exempt any person, security, or transaction, or any class or classes of persons, securities, or transactions, from any provision of section 12(d)(1) if the exemption is consistent with the public interest and the protection of investors. Section 17(b) of the Act authorizes the Commission to grant an order permitting a transaction otherwise prohibited by section 17(a) if it finds that (a) the terms of the proposed transaction are fair and reasonable and do not involve overreaching on the part of any person concerned; (b) the proposed transaction is consistent with the policies of each registered investment company involved; and (c) the proposed transaction is consistent with the general purposes of the Act. Section 6(c) of the Act permits the Commission to exempt any persons or transactions from any provision of the Act if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–26795 Filed 12–11–18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84732; File No. SR–NYSEArca–2018–40]

Self–Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change Regarding Investments of the REX BKCM ETF

December 6, 2018.

On June 26, 2018, NYSE Arca, Inc. (''NYSE Arca'' 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 seeking to modify certain investments of the REX BKCM ETF, a series of the Exchange Listed Funds Trust, the shares of which are currently listed and traded on the Exchange under NYSE Arca Rule 8.600–E, Managed Fund Shares. The proposed rule change was published for comment in the **Federal Register** on July 3, 2018.[3] On August 14, 2018, pursuant to Section 19(b)(2) of the Act,[4] 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 disapprove the proposed rule change.[5]

On September 24, 2018, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act [6] to determine whether to approve or disapprove the proposed rule change.[7] The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act [8] provides that after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes reasons for such determination. The proposed rule change was published for notice and comment in the **Federal Register** on July 3, 2018. December 30, 2018, is 180 days from that date, and February 28, 2019, is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider this proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,[9] designates February 28, 2019, as the date by which the Commission shall either approve or disapprove the proposed rule change (File No.SR–NYSEArca–2018–40).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–26829 Filed 12–11–18; 8:45 am]

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 83546 (June 28, 2018), 83 FR 31214 (July 3, 2018).

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 83844 (Aug. 14, 2018), 83 FR 42178 (Aug. 20, 2018).

[6] 15 U.S.C. 78s(b)(2)(B).

[7] *See* Securities Exchange Act Release No. 84275 (Sept. 24, 2018), 83 FR 49142 (Sept. 28, 2018). Specifically, the Commission instituted proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(5) of the Act, which requires among other things, that the rules of a national securities exchange be ''designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade,'' and ''to protect investors and the public interest.'' *See id.* at 49143 (citing 15 U.S.C. 78f(b)(5)).

[8] 15 U.S.C. 78s(b)(2).

[9] *Id.*

[10] 17 CFR 200.30–3(a)(57).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84737; File No. SR–NYSEArca–2018–74]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rules 6.62–O and 6.37A–O To Add New Order Types and Quotation Designations

December 6, 2018.

I. Introduction

On October 5, 2018, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') 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 amend NYSE Arca Rules 6.62–O (Certain Types of Orders Defined) and 6.37A–O (Market Maker Quotations) to add new order types and quotation designations. The proposed rule change was published for comment in the **Federal Register** on October 24, 2018.[3] On December 4, 2018, the Exchange filed Amendment No. 1 to the proposed rule change.[4] The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 1.

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

A. Order Types

Currently, Rule 6.62–O sets forth the order types available on the Exchange, including Liquidity Adding Orders (each an ''ALO'') and PNP (Post No Preference) Orders, both of which provide market participants control over how their orders interact with contra-side liquidity. Specifically, an ALO is a

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 84451 (October 18, 2018), 83 FR 53692 (''Notice'').

[4] In Amendment No. 1, the Exchange made technical corrections to cross references in the proposed rule text. 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. The amendment is available at: *https://www.sec.gov/comments/sr-nysearca-2018-74/srnysearca201874.htm.*

Limit Order that is rejected if it is marketable against the NBBO on arrival.[5] A PNP Order is a Limit Order that is eligible to interact solely with interest on the Exchange, will not route, and will cancel if it locks or crosses the NBBO.[6] The Exchange proposes to amend Rule 6.62–O to add two order types that build on the existing ALO and PNP Order functionality to allow for repricing (rather than cancellation or rejection of orders) under certain circumstances.

