

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

The foregoing proposed rule change has become effective upon filing pursuant to Section 19(b)(3)(A)⁹ of the Act and Rule 19b-4(f)(2)¹⁰ thereunder because it establishes a fee or other charge imposed by LCH SA on its Clearing Members. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such proposed 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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-LCH SA-2018-005 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-LCH SA-2018-005. 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 filings will also be available for inspection and copying at the principal office of LCH SA and on LCH SA's website at <https://www.lch.com/resources/rules-and-regulations/proposed-rule-changes-0>.

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-LCH SA-2018-005 and should be submitted on or before December 12, 2018.

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

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84601; File No. SR-CFE-2018-001]

Self-Regulatory Organizations; Cboe Futures Exchange, LLC; Notice of Filing of a Proposed Rule Change Regarding Minor Rule Violations

November 15, 2018.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on October 31, 2018 Cboe Futures Exchange, LLC ("CFE" or "Exchange") 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 CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission ("CFTC"). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act ("CEA")² on October 31, 2018.

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(7).

² 7 U.S.C. 7a-2(c).

I. Self-Regulatory Organization's Description of the Proposed Rule Change

The Exchange proposes to amend its rules regarding the processing of minor rule violations. The scope of this filing is limited solely to the application of the proposed rule amendments to security futures that may be traded on CFE. Although no security futures are currently listed for trading on CFE, CFE may list security futures for trading in the future. The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

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

In its filing with the Commission, CFE 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. CFE 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

CFE Rule 714 (Imposition of Fines for Minor Rule Violations) provides for the issuance of letters of caution or summary fines for specified types of minor CFE rule violations instead of addressing these violations through formal disciplinary proceedings. Each violation type under Rule 714 has a summary fine schedule that includes increasing monetary fines for subsequent violations by a party during a specified rolling time period and a referral of that party to the CFE Business Conduct Committee once that party has committed a certain number of violations within that rolling time period. The referral to the BCC is so that a panel of the BCC ("BCC Panel") may determine whether or not to authorize the issuance of a statement of charges against the party and proceed with a formal disciplinary proceeding with regard to the matter.

CFE is making amendments to Rule 714 in conjunction with other rule amendments being made by CFE to its disciplinary rules, including to Rule 714, that are not required to be submitted to the Commission pursuant

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(2).

to Section 19(b)(7) of the Act³ and thus are not included as part of this rule change. One of these other rule amendments is to vest in CFE's Chief Regulatory Officer ("CRO") instead of in a BCC Panel the authority to determine whether to issue a statement charges in a CFE disciplinary matter.

Since BCC Panels will no longer be determining whether to issue statements of charges, the proposed rule change deletes referral to the BCC from each of the summary fine schedules under Rule 714 that addresses violations of CFE rule provisions related to recordkeeping and reporting requirements. These summary fine schedules include the summary fine schedules under the following subparagraphs of Rule 714(f) which have the following titles and relate back to the following CFE rule provisions referenced in those titles:

(i) Rule 714(f)(i) relating to Failure to Include an Order Entry Operator ID with Order that is Submitted to the CFE System (CFE Rule 303A(a)), Improper Use of Order Entry Operator IDs (Rules 303A(b) and 303A(c)), and Failure to Comply with Issuance, Recordkeeping, and Reporting Requirements Related to Order Entry Operator IDs (Rule 303A(d));

(ii) Rule 714(f)(ii) relating to Failure to Identify Correct Customer Type Indicator Code in Order (CFE Rule 403(a)(x));

(iii) Rule 714(f)(iii) relating to Failure to Provide Correct Account Designation in Order (Rule 403(a)(xii));

(iv) Rule 714(f)(iv) relating to Failure to Comply with Order Form Preparation and Recordkeeping Requirements Relating to Orders Which Cannot Be Immediately Entered into the CFE System (Rule 403(b)) and Failure to Maintain Front-End Audit Trail Information for All Electronic Orders Entered into the CFE System, Including Order Modifications and Cancellations (Rule 403(c));

(v) Rule 714(f)(v) relating to Failure to Comply with Notice Provisions for Position Accountability (CFE Rules 412A(c) and 412A(d));

