SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84611; File No. SR–NSCC–2018–010]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Enhance the Mutual Fund Profile Service To Provide for the Transmission of Event Notifications Through a New Feature Called MF Info Xchange

November 16, 2018.

Pursuant to 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 November 13, 2018, National Securities Clearing Corporation (''NSCC'') 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 clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act [3] and Rule 19b–4(f)(4) thereunder.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to NSCC's Rules & Procedures (''Rules'') in order to reflect proposed enhancements to NSCC's Mutual Fund Services.[5] The proposed rule change would enhance the Mutual Fund Profile Service (''MFPS'') [6] of NSCC to provide for the delivery and receipt of event notifications relating to funds and pooled investment entities through a new feature called MF Info Xchange, as described in greater detail below.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change consists of modifications to the Rules in order to reflect proposed enhancements to NSCC's Mutual Fund Services. The proposed rule change would enhance MFPS to provide for the delivery and receipt of event notifications relating to funds and pooled investment entities through a new feature called MF Info Xchange, as described in greater detail below.

(i) Background

In 1996, NSCC launched MFPS, providing participating Members with an automated method of transmitting and receiving daily price and rate information pertaining to funds and other pooled investment entities (collectively referred hereto as ''Funds'') through a centralized and standardized facility.[7] In 1998, NSCC implemented three new databases as part of MFPS, (i) the participant profile database, (ii) the security issue profile database and (iii) the distribution declaration information profile database,[8] through which NSCC offers the Funds industry a centralized repository for prospectus and operational information relating to Fund securities, Fund distributions and Fund processing capabilities.

MF Info Xchange would be a new feature of MFPS that would facilitate communication of event notifications among Funds, their principal underwriters or other entities authorized to process transactions on behalf of Funds, that are Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members, TPA Members, Data Services Only Members and Fund Members (''data providers''), on the one hand, and the distribution partners of the Funds, such as broker-dealers and banks that are NSCC Members [9] and other third parties identified by the data providers to receive event notifications (''data receivers''), on the other hand.

On a daily basis, data providers and data receivers exchange a number of event notifications via email, fax and phone call outside of NSCC relating to events affecting the Funds. Such event notifications include corporate actions, such as Fund name changes, mergers, acquisitions and closures, and other events, such as expense ratio changes and benchmark changes. These event notifications are not standardized across the industry, and data receivers do not currently have an efficient standardized method to view and manage past and upcoming Fund events.

The mutual fund industry has requested that NSCC deliver a data sharing solution for participants in the Fund industry to exchange such event notifications, and create standardization to the event notification process. The current event notification process is inconsistent among data providers and data receivers, with data providers sending event notifications using various methods without standardized formats across the industry. The existing methods of sending event notifications are often time consuming manual processes that add risk and complexity by increasing the chance of manual errors and leaving event notifications open to interpretation because of the lack of standardized formats. MF Info Xchange has been developed with the active participation of an industry working group to streamline the delivery and receipt of various types of Fund event notifications to provide a standardized method of sending event notifications.

Data providers using MF Info Xchange would be able to submit event notifications for distribution, using data entry, uploads and other input mechanisms, modify previously submitted event notifications, view upcoming and past notifications and manage distribution lists. Upon receipt of the event notification data through MF Info Xchange, NSCC would create a unique ID associated with the event relating to the notification, and track corrections and updates to the same event using the same event ID. NSCC would also store the data in a data repository for retrieval by NSCC Members. In addition, NSCC would distribute the event notifications via email to a defined distribution list provided by the data providers. Data providers could also indicate the NSCC Members on the distribution list that could be given access to the event notifications on the data repository. Such NSCC Members that have subscribed to MF Info Xchange would have access to the data repository to retrieve the event notifications and

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(4).

[5] Capitalized terms used herein and not otherwise defined shall have the meaning assigned to such terms in the Rules, *available at http://dtcc.com/~/media/Files/Downloads/legal/rules/nscc_rules.pdf.*

[6] Section D of Rule 52, *supra* note 5.