1. Repricing ALO (''RALO'')

The Exchange proposes to provide market participants the ability to send in ALOs designated as RALO.[7] As proposed, a RALO will be repriced (rather than be rejected) if it would either trade as the liquidity taker or display at a price that locks or crosses any interest on the Exchange or the NBBO.[8] Specifically, an incoming RALO to buy (sell) that would trade with any displayed or undisplayed sell (buy) interest on the Consolidated Book will be displayed at a price one minimum price variation (''MPV'') below (above) such sell (buy) interest.[9] An incoming RALO to buy (sell) that is not marketable against interest in the Consolidated Book but that would lock or cross the NBO (NBB) will be displayed at a price that is one MPV below (above) the NBO (NBB).[10] If the sell (buy) interest in the Consolidated Book or NBO (NBB) moves up (down), the display price of the RALO to buy (sell) and the undisplayed price at which it is eligible to trade will be continuously adjusted, up (down) to the RALO's limit price.[11]

A resting RALO to buy (sell) that is displayed one MPV below (above) interest on the Consolidated Book would be eligible to trade at its display price.[12] A resting RALO to buy (sell) that is displayed at a price one MPV below (above) the NBO (NBB) would be eligible to trade at the NBO (NBB); provided, however, that if the NBO (NBB) updates to lock or cross the RALO's display price, such RALO will trade at its display price in time priority behind other eligible interest already displayed at that price.[13] Each time there is an update to the price of the RALO, the Exchange will rank the RALO by time priority behind other eligible interest already at that price.[14] If multiple RALOs simultaneously reprice to the same price at which they are eligible to trade, the RALOs will be prioritized based on the time of original order entry.[15] Furthermore, an incoming RALO will be cancelled if its limit price to buy (sell) is more than a configurable number of MPVs above (below) the initial display price (on arrival), after first trading with eligible interest, if any.[16] The Exchange will determine the configurable number of MPVs, which will be announced by Trader Update.[17]

2. Repricing PNP Order (''RPNP'')

The Exchange proposes to provide market participants the ability to send in PNP Orders designated as RPNP.[18] As proposed, a RPNP is a PNP Order that will be repriced instead of cancelled after trading with interest in the Consolidated Book, if it would lock or cross the NBBO.[19] Specifically, a RPNP to buy (sell) that would lock or cross the NBO (NBB) will be displayed at a price one MPV below (above) the NBO (NBB).[20] If the NBO (NBB) moves up (down), the display price of the RPNP to buy (sell) and the undisplayed price at which it is eligible to trade will be continuously adjusted, up (down) to the limit price of the RPNP.[21]

A RPNP to buy (sell) that is displayed at a price one MPV below (above) the NBO (NBB) will trade at the NBO (NBB); provided, however, that if the NBO (NBB) updates to lock or cross the RPNP's display price, such RPNP will trade at its display price in time priority behind other eligible interest already displayed at that price.[22] Each time there is an update to the price of the RPNP, the Exchange will rank the RPNP by time priority behind other eligible interest already at that price.[23] If multiple RPNPs simultaneously reprice to the same price at which they are eligible to trade, the RPNPs will be prioritized based on the time of original order entry.[24] Similar to the proposed RALO, an incoming RPNP will be cancelled if its limit price to buy (sell) is more than a configurable number of MPVs above (below) the initial display price (on arrival), after first trading with eligible interest, if any. The Exchange will determine the configurable number of MPVs, which will be announced by Trader Update.

