

advisors would know with greater certainty when application for a CUSIP number is required in private placement transactions. Similarly, the Commission believes that while in practice some non-dealer municipal advisors may be applying for CUSIP numbers in a competitive offering before the final award is made, the proposed rule change, as modified by Amendment No. 1, would ensure that this is the case, thus reducing the risk of delays in secondary market trading where a competitive offering is awarded but no CUSIP number has been assigned. The Commission notes that the MSRB considered the impact of the proposed rule change on non-dealer municipal advisors and concluded that, while non-dealer municipal advisors are likely to incur up-front costs associated with compliance with the proposed rule change, the cost would be justified by the likely benefits of the proposed rule change over time.<sup>115</sup>

As noted above, the Commission received eleven comment letters on the Notice of Filing and two comment letters on Amendment No. 1. The Commission believes that the MSRB, through its responses and through Amendment No. 1, has addressed commenters' concerns.

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

#### **VI. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1**

The Commission finds good cause for approving the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of the Notice of Amendment No. 1 in the **Federal Register**. As discussed above, Amendment No. 1 modifies the proposed rule change by amending proposed paragraph Rule G-34(a)(i)(F) of the proposed rule change to require dealers (and municipal advisors in a competitive sale) seeking to rely on the principles-based exception to reasonably believe the purchaser's present intent is to hold the municipal securities to maturity "or earlier redemption or mandatory tender." Amendment No. 1 also would modify the proposed rule change to expand the principles-based exception in proposed paragraph Rule G-34(a)(i)(F) to include cases where a municipal entity purchases the municipal securities with funds that are at least in part proceeds of the purchasing entity's issue of municipal

obligations, or the municipal securities being purchased are used to fully or partially secure or pay the purchasing entity's issue of municipal obligations. For consistency, Amendment No. 1 also would apply the same amendments to the principles-based exception for dealers from the depository eligibility requirements of the rule set forth in subparagraph Rule G-34(a)(ii)(A)(3).<sup>116</sup>

The MSRB stated that the only substantive change made by Amendment No. 1 to the proposed rule change is responsive to commenters and that Amendment No. 1 expands the application of the previously proposed principles-based exception to include sales of new issue municipal securities to municipal entities that are purchasing the underlying municipal securities with funds that are at least in part proceeds of the purchasing entity's issue of municipal obligations, or the municipal securities being purchased are used to fully or partially secure or pay the purchasing entity's issue of municipal obligations.<sup>117</sup> The MSRB further noted that the other amendment to the proposed rule change made by Amendment No. 1 merely clarifies that in a direct purchase transaction there may be a redemption or mandatory tender that occurs prior to the municipal security's maturity.<sup>118</sup> Additionally, the MSRB stated that, in light of one of the purposes of the principles-based exception in the proposed rule change—to allow dealers and municipal advisors to provide services without inhibiting their issuer clients' access to certain financings—the revisions are consistent with the proposed rule change.<sup>119</sup>

For the foregoing reasons, the Commission finds good cause for approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis, pursuant to Section 19(b)(2) of the Act.

#### **VIII. Conclusion**

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>120</sup> that the proposed rule change (SR-MSRB-2017-06), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

<sup>116</sup> See Amendment No. 1.

<sup>117</sup> *Id.*

<sup>118</sup> *Id.*

<sup>119</sup> *Id.*

<sup>120</sup> 15 U.S.C. 78s(b)(2).

<sup>121</sup> 17 CFR 200.30-3(a)(12).

For the Commission, pursuant to delegated authority.<sup>121</sup>

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

[FR Doc. 2017-27342 Filed 12-19-17; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-82326; File No. SR-GEMX-2017-56]

### **Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Primary Market Maker Obligations**

December 14, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 29, 2017, Nasdaq GEMX, LLC ("GEMX" or "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 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 Substance of the Proposed Rule Change**

The Exchange proposes to amend Rule 701, entitled "Openings," to specify the obligations of a Primary Market Maker ("PMM") when entering Valid Width Quotes<sup>3</sup> during the Opening Process.

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

#### **II. Self-Regulatory Organization's Statement of the Purpose of, and 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

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

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

<sup>3</sup> A "Valid Width Quote" is a two-sided electronic quotation submitted by a Market Maker that consists of a bid/ask differential that is compliant with Rule 803(b)(4). See Rule 701(a)(8).

