

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 these filings 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-CHX-2018-001 and should be submitted on or before July 10, 2018. Rebuttal comments should be submitted by July 24, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>39</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83424; File No. SR-NYSE-2018-27]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Price List

June 13, 2018.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on June 1, 2018, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in

Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 amend its Price List to (1) add a new incentive for member organizations and Supplemental Liquidity Providers ("SLP") in Tape A securities when adding liquidity in securities traded pursuant to Unlisted Trading Privileges ("UTP") (Tapes B and C) on the Pillar Trading Platform; (2) add a new Tier 4 for SLPs; and (3) make non-substantive changes to eliminate obsolete footnotes. The Exchange proposes to implement these changes to its Price List effective June 1, 2018. The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.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 self-regulatory organization 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 those 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 amend its Price List to (1) add a new incentive for member organizations and SLPs on Tape A when adding liquidity in UTP Securities (Tapes B and C) on the Pillar Trading Platform; (2) add a new Tier 4 for SLPs; and (3) make non-substantive changes to eliminate obsolete footnotes.

The Exchange proposes to implement these changes to its Price List effective June 1, 2018.

###### New Cross Tape Incentive

The Exchange proposes an additional incentive to member organizations and SLPs in Tape A securities that add liquidity to the Exchange in UTP Securities, as follows.

As proposed, member organizations that meet the current requirements for the Non-Tier Adding Credit, Tier 3 Adding Credit, and Tier 4 Adding Credit on Tape A would be eligible to receive an additional \$0.0001 per share if the member organization adds liquidity, excluding liquidity added as an SLP, in UTP Securities of at least 0.20% of Tape B and Tape C consolidated average daily volume ("CADV") combined.

Similarly, SLPs that (1) meet the current requirements for SLP Tier 3, SLP Tier 2 and SLP Tier 1A credits, and (2) add liquidity in UTP Securities of at least 0.30% of Tape B and Tape C CADV combined, would be eligible for an additional \$0.0001 per share in securities with a per share price of \$1.00 or more that meet the 10% average or more quoting requirement in an assigned security pursuant to Rule 107B (quotes of an SLP-Prop and an SLMM of the same member organization would not be aggregated).

###### New SLP Tier 4

The Exchange proposes a new, fifth SLP Tier designated "4" that would provide that an SLP that either (1) is in the first two calendar months as an SLP, or (2) adds liquidity for all assigned SLP securities in the aggregate (including shares of both an SLP-Prop and an SLMM<sup>4</sup> of the same or an affiliated member organization) of an ADV of more than 0.03% of NYSE CADV after averaging less an adding ADV<sup>5</sup> of than 0.01% in each of the prior 3 months, after a discount of the percentage for the prior quarter of NYSE CADV in DMM assigned securities as of the last business day of the prior month, would receive a credit of \$0.0029, or \$0.00105 if a Non-Displayed Reserve Order, if the SLP meets the 10% average or more quoting requirement in an assigned security pursuant to Rule 107B when adding liquidity to the NYSE with orders, other than Mid-Point Liquidity ("MPL") orders, in securities with a per share price of \$1.00 or more. For

<sup>4</sup> Under Rule 107B, an SLP can be either a proprietary trading unit of a member organization ("SLP-Prop") or a registered market maker at the Exchange ("SLMM"). For purposes of the 10% average or more quoting requirement in assigned securities pursuant to Rule 107B, quotes of an SLP-Prop and an SLMM of the same member organization are not aggregated. However, for purposes of adding liquidity for assigned SLP securities in the aggregate, shares of both an SLP-Prop and an SLMM of the same member organization are included.

<sup>5</sup> The phrase "Adding ADV" in the proposed tier would have a citation to footnote 4 in the current Price List, which provides "For purposes of transaction fees and Supplemental Liquidity Provider liquidity credits, ADV calculations exclude early closing days." The text of current footnote 4 would remain unchanged.

<sup>39</sup> 17 CFR 200.30-3(a)(57).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

purposes of qualifying for the proposed Tier, quotes of an SLP-Prop and an SLMM of the same member organization would not be aggregated. The Exchange believes that the new tier will provide greater incentives for newer and less active SLPs to add liquidity to the Exchange.

#### Non-Substantive Changes

Currently, as reflected in footnote \* to the section of the Price List setting forth adding tiers for trading UTP Securities,<sup>6</sup> the Exchange waives the Tier 1 adding tier requirement and the remove tier requirements for securities priced at or above \$1.00 until June 1, 2018. Similarly, as reflected in footnote \*\* of the section of the Price List setting forth the SLP Provide Tiers for trading in UTP Securities, the Exchange also currently waives the provide volume component of the SLP Tier requirements for securities priced at or above \$1.00 until June 1, 2018. Because the waivers set forth in footnotes \* and \*\* expire on June 1, 2018, and the Exchange does not propose to extend the waivers, the Exchange accordingly proposes to delete footnotes \* and \*\* as obsolete.