B. Quotation Designations

Currently, Rule 6.37A–O(a) defines Market Maker quotes, including quotations designated as Market Maker—Light Only (''MMLO''), and specifies how such quotes are processed when a series is open for trading. The Exchange proposes to amend Rule 6.37A–O(a) to add two new quote designations to provide Market Makers with the same functionality for their quotations as are proposed for orders designated as RALO and RPNP entered on the Exchange.[25]

1. Market Maker—Add Liquidity Only Quotation (''MMALO'')

The Exchange proposes to provide Market Makers the ability to designate quotations as MMALO.[26] An incoming or resting MMALO will never trade as the liquidity taker or display at a price that locks or crosses any interest on the Exchange or the NBBO.[27] Instead of

[5] *See* Rule 6.62–O(t) (providing that ''a Liquidity Adding Order is a Limit Order which is to be accepted only if it is not executable at the time of receipt. Orders with the liquidity adding instruction will not be routed if marketable against the NBBO, but will be rejected. Liquidity adding orders may only be entered as a Day Order''). The Exchange proposes to modify paragraph (t) of this Rule to define Liquidity Adding Orders as ''ALOs'' and make conforming changes to the Rule. *See* proposed Rule 6.62–O(t). The Exchange also proposes to modify the Rule to reflect that ''[a]n ALO or RALO, as defined in paragraph (t)(1) of this Rule, will be rejected if entered outside of Core Trading Hours or during a trading halt or, if resting, will be cancelled in the event of a trading halt.'' *See id.*

[6] *See* Rule 6.62–O(p) (providing that a PNP Order ''is a Limit Order to buy or sell that is to be executed in whole or in part on the Exchange, and the portion not so executed is to be ranked in the Consolidated Book, without routing any portion of the order to another market center; provided, however, the Exchange shall cancel a PNP Order that would lock or cross the NBBO''). The Exchange proposes to capitalize the ''Market Center'' as used in paragraph (p) of the Rule, which is a defined term in Rule 6.1A–O(6). *See* proposed Rule 6.62–O(p).

[7] *See* proposed Rule 6.62–O(t)(1). The Exchange also proposes that a RALO that is designated as a Reserve Order will be rejected. *See id.*

[8] *See id.*

[9] *See* proposed Rule 6.62–O(t)(1)(A).

[10] *See id.*

[11] *See id.*

[12] *See* proposed Rule 6.62–O(t)(1)(A)(i).

[13] *See* proposed Rule 6.62–O(t)(1)(A)(ii).

[14] *See* proposed Rule 6.62–O(t)(1)(A)(iii).

[15] *See id.*

[16] *See* proposed Rule 6.62–O(t)(1)(B).

[17] *See id.*

[18] *See* proposed Rule 6.62–O(p)(1). The Exchange proposes that a RPNP received during pre-open or a trading halt will be treated as a PNP Order (*i.e.,* as a Limit Order and will not reprice) for purposes of participating in opening auctions or re-opening auctions. *See* proposed Rule 6.62–O(p). A RPNP may only be entered as a Day Order and a RPNP that is designated as a Reserve Order will be rejected. *See* proposed Rule 6.62–O(p)(1).

[19] *See id.*

[20] *See* proposed Rule 6.62–O (p)(1)(A).

[21] *See id.*

[22] *See* proposed Rule 6.62–O(p)(1)(A)(i).

[23] *See* proposed Rule 6.62–O(p)(1)(A)(ii).

[24] *See id.*

[25] *See* Notice, *supra* note 3, at 53695. The Exchange represents that the proposed quotation designations would function similar to the proposed RALO and RPNP. *See id.*

[26] *See* proposed Rule 6.37A–O(a)(3)(B) and (a)(4)(A)(i). The Exchange proposes to delete a reference to MMLO in paragraph (a)(4) and proposes to separately describe the treatment of the various quote types when a series is open for trading. *See* proposed Rule 6.37A–O(a)(4).