(vi) Rule 714(f)(vi) relating to Failure to Comply with Reporting Requirements for Ownership and Control Reports and Reportable Positions (CFE Rules 412B(a), 412B(b), and 412B(c));

(vii) Rule 714(f)(vii) relating to Failure to Comply with Order Marking Requirement for Exchange of Contract for Related Position Transactions (CFE Rule 414(g)) and Failure to Comply with Recordkeeping Requirement for Exchange of Contract for Related Position Transactions (Rule 414(h));

(viii) Rule 714(f)(ix) relating to Failure to Comply with Exchange of Contract for Related Position Transaction Rule Provisions Relating to Authorized Reporter (Rule 414(i));

(ix) Rule 714(f)(x) relating to Failure to Comply with Exchange of Contract for Related Position Transaction Reporting Requirements (Rules 414(k) and 414(l));

(x) Rule 714(f)(xi) relating to Failure to Comply with Order Marking Requirement for Block Trades (CFE Rule 415(a)(i)(A)) and Failure to Comply with Recordkeeping Requirements for Block Trades (Rule 415(e));

(xi) Rule 714(f)(xiii) relating to Failure to Comply with Block Trade Rule Provisions Relating to Authorized Reporter (Rule 415(f));

(xii) Rule 714(f)(xiv) relating to Failure to Comply with Block Trade Reporting Requirements (Rules 415(h) and 415(i)); and

(xiii) Rule 714(f)(xv) relating to Failure to Provide Books and Records Within Designated Time Frame (CFE Rule 502 and Other CFE Rules Allowing CFE to Request Books and Records).

Regulatory staff already has the ability to proceed with a formal disciplinary proceeding whenever regulatory staff determines that any violation covered by Rule 714 is intentional, egregious, or otherwise not minor in nature. The proposed rule change also amends Rule 714(f) to clarify that regulatory staff may also proceed with a formal disciplinary proceeding if the number of recurring violations of a particular type covered by Rule 714 within the rolling time period for that type of violation warrants a formal disciplinary proceeding. Accordingly, with the proposed rule change, there will not be a need for a referral after a certain number of violations within the applicable rolling time period since regulatory staff may initiate a formal disciplinary proceeding for any violation covered by Rule 714 when circumstances warrant no matter the number of previous violations of that type.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁴ in general, and furthers the objectives of Sections 6(b)(5),⁵ 6(b)(6),⁶ and 6(b)(7)⁷ in particular in that it is designed:

- To prevent fraudulent and manipulative acts and practices;

- to remove impediments to and perfect the mechanism of a free and open market and a national market system, and in general, to protect investors and the public interest;

- to have rules that provide that Exchange members and persons associated with Exchange members shall be appropriately disciplined for violation of the Act, the rules and regulations thereunder, or the rules of the Exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction; and

- to provide a fair procedure for the disciplining of members and persons associated with members.

The proposed rule change is consistent with these provisions in that CFE believes that the proposed rule change provides an effective and efficient means of disciplining parties for certain types of minor rule violations that do not warrant formal disciplinary proceedings while also permitting regulatory staff to initiate formal disciplinary proceedings for these types violations when circumstances warrant.

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

CFE does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act in that the proposed rule change will improve the efficiency and functioning of CFE's disciplinary process by providing greater flexibility to regulatory staff to determine when to initiate a formal disciplinary proceeding for any violation covered by Rule 714. Additionally, CFE believes that the proposed amendments are equitable and not unfairly discriminatory because the changes will apply equally to all market participants.

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 proposed rule change will become operative on November 15, 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

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78f(b)(6).

⁷ 15 U.S.C. 78f(b)(7).

³ 15 U.S.C. 78s(b)(7).

change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.⁸

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-CFE-2018-001 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-CFE-2018-001. 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 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-CFE-2018-001, and should

be submitted on or before December 12, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84600; File No. SR-CboeBYX-2018-014]

Self-Regulatory Organizations; Cboe BYX Exchange, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Make Permanent Exchange Rule 11.24, Which Sets Forth the Exchange's Pilot Retail Price Improvement Program

November 15, 2018.