[7] Securities Exchange Act Release No. 37171 (May 8, 1996), 61 FR 24343 (May 14, 1996) (SR–NSCC–1996–04).

[8] Securities Exchange Act Release No. 40614 (October 28, 1998), 63 FR 59615 (November 4, 1998) (SR–NSCC–1998–09).

[9] For purposes of this filing, ''NSCC Members'' shall mean Members and Limited Members.

updates to those event notifications from a centralized location.

NSCC Members would be able to use MF Info Xchange to transmit event notifications for certain predefined event types. Upon the initial launch, Fund mergers/acquisitions and Fund closures would be the only event types for which event notifications could be sent using MF Info Xchange. NSCC would announce by Important Notice posted on its website any enhancements of MF Info Xchange that result in new event types available for event notifications. Given the limited number of Fund event types available for event notifications upon the launch of MF Info Xchange, NSCC would not charge fees initially for the use of MF Info Xchange. NSCC would file with the Commission an appropriate rule change proposal to implement any fees for MF Info Xchange if NSCC adds a fee for the feature.

(ii) Proposed Rule Changes

The proposed rule change would amend Rule 52 to state that NSCC would provide MF Info Xchange to enable data providers that are Members, Mutual Fund/Insurance Services Members, Investment Manager/Agent Members, TPP Members, TPA Members, Data Services Only Members and Fund Members to transmit event notifications relating to Funds to other NSCC Members and to other third parties identified by the data providers to receive the event notifications, or to otherwise supply and provide access to event notifications directly to or from NSCC through a data repository. The proposed rule change would provide that NSCC may determine from time to time, and would announce by Important Notice, which types of event notifications may be transmitted using MF Info Xchange. The proposed rule change would provide that NSCC would not be responsible for the completeness or accuracy of any event notifications transmitted using MF Info Xchange nor for any errors, omissions or delays that may occur relating to the event notifications.

(iii) Implementation Timeframe

NSCC expects to implement MF Info Xchange on November 29, 2018. As proposed, a legend would be added to Rule 52 stating there are changes that became effective upon filing with the Commission but have not yet been implemented. The proposed legend also would include a date on which such changes would be implemented and the file number of this proposal, and state that, once this proposal is implemented, the legend would automatically be removed from Rule 52.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act [10] requires, in part, that the Rules be designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. NSCC believes that the proposed rule change would enhance the ability of data providers to send, and for data receivers to access and retrieve, Fund event notification data in a standardized format and in a centralized location. Currently, there is not an industry-wide structured method of providing such event notification data, and data providers send, and data receivers receive, such event notifications in an inefficient and non-standardized manner across the industry. NSCC believes that the proposed rule change would provide the Fund industry a more efficient and streamlined method for data providers to communicate Fund event notification data to data receivers. As such, NSCC believes that the proposed rule change would foster cooperation and coordination among persons engaged in the clearance and settlement of securities, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[11]

In addition, the proposed rule change is designed to be consistent with Rule 17Ad–22(e)(21) promulgated under the Act.[12] Rule 17Ad–22(e)(21) requires NSCC to, inter alia, establish, implement, maintain and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves. The proposed rule change would streamline the Fund event notifications process, which would enhance (i) efficiency in making such event notifications by reducing reliance on emails, faxes and phone calls for event notifications, which are inconsistent and a time consuming manual process, and (ii) effectiveness in making such event notifications by providing a standardized format to send such event notifications, which NSCC believes would reduce errors in the event notification process that occur as a result of the current inconsistent and unstructured event notification process. Therefore, by establishing a more efficient and effective process for data providers to deliver, and data receivers to receive, Fund event notifications, NSCC believes that the proposed change is consistent with the requirements of Rule 17Ad–22(e)(21), promulgated under the Act.[13]

(B) Clearing Agency's Statement on Burden on Competition

NSCC does not believe that the proposed rule change would have any adverse impact, or impose any burden, on competition because the proposed rule change would add an optional feature to NSCC's services that would provide data providers the ability to send event notification data in a standardized format. As an optional feature available for subscription with no additional fees, the proposed rule change would not disproportionally impact any NSCC participants.