[27] Because incoming quotations, other than an MMALO, would immediately ''trade with contra-

trading, an MMALO will be repriced based on contra-side interest pursuant to proposed Rule 6.37A–O(a)(4)(A).[28] Specifically, an incoming MMALO to buy (sell) that would trade with any sell (buy) interest on the Consolidated Book will be displayed at a price one MPV below (above) such sell (buy) interest.[29] An incoming MMALO to buy (sell) that is not marketable against interest in the Consolidated Book but that would lock or cross the NBO (NBB) will be displayed at a price that is one MPV below (above) the NBO (NBB).[30] If the sell (buy) interest in the Consolidated Book or NBO (NBB) moves up (down), the display price of the MMALO to buy (sell) and the undisplayed price at which it is eligible to trade will be continuously adjusted, up (down) to the MMALO's limit price.[31]

Similar to the proposed RALO, a resting MMALO to buy (sell) that is displayed one MPV below (above) interest on the Consolidated Book will trade at its display price.[32] A resting MMALO to buy (sell) that is displayed at a price one MPV below (above) the NBO (NBB) will trade at the NBO (NBB); provided, however, that if the NBO (NBB) updates to lock or cross the MMALO's display price, such MMALO will trade at its display price in time priority behind other eligible interest already displayed at that price.[33] Each time there is an update to the MMALO's price, the Exchange will rank the MMALO by time priority behind other eligible interest already at that price.[34] If multiple MMALOs simultaneously reprice to the same price at which they are eligible to trade, the MMALOs will be prioritized based on the time of original order entry.[35]

To incorporate MMALO (and MMRP discussed below) into existing rule text, the Exchange proposes to amend Rule 6.37A–O by re-organizing and re-numbering related rule text regarding the treatment of untraded incoming quotations. Specifically, the Exchange proposes to provide that ''[a]ny untraded quantity of an incoming quotation will be added to the Consolidated Book, except in the circumstances specified below, which result in the remaining balance being cancelled,'' [36] including when the incoming quotation ''is not designated as MMALO or MMRP'' and locks or crosses the NBBO and when it is designated as MMLO and locks or crosses undisplayed interest.[37] Similarly, the Exchange proposes to modify Rule 6.37A–O(a)(4) to provide that an incoming quotation that locks or crosses the NBBO would be rejected, so long as ''it is not designated as MMALO or MMRP'' and cannot trade with interest in the Consolidated Book at prices that do not trade through the NBBO.[38]

An incoming quotation will be rejected, and the Exchange will cancel the Market Maker's current quotation on the same side of the market, if it is designated as MMALO, and has a limit price to buy (sell) that is more than a configurable number of MPVs above (below) the initial display price of the MMALO.[39] The Exchange will determine the configurable number of MPVs, which will be announced by Trader Update.

2. Market Maker—Repricing Quotation (''MMRP'')

The Exchange proposes to provide Market Makers the ability to designate quotations as MMRP.[40] An incoming or resting quotation designated as MMRP will never display at a price that locks or crosses the NBBO.[41] Instead, after trading with interest in the Consolidated Book, an incoming MMRP to buy (sell) that locks or crosses the NBO (NBB) will be displayed at a price that is one MPV below (above) the NBO (NBB).[42] If the NBO (NBB) moves up (down), the display price of the MMRP to buy (sell) and the undisplayed price at which it is eligible to trade would be continuously adjusted, up (down) to the MMRP's limit price.[43]

Similar to the proposed RPNP, an MMRP to buy (sell) that is displayed at a price one MPV below (above) the NBO (NBB) will trade at the NBO (NBB); provided, however, that if the NBO (NBB) updates to lock or cross the MMRP's display price, such MMRP will trade at its display price in time priority behind other eligible interest already displayed at that price.[44] Each time there is an update to the price of the MMRP, the Exchange will rank the MMRP by time priority behind other eligible interest already at that price.[45] If multiple MMRPs simultaneously reprice to the same price at which they are eligible to trade, the MMRPs will be prioritized based on the time of original order entry.[46]

An incoming MMRP that has a limit price more than a configurable number of MPVs above (below) the initial display price (on arrival) will first trade with marketable interest in the Consolidated Book up (down) to the NBO (NBB) and any remaining balance will be cancelled.[47] Similarly, the Exchange will reject an incoming MMRP that does not trade (*i.e.,* because there is no marketable interest in the Consolidated Book) and has a limit price to buy (sell) that is more than a configurable number of MPVs above (below) the initial display price (on arrival) of the MMRP.[48] The Exchange will determine the configurable number of MPVs, which will be announced by Trader Update.[49]