\* \* \* \* \*

The proposed changes are not otherwise intended to address any other issues, and the Exchange is not aware of any problems that member organizations would have in complying with the proposed change.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>8</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

#### New Cross Tape Incentive

The Exchange believes that providing an additional incentive in Tape A securities for member organizations that add liquidity in UTP Securities is reasonable because it would further contribute to incenting member organizations to provide additional liquidity to a public exchange in UTP Securities, thereby promoting price

discovery and transparency and enhancing order execution opportunities for member organizations. The Exchange believes that the proposal is reasonable and not unfairly discriminatory because it would apply to all member organizations eligible for the relevant Tape A tier credits equally. The Exchange further believes that limiting the additional credit to Non-Tier, Adding Tier 3 and Adding Tier 4 is reasonable because members qualifying for Adding Tier 1 and Adding Tier 2 would already receive a higher credit for such executions. Similarly, the Exchange believes that limiting the additional credit to SLP Tier 3, SLP Tier 2 and SLP Tier 1A is reasonable because SLPs qualifying for SLP Tier 1 would already receive a higher credit for such executions.

#### New SLP Tier 4

The Exchange believes that the proposal to introduce a new SLP Tier 4 is reasonable because it provides SLPs as well as SLPs that are also DMMs with an additional way to qualify for a rebate, thereby providing SLPs with greater flexibility and creating an added incentive for SLPs to bring additional order flow to a public market. In particular, as noted above, the Exchange believes that the new tier will provide greater incentives for newer and less active SLPs to add liquidity to the Exchange, to the benefit of the investing public and all market participants. Moreover, offering a higher credit for the first two months would provide an incentive for new and less active SLPs to add liquidity and meet the SLP quoting requirements, thereby contributing to additional levels of liquidity at the Exchange, which benefits all market participants. The Exchange also believes that the two-month period for new SLPs and inactive SLPs to qualify for the new tier is reasonable because it will allow newer and less active SLPs more time to meet the SLP volume requirements while building up the SLPs' liquidity providing activities during the first two months. Finally, the Exchange believes that the proposed tier is equitable and not unfairly discriminatory because it would apply equally to all SLPs and because there are two ways to qualify for the proposed tier.

#### Non-Substantive Changes

The Exchange believes that the proposed deletion of footnotes \* and \*\* removes impediments to and perfects the mechanism of a free and open market by adding clarity as to whether waivers are operative and when, thereby reducing potential confusion, and

making the Exchange's rules easier to navigate. The Exchange also believes that eliminating obsolete material from its rulebook also removes impediments to and perfects the mechanism of a free and open market by removing confusion that may result from having obsolete material in the Exchange's rulebook. The Exchange believes that eliminating such obsolete material would not be inconsistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from increased transparency, thereby reducing potential confusion.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

In accordance with Section 6(b)(8) of the Act,<sup>9</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change would foster liquidity provision and stability in the marketplace, thereby promoting price discovery and transparency and enhancing order execution opportunities for member organizations. In this regard, the Exchange believes that the transparency and competitiveness of attracting additional executions on an exchange market would encourage competition. The Exchange also believes that the proposed rule change is designed to provide the public and investors with a Price List that is clear and consistent, thereby reducing burdens on the marketplace and facilitating investor protection.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in

<sup>6</sup> The term "UTP Security" means a security that is listed on a national securities exchange other than the Exchange and that trades on the Exchange pursuant to unlisted trading privileges. See Rule 1.1(ii).

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

<sup>8</sup> 15 U.S.C. 78f(b)(4) & (5).

<sup>9</sup> 15 U.S.C. 78f(b)(8).

response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>11</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)<sup>12</sup> of the Act 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-NYSE-2018-27 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-NYSE-2018-27. 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-NYSE-2018-27 and should be submitted on or before July 10, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-83423; File No. SR-BX-2018-022]

**Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Position Limits and Exercise Limits for Options on the SPDR Exchange-Traded Fund**

June 13, 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 June 12, 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 amend BX Rules at Supplementary Material to Chapter III, Section 7, entitled "Position Limits," and Section 9, entitled "Exercise Limits," to amend position limits and exercise limits for options on the SPDR® S&P 500® exchange-traded fund ("SPY ETF" or "SPY"),<sup>3</sup> which list and trade under the symbol "SPY."

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

<sup>1</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> "SPDR®," "Standard & Poor's®," "S&P®," "S&P 500®," and "Standard & Poor's 500" are registered trademarks of Standard & Poor's Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>12</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>13</sup> 17 CFR 200.30-3(a)(12).