

17Ad–22(e)(15)(ii) requires, in part, that the Clearing Agencies hold LNA funded by equity equal to the greater of either (i) six months of the covered clearing agency's current operating expenses, or (ii) the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and services of the covered clearing agency.<sup>44</sup>

As described above, pursuant to the Policy, each Clearing Agency would be required to calculate and maintain their respective Total Capital Requirement. The Total Capital Requirement would be calculated by summing each Clearing Agency's respective General Business Risk Capital Requirement and Credit Risk Capital Requirement, and would be satisfied by LNA funded by equity. Specifically, as detailed above, the Policy would provide that the General Business Risk Capital Requirement would be calculated as the larger of (i) an amount calculated based on the Clearing Agency's general business risk profile, defined as its Risk-Based Capital Requirement; (ii) an amount based on the time estimated to execute a recovery or orderly wind-down of the critical operations of the Clearing Agency, defined as its Recovery/Wind-down Capital Requirement; and (iii) an amount based on an analysis of the Clearing Agency's estimated operating expenses for a six-month period, defined as its Operating Expense Capital Requirement.

By requiring each Clearing Agency to calculate its General Business Risk Capital Requirement as the larger amount of the Risk-Based Capital Requirement, the Recovery/Wind-down Capital Requirement, and the Operating Expense Capital Requirement, and by requiring the General Business Risk Capital Requirement with LNA funded by equity, the Commission believes that the Policy is consistent with Rule 17Ad–22(e)(15)(i) and (ii) under the Act.<sup>45</sup>

Rule 17Ad–22(e)(15)(ii) under the Act further requires, in part, that the LNA funded by equity held by the Clearing Agencies pursuant to Rule 17Ad–22(e)(15)(ii) shall be (A) in addition to resources held to cover participant defaults or other credits and liquidity risks; and (B) of high quality and sufficiently liquid to allow the Clearing Agencies to meet their current and projected operating expenses under a range of scenarios, including in adverse market conditions.<sup>46</sup>

As described above, the Policy would identify the General Business Risk Capital Requirement of each Clearing Agency as a separate component of each Clearing Agency's Total Capital Requirement, and would provide that LNA funded by equity as General Business Risk Capital Requirement be in addition to (i) LNA funded by equity held as that Clearing Agency's Credit Risk Capital Requirement; (ii) resources held by that Clearing Agency in compliance with Rule 17Ad–22(e)(4) under the Act for credit risk (which resources are also held in addition to that Clearing Agency's Credit Risk Capital Requirement);<sup>47</sup> and (iii) resources held by that Clearing Agency in compliance with Rule 17Ad–22(e)(7) under the Act for liquidity risk.<sup>48</sup> Additionally, the Policy would provide that the Clearing Agencies must meet their Total Capital Requirement by holding LNA funded by equity in cash, highly liquid securities, or bank deposits, to comply with Rule 17Ad–22(e)(15)(ii)(B). Moreover, the Policy would provide that the available LNA funded by equity would be continuously monitored and managed to ensure satisfaction of the Total Capital Requirement. Therefore, the Commission believes that adoption of the Policy is consistent with Rule 17Ad–22(e)(15)(ii)(A) and (B) under the Act.<sup>49</sup>

Rule 17Ad–22(e)(15)(iii) requires the Clearing Agencies to maintain a viable plan, approved by their Boards, and updated at least annually, for raising additional equity should the LNA funded by equity fall close to or below the amount required.<sup>50</sup> As described above, the Plan would designate to Treasury the responsibilities of monitoring the sufficiency of each Clearing Agency's LNA funded by equity and the triggering events for implementation of the Plan. The Plan also would provide tools to raise additional LNA funded by equity, in the event that such capital drops near or below the Total Capital Requirement. In addition, the Plan would provide that the respective Boards of the Clearing Agencies, or such committees as may be delegated authority by the respective Boards, would review and approve the Plan annually. Therefore, the Commission believes that adoption of the Plan is consistent with Rule 17Ad–22(e)(15)(iii) under the Act.<sup>51</sup>

### III. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Changes are consistent with the requirements of the Act and in particular with the requirements of Section 17A(b)(3)(F)<sup>52</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that proposed rule changes SR–DTC–2017–003, SR–NSCC–2017–004, and SR–FICC–2017–007 be, and hereby are, *approved*.<sup>53</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>54</sup>

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

[FR Doc. 2017–14671 Filed 7–12–17; 8:45 am]

BILLING CODE 8011–01–P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81092; File No. SR–BOX–2017–22]

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend IM–3120–2 to Rule 3120 To Extend the Pilot Program That Eliminated the Position Limits for Options on SPDR S&P 500 ETF (“SPY”) (“SPY Pilot Program”)

July 7, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on June 29, 2017, BOX Options Exchange LLC (the “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 change from interested persons.

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

The Exchange proposes to amend IM–3120–2 to Rule 3120 to extend the pilot program that eliminated the position

<sup>52</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>53</sup> In approving the Proposed Rule Changes, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>54</sup> 17 CFR 200.30–3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>47</sup> 17 CFR 240.17Ad–22(e)(4).

<sup>48</sup> 17 CFR 240.17Ad–22(e)(7).

<sup>49</sup> 17 CFR 240.17Ad–22(e)(15)(ii)(A), (B).

<sup>50</sup> 17 CFR 240.17Ad–22(e)(15)(iii).

