The Commission is noticing a recent Postal Service filing for the Commission’s consideration concerning negotiated service agreements. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: Comments are due: March 28, 2018.

ADDRESS: Submit comments electronically via the Commission’s Filing Online system at http://www.prc.gov. Those who cannot submit comments electronically should contact the person identified in the FOR FURTHER INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202–789–6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

The Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to negotiated service agreement(s). The request(s) may propose the addition or removal of a negotiated service agreement from the market dominant or the competitive product list, or the modification of an existing product currently appearing on the market dominant or the competitive product list.

Section II identifies the docket number(s) associated with each Postal Service request, the title of each Postal Service request, the request’s acceptance date, and the authority cited by the Postal Service for each request. For each request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 (Public Representative). Section II also establishes comment deadline(s) pertaining to each request.

The public portions of the Postal Service’s request(s) can be accessed via the Commission’s website (http://www.prc.gov). Non-public portions of the Postal Service’s request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3007.40.

The Commission invites comments on whether the Postal Service’s request(s) in the captioned docket(s) are consistent with the policies of title 39. For purposes of the Postal Service states concern market dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3010, and 39 CFR part 3020. Subpart B. For request(s) that the Postal Service states concern competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comment deadline(s) for each request appear in section II.

II. Docketed Proceeding(s)

1. Docket No(s).: CP2018–184; Filing Title: Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 7 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal; Filing Acceptance Date: March 20, 2018; Filing Authority: 39 CFR 3015.50; Public Representative: Gregory S. Stanton; Comments Due: March 28, 2018.

2. Docket No(s).: CP2018–185; Filing Title: Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 7 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal; Filing Acceptance Date: March 20, 2018; Filing Authority: 39 CFR 3015.50; Public Representative: Gregory S. Stanton; Comments Due: March 28, 2018.

3. Docket No(s).: CP2018–186; Filing Title: Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 7 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal; Filing Acceptance Date: March 20, 2018; Filing Authority: 39 CFR 3015.50; Public Representative: Gregory S. Stanton; Comments Due: March 28, 2018.

4. Docket No(s).: CP2018–187; Filing Title: Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 7 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal; Filing Acceptance Date: March 20, 2018; Filing Authority: 39 CFR 3015.50; Public Representative: Curtis E. Kidd; Comments Due: March 28, 2018.

5. Docket No(s).: CP2018–188; Filing Title: Notice of United States Postal Service of Filing a Functionally Equivalent Global Expedited Package Services 7 Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed Under Seal; Filing Acceptance Date:
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Nasdaq
ISE, LLC; Order Granting Approval of
A Proposed Rule Change, as Modified
by Amendment No. 1, To Permit the
Listing and Trading of NQX Index Options on a Pilot Basis

March 20, 2018.

I. Introduction

On December 26, 2017, Nasdaq ISE, LLC ("ISE" or "Exchange") 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 permit the listing and trading of options based on ½ the value of the Nasdaq-100 Index ("Nasdaq-100") on a pilot basis. The proposed rule change was published for comment in the Federal Register on December 26, 2017. 3 On January 31, 2018, the Exchange filed Amendment No. 1 to the proposed rule change. 4 On February 8, 2018, pursuant to Section 19(b)(2) of the Act, 5 the Commission designated a longer 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. 6 The Commission received no comment letters on the proposed rule change. The Commission is approving the proposed rule change, as modified by Amendment No. 1, subject to a pilot period set to end on the earlier of: (1) Twelve months following the date of the first listing of the options; or (2) June 30, 2019.

II. Description of the Proposal, as Modified by Amendment No. 1

The Exchange is proposing to amend its rules to permit the listing and trading, on a pilot basis, of index options on the Nasdaq 100 Reduced Value Index ("NQX") with third Friday of the month expiration dates. The Exchange represents that the NQX options contract will be the same in all respects as the current Nasdaq-100 ("NDX") options contract listed on the Exchange, 7 except that it will be based on ½ of the value of the Nasdaq-100, and will be P.M.-settled with an exercise settlement value based on the closing index value of the Nasdaq-100 on the day of expiration. 8 In particular, NQX options will be subject to the same rules that presently govern the trading of index options based on the Nasdaq-100, including sales practice rules, margin requirements, trading rules, and position and exercise limits. Similar to NDX options, NQX options will be European-style and cash-settled, and will have a contract multiplier of 100. NQX options will have a minimum trading increment of $0.05 for options below $3.00 and $0.10 for all other series. Strike price intervals will be set at $1 or greater, subject to conditions described in ISE Rule 2009(c)(5). 9

