

to represent the then-current index value, but does not incorporate the closing prices of the components that will be used to determine the settlement value. This creates risk for Market-Makers and other liquidity providers, as they have no data they can use to price the expiring options based on the ultimate settlement value. This may result in trades at prices inconsistent with the settlement value of those options. The proposed rule change removes impediments to and perfects the mechanism of a free and open market by eliminating this pricing risk for liquidity providers on the last trading day of expiring series in these products. The Exchange believes this may encourage additional liquidity providers to participate on the last trading of expiring series, which may provide more competitive pricing and additional trading opportunities for expiring series, and ultimately benefits investors.

Other options stop trading on the business day preceding expiration. For example, the last day of trading for non-volatility a.m.-settled index options is the business day preceding the expiration date.<sup>9</sup>

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

Cboe Options 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. The proposed rule change will apply to all market participants that trade EAFE and EM options. As discussed above, the proposed rule change may eliminate a pricing risk for Market-Makers and other liquidity providers, which may provide more competitive pricing and additional trading opportunities for expiring series and ultimately benefit investors. The proposed rule change applies to EAFE and EM options, which only trade on Cboe Options. Other options stop trading on the business day preceding 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:

A. Significantly affect the protection of investors or the public interest;

B. Impose any significant burden on competition; and

C. 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>10</sup> and Rule 19b-4(f)(6)<sup>11</sup> thereunder.

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 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-2018-048 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-2018-048. 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

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

<sup>11</sup> 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 the 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.

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-CBOE-2018-048 and should be submitted on or before July 30, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2018-14548 Filed 7-6-18; 8:45 am]

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-83589; File No. SR-NFA-2018-03]

#### **Self-Regulatory Organizations; National Futures Association; Notice of Filing and Immediate Effectiveness of Proposed Change to the Interpretive Notice to NFA Compliance Rule 2-30(b): Risk Disclosure Statement for Security Futures Contracts**

July 3, 2018.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 ("Exchange Act"),<sup>1</sup> and Rule 19b-7 under the Exchange Act<sup>2</sup> notice is hereby given that on June 19, 2018, National Futures Association ("NFA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change described in Items I, II, and III below, which Items have been prepared by NFA. The Commission is publishing this notice to

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

<sup>1</sup> 15 U.S.C. 78s(b)(7).

<sup>2</sup> 17 CFR 240.19b-7.

<sup>9</sup> Cboe Options Rule 24.9(a)(4).

solicit comments on the proposed rule change from interested persons.

On June 7, 2018, NFA also filed this proposed rule change with the Commodity Futures Trading Commission (“CFTC”) and requested that the CFTC make a determination that review of the proposed rule change of NFA is not necessary. By letter dated June 18, 2018, the CFTC notified NFA of its determination not to review the proposed rule change.<sup>3</sup>

The text of the proposed rule change is available at the self-regulatory organization’s office, on the NFA’s website at [www.nfa.futures.org](http://www.nfa.futures.org), and at the SEC’s Public Reference Room.

### **I. Self-Regulatory Organization’s Description and Text of the Proposed Rule Change**

NFA’s Interpretive Notice 9050 entitled “NFA Compliance Rule 2–30(b): Risk Disclosure Statement for Security Futures Contracts” (“Interpretive Notice 9050”) requires NFA Members and Associates (“Member”) who are registered as brokers or dealers under Section 15(b)(11) of the Exchange Act<sup>4</sup> to provide a disclosure statement for security futures products (“SFPs”) to a customer at or before the time the Member approves the account to trade SFPs. This risk disclosure statement contains, among other things, a section on settlement by physical delivery, which indicates that the normal clearance and settlement cycle for securities transactions is three business days. NFA is amending Section 5.2 of Interpretive Notice 9050 to update the disclosure statement for SFPs to reflect the shortened settlement cycle from three business days to two business days.

NFA is also amending Section 6.1 of Interpretive Notice 9050 to reflect the current address for the Securities Investor Protection Corporation (“SIPC”). Further, NFA is amending Interpretive Notice 9050 to incorporate other non-substantive changes. The text of the proposed rule changes to Interpretive Notice 9050 is found in Exhibit 4.

### **II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change**

In its filing with the Commission, NFA 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. NFA 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**

Section 15A(k) of the Exchange Act<sup>5</sup> makes NFA a national securities association for the limited purpose of regulating the activities of NFA Members who are registered as brokers or dealers in security futures products under Section 15(b)(11) of the Exchange Act.<sup>6</sup> NFA’s Interpretive Notice 9050 applies to all NFA Members who meet the criteria outlined in Interpretive Notice 9050, including those that are registered as security futures brokers or dealers under Section 15(b)(11) of the Exchange Act.<sup>7</sup>

The risk disclosure statement for SFPs is a uniform statement that was jointly developed in 2002 by NFA, FINRA, and a number of securities and futures exchanges. The statement discusses the characteristics and risk of standardized security futures contracts traded on regulated U.S. exchanges and indicates that the settlement by physical delivery is three business days.

On September 5, 2017, the securities industry moved from a T+3 settlement cycle to a T+2 settlement cycle for in-scope securities trades, including U.S. equity trades. Accordingly, NFA’s amendment to Section 5.2 of Interpretive Notice 9050 is nothing more than a technical amendment to update the disclosure statement for SFPs to reflect the shortened settlement cycle from three business days to two business days.