<sup>51</sup> *Id.*

<sup>44</sup> 17 CFR 240.17Ad–22(e)(15)(ii).

<sup>45</sup> 17 CFR 240.17Ad–22(e)(15)(i), (ii).

<sup>46</sup> 17 CFR 240.17Ad–22(e)(15)(ii)(A), (B).

limits for options on SPDR S&P 500 ETF (“SPY”) (“SPY Pilot Program”). 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 Web site at <http://boxexchange.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 IM–3120–2 to Rule 3120 to extend the time period of the SPY Pilot Program,<sup>3</sup> which is currently scheduled to expire on July 12, 2017, through July 12, 2018.<sup>4</sup>

This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits, (2) the liquidity of the option and the underlying security, (3) the market capitalization of the underlying security and the related index, (4) the reporting of large positions and requirements surrounding margin, and (5) the potential for market on close volatility.

In the proposal to extend the SPY Pilot Program, the Exchange stated that if it were to propose an extension, permanent approval or termination of the program, the Exchange would submit, along with any filing proposing such amendments to the program, a report providing an analysis of the SPY

Pilot Program covering the period since the previous extension (the “Pilot Report”).<sup>5</sup> Accordingly, the Exchange is submitting the Pilot Report detailing the Exchange’s experience with the SPY Pilot Program. The Pilot Report is attached as Exhibit 3 to this filing [sic]. The Exchange notes that it is unaware of any problems created by the SPY Pilot Program and does not foresee any as a result of the proposed extension. In extending the SPY Pilot Program, the Exchange states that if it were to propose another extension, permanent approval or termination of the program, the Exchange will submit another Pilot Report covering the period since the previous extension, which will be submitted at least 30 days before the end of the proposed extension. If the SPY Pilot Program is not extended or adopted on a permanent basis by July 12, 2018, position limits in SPY will revert to their Pre-Pilot levels. Extending the SPY Pilot Program will give the Exchange and Commission additional time to evaluate the pilot and its effect on the market.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act, in general, and Section 6(b)(5) of the Act, in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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. The Exchange believes that extending the SPY Pilot Program promotes just and equitable principles of trade by permitting market participants, including market makers, institutional investors and retail investors, to establish greater positions when pursuing their investment goals and needs.

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

The Exchange 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. The proposed rule change is not designed to address any aspect of competition, whether between the Exchange and its competitors, or among market participants. Instead, the proposed rule change is designed to allow the SPY Pilot Program to continue without interruption. Additionally, the

Exchange expects other SROs will propose similar extensions.

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

The Exchange has 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: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) 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 and Rule 19b–4(f)(6) thereunder.<sup>6</sup>

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act<sup>7</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii)<sup>8</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange believes that waiver of the operative delay is consistent with the protection of investors and the public interest because it will allow the SPY Pilot Program to continue without interruption. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>9</sup>

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

<sup>6</sup> 17 CFR 240.19b–4(f)(6). As required under Rule 19b–4(f)(6)(iii), the Exchange provided the Commission with written notice of its 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.

<sup>7</sup> 17 CFR 240.19b–4(f)(6).

<sup>8</sup> 17 CFR 240.19b–4(f)(6)(iii).

<sup>9</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>3</sup> See Securities Exchange Act Release No. 67936 (September 27, 2012), 77 FR 60491 (October 3, 2012) (Notice of Filing and Immediate Effectiveness of SR–BOX–2012–013).

<sup>4</sup> See Securities Exchange Act Release No. 78247 (July 7, 2016), 81 FR 45348 (July 13, 2016) (Notice of Filing and Immediate Effectiveness of SR–BOX–2016–31).

<sup>5</sup> *Id.*

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 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-BOX-2017-22 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-BOX-2017-22. 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 Web site (<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 Web site 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; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BOX-

2017-22, and should be submitted on or before August 3, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81091; File No. SR-Phlx-2017-52]

### Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the SPY Pilot Program

July 7, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 29, 2017, NASDAQ PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to extend for another twelve (12) month time period the pilot program to eliminate position limits for options on the SPDR® S&P 500® exchange-traded fund ("SPY ETF" or "SPY"),<sup>3</sup> which list and trade under the symbol SPY ("SPY Pilot Program").

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqphlx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

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

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

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange 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 purpose of the proposed rule change is to amend the Rule 1001 (Position Limits), to extend the current pilot which expires on July 12, 2017 for an additional twelve (12) month time period to July 12, 2018 ("Extended Pilot"). This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits; (2) the liquidity of the option and the underlying security; (3) the market capitalization of the underlying security and the related index; (4) the reporting of large positions and requirements surrounding margin; and (5) the potential for market on close volatility.

With this proposal, the Exchange submits the SPY report to the Commission, which report reflects, during the time period from May 2016 through May 2017, the trading of standardized SPY options with no position limits consistent with option exchange provisions.<sup>4</sup> The report was prepared in the manner specified in the Exchange's prior rule filing extending the SPY Pilot Program.<sup>5</sup> The Exchange notes that it is unaware of any problems created by the SPY Pilot Program and does not foresee any as a result of the proposed extension. The proposed extension will allow the Exchange and the Commission additional time to

<sup>4</sup> The report is attached as Exhibit 3 [sic].

<sup>5</sup> See Securities Exchange Act Release No. 78124 (June 22, 2016), 81 FR 42008 (June 28, 2016) (SR-PHLX-2016-68).