When a series is not open for trading (*i.e.,* during pre-open or a trading halt), a Market Maker may submit an MMRP, which will be eligible to participate in the opening auction and re-opening auction, as applicable, at the limit price of the MMRP.[50] All resting quotations will be cancelled in the event of a trading halt.[51]

To reflect the proposed quotation designations in Rule 6.37A–O, the Exchange proposes to re-organize paragraph (a) of the Rule by re-locating rule text stating that ''a quotation will

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side interest in the Consolidated Book at prices that do not trade through interest on another Market Center,'' the Exchange proposes to modify the rule to carve out incoming MMALOs. *See* proposed Rule 6.37A–O(a)(4)(A). The Exchange also proposes to replace references to ''another Market Center'' with ''the NBBO'' to add clarity and consistency to the Rule. *See id. See also* proposed Rule 6.37A–O(a)(4)(C)(i),(D)(i)–(ii).

[28] *See* proposed Rule 6.37A–O(a)(3)(B).

[29] *See* proposed Rule 6.37A–O(a)(4)(A)(i).

[30] *See id.*

[31] *See id.*

[32] *See* proposed Rule 6.37A–O(a)(4)(A)(i)(a).

[33] *See* proposed Rule 6.37A–O(a)(4)(A)(i)(b).

[34] *See* proposed Rule 6.37A–O(a)(4)(A)(i)(c).

[35] *See id.*

[36] *See* proposed Rule 6.37A–O(a)(4)(C).

[37] *See* proposed Rule 6.37A–O(a)(4)(C)(i) and (ii).

[38] *See* proposed Rule 6.37A–O(a)(4)(D)(i).

[39] *See* proposed Rule 6.37A–O(a)(4)(D)(iii). The Exchange notes that incoming MMALOs that fail the MPV check are rejected while similarly-priced RALOs would be accepted and then cancelled. *See* Notice, *supra* note 3, at 53696, n.24. The Exchange also proposes to re-locate rule text that is currently at the end of this provision to the beginning, such that the Rules states that ''[a]n incoming quotation will be rejected, and the Exchange will cancel the Market Maker's current quotation on the same side of the market, if:''. *See* proposed Rule 6.37A–O(a)(4)(D).

[40] *See* proposed Rule 6.37A–O(a)(3)(C) and (a)(4)(B).

[41] *See* proposed Rule 6.37A–O(a)(3)(C).

[42] *See* proposed Rule 6.37A–O(a)(4)(B).

[43] *See id.*

[44] *See* proposed Rule 6.37A–O(a)(4)(B)(i).

[45] *See* proposed Rule 6.37A–O(a)(4)(B)(ii).

[46] *See id.*

[47] *See* proposed Rule 6.37A–O(a)(4)(C)(iii).

[48] *See* proposed Rule 6.37A–O(a)(4)(D). The Exchange notes that incoming MMRPs that fail the MPV check are rejected while similarly-priced RPNPs would be accepted and then cancelled. *See* Notice, *supra* note 3, at 53696, n.32.

[49] Because the MMRP is cancelled, the Exchange would also cancel the opposite-side quote for that Market Maker. *See* proposed Rule 6.37A–O(a)(4)(C) (providing, ''[w]hen such quantity of an incoming quotation is cancelled, the Exchange will also cancel the Market Maker's current quotation on the opposite side of the market'').

[50] *See* proposed Rule 6.37A–O(a)(5).

[51] *See id.*

not route'' from existing paragraph (a)(3)(D) to paragraph (a)(2); adding new paragraph (a)(3) to provide that ''[a] Market Maker may designate a quote as follows''; and re-numbering the remainder of the paragraph to account for such changes.[52] In addition, the Exchange proposes to renumber the description of an MMLO as paragraph (a)(3)(A), and amend the rule text to provide that on arrival, a quotation designated MMLO will trade with displayed interest in the Consolidated Book only.[53] Once resting, the MMLO designation no longer applies and such quotation is eligible to trade with displayed and undisplayed interest.[54]

Implementation

The Exchange states that it will announce by Trader Update the implementation date of the proposed rule change within 90 days of the effective date of this proposed rule change.[55]