Consistent with the Exchange’s existing rules for index options, the Exchange will allow up to six expiration months at any one time that may expire at three-month intervals or in consecutive months, as well as LEAPS. 10 The product will have European-style exercise and will not be subject to position limits, although the Exchange proposes to amend ISE Rule 2004(c) to more accurately describe how positions in reduced-value options would be aggregated with full-value options. 11 As proposed, NQX would become subject to a pilot for a period that would end on the earlier of: (i) Twelve months following the date of the first listing of the options; or (ii) June 30, 2019 ("Pilot Program"). If the Exchange were to propose an extension of the Pilot Program or should the Exchange propose to make the Pilot Program permanent, then the Exchange would submit a filing proposing such amendments to the Pilot Program. The Exchange notes that any positions established under the pilot would not be impacted by the expiration of the pilot. For example, a position in an NQX options series that expires beyond the conclusion of the pilot period could be established during the pilot. If the Pilot Program were not extended, then the position could continue to exist. However, the Exchange notes that any further trading in the series would be restricted to transactions where at least one side of the trade is a closing transaction.

The Exchange proposes to submit a Pilot Program report to Commission at least two months prior to the expiration date of the Pilot Program (the "annual report"). The annual report would contain an analysis of volume, open interest, and trading patterns. The analysis would examine trading in the price intervals for MNX options as these contracts are based on a reduced value of the Nasdaq-100. Specifically, ISE Rule 2009(c)(5) provides that notwithstanding ISE Rule 2009(f)(1), the interval between strike prices of series of MNX options will be $1 or greater, subject to certain conditions. The Exchange proposes to adopt the same strike price intervals for NQX options as currently approved for MNX options. The Exchange will not list LEAPS on NQX options at intervals less than $5. If the Exchange determines to add NQX options to the Wedekills or Quarters programs, such options will be listed with the expirations and strike prices described in Supplementary Material .01 or .02 to ISE Rule 2009. The Exchange notes that it expects to add NQX options to the Weeklies program. See id. at 61092 n.15.

Generally, pursuant to ISE Rule 2009(c)(1), index options listed on the Exchange are subject to strike price intervals of at least $5 provided that certain classes of index options (including NDX and MNX) have strike price intervals of no less than $2.50 if the strike price is less than $200. The Exchange proposes to amend ISE Rule 2009(c)(1) to add NQX options to the list of classes where strike price intervals of no less than $2.50 are generally permitted if the strike price is less than $200. In addition, ISE Rule 2009(c)(5) provides finer strike

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4 In Amendment No. 1, the Exchange revised its proposal to: (1) Add that raw percentage price change data as well as percentage price change data normalized for prevailing market volatility, as measured by an appropriate index as agreed by the Commission and the Exchange, would be provided as part of the pilot data; and (2) revise the proposed duration of the pilot program such that the pilot would terminate on the earlier of: (i) Twelve months following the date of the first listing of the option; or (ii) June 30, 2019. When the Exchange filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 to the public comment file for SR–ISE–2017–106 (available at: https://www.sec.gov/comments/sr-ise-2017-106/sr-ise2017106.htm). Because Amendment No. 1 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, it is not subject to notice and comment.
6 See Securities Exchange Act Release No. 82666, 83 FR 6626 (February 14, 2018). The Commission designated March 26, 2018 as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.
8 The Exchange notes that similar features are available with other index options contracts listed on the Exchange and other options exchanges, including options based on a reduced value of the Nasdaq-100 ("NQX") and P.M.-settled options on the full value of the Nasdaq-100 ("NDXPM"). See Notice, supra note 3, at 61091.
9 Generally, pursuant to ISE Rule 2009(c)(1), index options listed on the Exchange are subject to strike price intervals of at least $5 provided that certain classes of index options (including NDX and MNX) have strike price intervals of no less than $2.50 if the strike price is less than $200. The Exchange proposes to amend ISE Rule 2009(c)(1) to add NQX options to the list of classes where strike price intervals of no less than $2.50 are generally permitted if the strike price is less than $200. In addition, ISE Rule 2009(c)(5) provides finer strike price intervals for MNX options as these contracts are based on a reduced value of the Nasdaq-100. Specifically, ISE Rule 2009(c)(5) provides that notwithstanding ISE Rule 2009(f)(1), the interval between strike prices of series of MNX options will be $1 or greater, subject to certain conditions. The Exchange proposes to adopt the same strike price intervals for NQX options as currently approved for MNX options. The Exchange will not list LEAPS on NQX options at intervals less than $5. If the Exchange determines to add NQX options to the Wedekills or Quarters programs, such options will be listed with the expirations and strike prices described in Supplementary Material .01 or .02 to ISE Rule 2009. The Exchange notes that it expects to add NQX options to the Weeklies program. See id. at 61092 n.15.
10 See id. at 61092 & n.13. The Exchange states that it intends to file a separate proposed rule change to modify the expiration months permitted for index option contracts consistent with Nasdaq PHXL LLC ("Phlx") Rule 1101A(b). See id. at 61092 n.13.
11 For a more detailed description of the proposed NQX contract, see Notice, supra note 3.