NFA is also amending Section 6.1 of Interpretive Notice 9050 to provide the current contact information for SIPC and to change the spelling of “broker/dealer” to “broker-dealer”. To incorporate other non-substantive changes, NFA is amending Interpretive Notice 9050 in Section 2.4 to correct a cross-reference and in Section 8.2 to remove an extraneous word. FINRA has amended and submitted the proposed changes to the SEC for approval.

Amendments to NFA Interpretive Notice 9050 were previously filed with the SEC in SR–NFA–2002–05, Exchange

Act Release No. 34–46613 (Oct. 7, 2002), 67 FR 64176 (Oct. 17, 2002); SR–NFA–2002–06, Exchange Act Release No. 34–47150 (Jan. 9, 2003), 68 FR 2381 (Jan. 16, 2003); SR–NFA–2007–07, Exchange Act Release No. 34–57142 (Jan. 14, 2008), 73 FR 3502 (Jan. 18, 2008); SR–NFA–2010–02, Exchange Act Release No. 34–62624 (Aug. 2, 2010), 75 FR 47666 (Aug. 6, 2010); SR–NFA–2010–03, Exchange Act Release No. 34–62651 (Aug. 4, 2010), 75 FR 48393 (Aug. 10, 2010); and SR–NFA–2014–02, Exchange Act Release No. 34–71980 (Apr. 21, 2014), 79 FR 23027 (Apr. 25, 2014).

##### **2. Statutory Basis**

The proposed rule change is authorized by, and consistent with, Section 15A(k)(2)(B) of the Exchange Act.<sup>8</sup> That Section requires NFA to have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, including rules governing sales practices and advertising of security futures products. The proposed rule change accomplishes this by requiring Members to provide customers trading in SFPs with a risk disclosure statement which reflects the shortened settlement date of two days after the transaction. Accordingly, NFA is amending Interpretive Notice 9050 to update the disclosure statement for SFPs to reflect the shortened settlement cycle from T+3 to T+2. Further, NFA is amending Interpretive Notice 9050 to reflect the updated contact information for SIPC and other non-substantive stylistic changes. This proposal is not designed to regulate, by virtue of any authority conferred by the Exchange Act, matters not related to the purposes of the Exchange Act or the administration of the association.

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

NFA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change would not impose any additional reporting requirements or costs on Members.

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

NFA did not publish the rule change to the membership for comment. NFA

<sup>3</sup> See letter from Matthew Kulkin, Director CFTC, to Carol A. Wooding, General Counsel, NFA (“Letter”).

<sup>4</sup> 15 U.S.C. 780(b)(11).

<sup>5</sup> 15 U.S.C. 780–3(k).

<sup>6</sup> 15 U.S.C. 780(b)(11).

<sup>7</sup> *Id.*

<sup>8</sup> 15 U.S.C. 780–3(k).

did not receive comment letters concerning the rule change.

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

On June 18, 2018, the CFTC notified NFA of its determination not to review the proposed rule change.<sup>9</sup> The proposed rule change will become effective on July 18, 2018.

At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Exchange Act.<sup>10</sup>

### 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 Exchange 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-NFA-2018-03 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-NFA-2018-03. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public

Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of NFA. 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 publicly available. All submissions should refer to File Number SR-NFA-2018-03 and should be submitted on or before July 30, 2018.

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

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83586; File No. SR-IEX-2018-12]

### Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.420 Concerning the Order Audit Trail System Requirements To Make Conforming and Technical Changes

July 2, 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 21, 2018, the Investors Exchange LLC ("IEX" or the "Exchange") 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 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

Pursuant to the provisions of Section 19(b)(1) under the Act,<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> the Exchange is filing

with the Commission a proposed rule change to amend Rule 11.420 concerning the Order Audit Trail System ("OATS") requirements to make conforming and technical changes. The Exchange has designated this rule change as "non-controversial" under Section 19(b)(3)(A) of the Act<sup>6</sup> and provided the Commission with the notice required by Rule 19b-4(f)(6) thereunder.<sup>7</sup>

The text of the proposed rule change is available at the Exchange's website at [www.iextrading.com](http://www.iextrading.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 the 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 these statement [sic] may be examined at the places specified in Item IV below. The self-regulatory organization 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 is proposing to make three changes to Rule 11.420 related to OATS reporting requirements to (1) amend Rule 11.420(a)(13) to permit members to route orders to two Reporting Members for a defined period of time provided certain conditions are met without losing the exception from the definition of "Reporting Member" in conformance to comparable provisions of the Financial Industry Regulatory Authority ("FINRA") Rule 7410; (2) amend rule citations in Rule 11.420(c) to correct [sic] citation to FINRA Rule 7430 to FINRA Rule 4590; and (3) amend the rule reference in Rule 11.420(g) to correct the reference to FINRA Rule 7470A to FINRA Rule 7470. Each proposed change is described below.

###### First Change

IEX Rule 11.420 imposes an obligation on Exchange Members to record in electronic form and report to FINRA on a daily basis certain

<sup>11</sup> 17 CFR 200.30-3(a)(73).

<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.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4.

<sup>9</sup> See Letter, *Supra* note 3.

<sup>10</sup> 15 U.S.C. 78s(b)(1).