III. Discussion and Commission's Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act,[56] and the rules and regulations thereunder applicable to a national securities exchange.[57] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[58] which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, 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, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission believes that by providing market participants with two new order types that build on the existing ALO and PNP Order functionality to allow for repricing instead of cancellation or rejection of orders under certain circumstances, the proposed rule change could give market participants greater flexibility and control over the circumstances under which their orders interact with contra side-interest on the Exchange. By increasing the opportunities for execution at multiple price points and encouraging the provision of greater displayed liquidity to the market, the proposal is reasonably designed to facilitate the mechanism of price discovery. The Commission also believes that ranking a repriced RALO or repriced RPNP behind other interest already eligible to trade at a price, as well as ranking such orders that simultaneously reprice to the same price by time of original order entry, is reasonably designed to preserve the principles of priority and therefore promote just and equitable principles of trade. Finally, the Commission notes other options exchanges offer similar order types as proposed by the Exchange.[59]

The Commission notes that the proposal to add the two new quotation designations is designed to provide Market Makers with the same functionality for their quotations as are proposed for orders entered on the Exchange. The proposed quotation designations are similar to how the proposed RALO and RPNP will function and may enable Market Makers to exert greater control over how their quotes would interact with contra-side liquidity, while affording additional opportunities to provide liquidity to the market. The Commission notes that, absent the proposed repricing functionality associated with the MMALO and MMRP, a Market Maker quote that locks or crosses interest on the Exchange or an away market will reject or cancel. In the case of MMALOs, the proposal is reasonably designed to promote the display of liquidity because such quotations would be displayed at the next-best aggressive price instead of being cancelled. The Commission believes that the proposal will also ensure that an MMALO will always add liquidity as maker, rather than remove liquidity as taker, while ensuring that MMALOs priced too far through the contra-side interest on the Exchange or the NBBO will be rejected. As such, the proposed MMALO could assist Market Makers in maintaining a fair and orderly market and encourage Market Makers to provide displayed liquidity to the market, thus contributing to price discovery. In the case of MMRPs, the proposal may afford Market Makers more certainty when providing liquidity, while ensuring that MMRPs priced too far through the contra-side NBBO will cancel or reject after trading with any eligible interest on the Exchange. The Commission believes that ranking the repriced MMALO or repriced MMRP by time priority behind other interest already available to trade at a price preserves principles of priority and therefore would promote just and equitable principles of trade.

Further, the Commission believes that the proposed quotation designations are reasonably designed to provide Market Makers with a greater level of determinism, in terms of managing their exposure, and thus could encourage more aggressive liquidity provision, resulting in more trading opportunities and tighter spreads. This may help improve the mechanism of price discovery. Moreover, the Commission notes that other options exchanges have adopted quote types designed to strengthen market making.[60]

For the reasons discussed above, the Commission believes that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[61] that the proposed rule change (SR–NYSEArca–2018–74), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[62]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–26833 Filed 12–11–18; 8:45 am]

BILLING CODE 8011–01–P

[52] *See* proposed Rule 6.37A–O(a)(2)–(3).

[53] *See* proposed Rule 6.37A–O(a)(3)(A).

[54] *See id.*

[55] *See* Notice, *supra* note 3, at 53697.

[56] 15 U.S.C. 78(f).

[57] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[58] 15 U.S.C. 78f(b)(5).

[59] *See* Notice, *supra* note 3, at 53697, n.39 (citing Nasdaq Options Market Chapter VI Trading Systems, Sec. 1(e)(11) and Nasdaq PHLX LLC Rule 1080(m)(iv)(A)).

[60] *See* Notice, *supra* note 3, at 53698, n.45 (citing Miami International Securities Exchange, LLC Rule 515(d) and BOX Options Exchange LLC IM–8050–3).

[61] 15 U.S.C. 78s(b)(2).

[62] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–84741; File No. SR–ISE–2018–97]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Supplementary Material .02 to Rule 715 Regarding Cancel and Replace Orders

December 6, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934