id.*

²⁶ See e.g., 1991 Approval Order (modifying a number of initial listing criteria, including the reduction of the price/time standard from \$10 per share each day during the preceding three calendar months to \$7.50 per share for the majority of days during the same period).

²⁷ See Securities Exchange Act Release Nos. 47190 (January 15, 2003), 68 FR 3072 (January 22, 2003) (SR-CBOE-2002-62); 47352 (February 11, 2003), 68 FR 8319 (February 20, 2003) (SR-PCX-2003-06); 47483 (March 11, 2003), 68 FR 13352 (March 19, 2003) (SR-ISE-2003-04); 47613 (April 1, 2003), 68 FR 17120 (April 8, 2003) (SR-Amex-2003-19); and 47794 (May 5, 2003), 68 FR 25076 (May 9, 2003) (SR-Phlx-2003-27).

²⁸ See *supra* note 12.

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 a filing submitted by Nasdaq Phlx that was recently approved by the Commission.²⁹ The proposed rule change will reduce the number of days to list options on an underlying security, and is intended to bring new options listings to the marketplace quicker.

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

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 Act³⁰ and Rule 19b-4(f)(6) thereunder.³¹

A proposed rule change filed under Rule 19b-4(f)(6)³² normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii),³³ 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 upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of

investors and the public interest as it will allow the Exchange to modify the criteria for listing an option on an underlying covered security to align with the criteria of other options exchanges, and the Exchange’s proposal does not raise new issues. Accordingly, the Commission hereby waives the 30-day operative delay requirement and designates the proposed rule change as operative upon filing.³⁴

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 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-PEARL-2018-04 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-PEARL-2018-04. 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

³⁴ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁹ See *supra* note 3.

³⁰ 15 U.S.C. 78s(b)(3)(A).

³¹ 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.

³² 17 CFR 240.19b-4(f)(6).

³³ 17 CFR 240.19b-4(f)(6)(iii).

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-PEARL-2018-04, and should be submitted on or before April 4, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁵

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-05073 Filed 3-13-18; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82842; File No. SR-CboeBZX-2017-005]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To List and Trade Shares of a Series of the Cboe Vest S&P 500 Buffer Protect Strategy ETF Under the ETF Series Solutions Trust Under Rule 14.11(c)(3), Index Fund Shares

March 9, 2018

I. Introduction

On November 21, 2017, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade, under BZX Rule 14.11(c)(3), shares ("Shares") of a series of the Cboe Vest S&P 500[®] Buffer Protect Strategy ETF (individually, "Fund," and, collectively, "Funds") under the ETF Series Solutions Trust ("Trust"). The proposed rule change

was published for comment in the **Federal Register** on December 11, 2017.³ On January 22, 2018, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to March 11, 2018.⁴ The Commission has received no comment letters on the proposed rule change. This order institutes proceedings under Section 19(b)(2)(B) of the Act⁵ to determine whether to disapprove the proposed rule change.

II. Exchange's Description of the Proposed Rule Change⁶

The Exchange proposes to list and trade the Shares of the Funds under BZX Rule 14.11(c)(3), which governs the listing and trading of Index Fund Shares. In total, the Exchange is proposing to list and trade Shares of twelve monthly series of the Cboe Vest S&P 500[®] Buffer Protect Strategy ETF. Each Fund will be an index-based exchange traded fund ("ETF"). The Funds will include the following: Cboe Vest S&P 500[®] Buffer Protect Strategy (January) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (February) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (March) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (April) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (May) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (June) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (July) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (August) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (September) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (October) ETF; Cboe Vest S&P 500[®] Buffer Protect Strategy (November) ETF; and Cboe Vest S&P 500[®] Buffer Protect Strategy (December) ETF. Each Fund will be based on the Cboe S&P 500 Buffer Protect Index (Month) Series, where "Month" is the corresponding month associated with the roll date of the applicable Fund (individually, "Index," and, collectively, "Indexes").

The Shares will be offered by the Trust, which was established as a

³ See Securities Exchange Act Release No. 82217 (December 5, 2017), 82 FR 58243 ("Notice").

⁴ See Securities Exchange Act Release No. 82558, 83 FR 3820 (January 26, 2018).

⁵ 15 U.S.C. 78s(b)(2)(B).

⁶ A more detailed description of the Trust, the Funds, and the Shares, as well as the availability of price information and other information regarding the Indexes (as defined herein) and the Funds' portfolio holdings, are included in the Notice and Registration Statement (as defined herein). See Notice, *supra* note 3; Registration Statement, *infra* note 7 and accompanying text.

Delaware statutory trust on February 9, 2012. The Trust is registered with the Commission as an open-end investment company and has filed a registration statement on behalf of the Funds on Form N-1A ("Registration Statement") with the Commission.⁷ The Funds' adviser will be Cboe Vest Financial, LLC ("Adviser"), and the index provider will be Cboe Exchange, Inc. ("Cboe Options" or "Index Provider").

Each Fund's investment objective is to track, before fees and expenses, the performance of its respective Index. The value of each Index is calculated daily by Cboe Options utilizing an option valuation model. The Exchange is submitting this proposed rule change because the Indexes for the Funds do not meet the listing requirements of BZX Rule 14.11(c)(3) applicable to an index that consists of equity securities. Specifically, the Indexes for the Funds do not meet the listing requirements of BZX Rule 14.11(c)(3) because the Indexes consist of options based on an index of U.S. Component Stocks.⁸

Cboe Vest S&P 500[®] Buffer Protect Indexes

Each Index is a rules-based options index that consists exclusively of FLEXible EXchange Options on the S&P 500 Index ("FLEX Options") listed on Cboe Options.⁹ The Indexes are designed to provide exposure to the large capitalization U.S. equity market with lower volatility and downside risks than traditional equity indices, except in environments of rapid appreciation in the U.S. equity market over the course of one year. On a specified day of the applicable month for each Index ("Roll Date"),¹⁰ the applicable Index

⁷ See Registration Statement on Form N-1A for the Trust, dated October 24, 2017 (File Nos. 333-179562 and 811-22668). According to the Exchange, the Commission has not yet issued an order granting exemptive relief to the Trust under the Investment Company Act of 1940 applicable to the activities of the Funds, but the Funds will not be listed on the Exchange until such an order is issued and any conditions contained therein are satisfied.

⁸ As defined in Rule 14.11(c)(1)(D), the term "U.S. Component Stock" means an equity security that is registered under Sections 12(b) or 12(g) of the Act, or an American Depositary receipt, the underlying equity security of which is registered under Sections 12(b) or 12(g) of the Act.

⁹ Additional information about the Indexes and methodology is available on the Index Provider's website at www.cboe.com.

¹⁰ Each of the twelve Indexes is designed to provide returns over a defined year long period and, thus, there is an Index associated with each month. As such, the Roll Date for a specific Index is dependent on the monthly series for which the Index is associated. For example, the Roll Date for the Cboe[®] S&P 500[®] Buffer Protect Index January Series is in January, and the Roll date for the Cboe[®] S&P 500[®] Buffer Protect Index February Series is in

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³⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.