I. Introduction

On July 30, 2018, Cboe BYX Exchange, Inc. ("BYX" or the "Exchange") filed with the Securities and Exchange Commission (the "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 make permanent Exchange Rule 11.24, which sets forth the Exchange's pilot Retail Price Improvement Program. The proposed rule change was published for comment in the **Federal Register** on August 17, 2018.³ On September 27, 2018, the Commission extended to November 15, 2018, the time period in which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove, the proposed rule change.⁴ The Commission received no comments on the proposed rule change. This order institutes proceedings under Section 19(b)(2)(B) of the Act⁵ to determine whether to approve or disapprove the proposed rule change.

II. Summary of the Proposed Rule Change

The Exchange proposes to amend Exchange Rule 11.24 to make permanent the Retail Price Improvement Program (the "Program"), which sets forth the

rules and procedures governing the program and is currently offered on a pilot basis.⁶ The pilot is scheduled to expire upon the earlier of the approval of this proposed rule change or December 31, 2018.⁷ According to the Exchange, the Program is designed to attract retail order flow and allow such order flow to receive potential price improvement.⁸

Under the Program, a class of market participant called a Retail Member Organization ("RMO") is eligible to submit certain retail order flow ("Retail Orders") to the Exchange. A User⁹ is permitted to provide potential price improvement for Retail Orders¹⁰ by submitting Retail Price Improvement ("RPI") Orders, which are non-displayed orders that are priced at least \$0.001 better than the best protected bid ("PBB") or best protected offer ("PBO") ("PBBO"), as such terms are defined in Regulation NMS, and that is identified as such.¹¹ After an RPI Order is submitted, the Exchange disseminates an indicator through its proprietary data feeds or through the Consolidated Tape Association/Consolidated Quotation Plan for Tape A and Tape B securities

⁶ In November 2012, the Commission approved the Program on a pilot basis. See Securities Exchange Act Release No. 68303 (November 27, 2012), 77 FR 71652 (December 3, 2012) ("RPI Approval Order") (SR-BYX-2012-019).

⁷ The Exchange implemented the Program on January 11, 2013, and has extended the pilot period five times. See Securities Exchange Act Release Nos. 71249 (January 7, 2014), 79 FR 2229 (January 13, 2014) (SR-BYX-2014-001); 74111 (January 22, 2015), 80 FR 4598 (January 28, 2015) (SR-BYX-2015-05); 76965 (January 22, 2016), 81 FR 4682 (January 27, 2016) (SR-BYX-2016-01); 78180 (June 28, 2016), 81 FR 43306 (July 1, 2016) (SR-BYX-2016-15); and 81368 (August 10, 2017), 82 FR 38960 (August 16, 2017) (SR-BYX-2017-18).

⁸ See Notice, *supra* note 3 at 41128.

⁹ A "User" is defined in Exchange Rule 1.5(cc) as any member or sponsored participant of the Exchange who is authorized to obtain access to the System.

¹⁰ A "Retail Order" is defined in Exchange Rule 11.24(a)(2) as an agency order or riskless principal that meets the criteria of FINRA Rule 53250.03 that originates from a natural person and is submitted to the Exchange by a RMO, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any computerized methodology. See Exchange Rule 11.24(a)(2).

¹¹ See Notice, *supra* note 3 at 41128. As more fully set forth in the Notice, RPI Orders may be submitted with an explicit limit price, or an offset. RPI Orders submitted with an offset are similar to other peg orders in that the order is tied or "pegged" to a certain price, and would have its price automatically set and adjusted upon changes to the Protected NBBO. The offset is a predetermined amount by which the User is willing to improve the Protected NBBO, subject to a ceiling or floor price. The ceiling or floor price is the amount above or below which the User does not wish to trade. RPI Orders in their entirety (the buy or sell interest, the offset, and the ceiling or floor) will remain non-displayed.

⁹ 17 CFR 200.30-3(a)(73).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 83831 (August 13, 2018), 83 FR 41128 ("Notice").

⁴ See Securities Exchange Act Release No. 84297, 83 FR 49959 (October 3, 2018).

⁵ 15 U.S.C. 78(s)(b)(2)(B).

⁸ 15 U.S.C. 78s(b)(1).