Moreover, because the proposed rule change would allow data providers to more effectively communicate Fund event notifications, NSCC believes the proposed rule change would have a positive effect on competition among Fund industry participants. The proposed feature would provide data providers with a more efficient method of distributing event notifications to parties that need to see such information in order to facilitate the trading and processing of Fund securities. NSCC believes this would enhance competition among Funds and Fund participants by allowing parties to distribute such information more quickly and in a more streamlined manner.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. NSCC will notify the Commission of any written comments received by NSCC.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [14] and paragraph (f) of Rule 19b–4 thereunder.[15] 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

[10] 15 U.S.C. 78q–1(b)(3)(F).

[11] *Id.*

[12] 17 CFR 240.17Ad–22(e)(21).

[13] *Id.*

[14] 15 U.S.C. 78s(b)(3)(A).

[15] 17 CFR 240.19b–4(f).

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 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–NSCC–2018–010 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–NSCC–2018–010. 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 NSCC and on DTCC's website (*http://dtcc.com/legal/sec-rule-filings.aspx*). 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–NSCC–2018–010 and should be submitted on or before December 14, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84612; File No. SR–BOX–2018–35]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit Up to Ten Expiration Months for Long-Term Options on the SPDR® S&P® 500 Exchange-Traded Fund Shares ("SPY")

November 16, 2018.

Pursuant to 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 November 16, 2018, BOX Exchange LLC ("Exchange") filed with the Securities and Exchange Commission ("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 from interested persons.

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

The Exchange proposes to amend BOX Rule 5070 (Long-term Options Contracts) to permit up to ten (10) expiration months for long-term options on SPY. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at *http://boxoptions.com.*

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 these statements 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend BOX Rule 5070 (Long-term Options Contracts) to permit up to ten (10) long-term options ("LEAPS") expiration months for options on SPY.[3] BOX Rule 5070 currently provides that the Exchange may list LEAPS that expire from twelve (12) to one hundred eighty (180) months from the time they are listed; and there may be up to six (6) expiration months.[4] The Exchange believes the proposal will add liquidity to the SPY options market by allowing market participants to hedge risks relating to SPY positions over a longer time period with a known and limited cost. This is a filing that is based on a proposal recently submitted by Nasdaq PHLX LLC ("Phlx").[5]

The SPY options market today is characterized by its tremendous daily and annual liquidity. As a consequence, the Exchange believes that the listing of additional SPY LEAPS expiration months would be well received by investors. This proposal to expand the number of permitted SPY long-term expiration months would not apply to LEAPS on any other class of stock or Exchange-Traded Fund Shares.[6]

Finally, BOX Rule 5070(a) currently states that there may be "up to six (6) additional expiration months." Because the rule does not specify which expiration months the six months are in addition to, and thus is ambiguous, the Exchange proposes to delete the word "additional." As amended, the rule would clearly and simply provide that the Exchange may list six expiration months having from twelve (12) to one

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[16] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] In contrast to Rule 5070, Exchange Rule 6090(b)(1)(i), which applies to index options, permits the Exchange to list LEAPS on any class of index options, adding up to ten expiration months. The Exchange seeks to list ten expiration months of LEAPS on SPY, just as it now may list ten LEAPS expiration months on index options, in order to provide investors with a wider choice of investments.

[4] Strike price interval, bid/ask differential and continuity rules shall not apply to such options series until the time to expiration is less than nine (9) months. *See* BOX Rule 5070(a).

[5] *See* Securities Exchange Act Release No. 34–84449 (October 18, 2018), 83 FR 53699 (SR–Phlx–2018–64).

[6] Historically, SPY is the largest and most actively traded ETF in the United States as measured by its assets under management and the value of shares traded.