<sup>115</sup> See November Response Letter.

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 Exchange is proposing to amend Rule 701, Openings, to amend the obligations of a PMM when entering Valid Width Quotes during the Opening Process. In addition, the Exchange proposes to make clear the obligations of a PMM and a Competitive Market Maker ("CMM") once an options series has opened.

Currently, Rule 701(c)(1) provides, the Opening Process for an option series will be conducted pursuant to paragraphs (f)–(j) of GEMX Rule 701 on or after 9:30 a.m. Eastern Time if: The ABBO, if any, is not crossed; and the system has received, within two minutes (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's website) of the opening trade or quote on the market for the underlying security in the case of equity options or, in the case of index options, within two minutes of the receipt of the opening price in the underlying index (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's website), or within two minutes of market opening for the underlying security in the case of U.S. dollar-settled foreign currency options (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's website) any of the following: (i) The PMM's Valid Width Quote; (ii) the Valid Width Quotes of at least two CMM or (iii) if neither the PMM's Valid Width Quote nor the Valid Width Quotes of two CMMs have been submitted within such timeframe, one CMM has submitted a Valid Width Quote.

Thereafter, Rule 701(c)(3) specifies that the PMM assigned in a particular equity or index option must enter a Valid Width Quote, in 90% of their assigned series, not later than one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index. The PMM assigned in a particular U.S. dollar-settled foreign currency option must enter a Valid Width Quote, in 90% of their assigned series, not later than one minute after

the announced market opening. PMMs must promptly enter a Valid Width Quote in the remainder of their assigned series, which did not open within one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index or, with respect to U.S. dollar-settled foreign currency options, following the announced market opening.

The Exchange proposes to make clear that a PMM has the obligations specified in GEMX Rule 701(c)(3) to promptly enter a Valid Width Quote in the remainder of their assigned series in cases where the PMM's assigned series was not already opened by a CMM as permitted by Rule 701(c)(1)(ii) and (iii) as noted herein. The PMM would continue to have the ultimate obligation to open each assigned series, however this rule change would not require the PMM to enter a Valid Width Quote for the 10% of their assigned series, not later than one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index during the Opening Process if an options series has opened pursuant to Rule 701(c)(1)(ii) and (iii) within the timeframe specified for the PMM to enter a Valid Width Quote as noted in Rule 701(c)(3). Also, the PMM assigned in a particular U.S. dollar-settled foreign currency option would not be required to enter a Valid Width Quote for 10% of their assigned series, not later than one minute after the announced market opening during the Opening Process if an options series opened pursuant to Rule 701(c)(1)(ii) and (iii) within the timeframe specified for the PMM to enter a Valid Width Quote as noted in Rule 701(c)(3).

Today GEMX Rule 701 requires a PMM to open the market and provides an alternative mechanism to permit an alternative opening by a CMM.<sup>4</sup> The proposal seeks to make clear the obligations of the PMM with respect to options series that were open by a CMM as well as the quoting obligations of a CMM that opened the options series. The Exchange proposes to amend GEMX Rule 701(c)(3) to state that once an option series has opened pursuant to Rule 701(c)(1)(i)–(iii), a PMM must submit continuous, two-sided quotes in such option series pursuant to Supplementary .01 to GEMX Rule 804. The Exchange also proposes to amend Rule 701(c)(4) to state that a CMM that

submits a quote during the opening in any option series pursuant to Rule 701(c)(1)(ii) or (iii) must submit continuous, two-sided quotes in such options series pursuant to GEMX Rule 804(e)(2)(iii) once an option series has opened. Specifically, the Exchange proposes to add rule text to Rule 701(c)(3) to provide that "once an options series has opened pursuant to Rule 701(c)(1)(i)–(iii), a PMM must submit continuous, two-sided quotes in such options series pursuant to Supplementary Material .01 to Rule 804." Further, the Exchange proposes to add rule text to Rule 701(c)(4) to state that "A CMM that submits a quote pursuant to Rule 701 in any option series when the PMM's quote has not been submitted shall be required, once an options series has opened, to submit continuous, two-sided quotes in such option series pursuant to Rule 804(e)(2)(iii)."

The Exchange proposes to make clear that a PMM has an obligation to enter Valid Width Quotes during the Opening Process within the timeframes specified in Rule 701(c)(3). In the event that an options series opened pursuant to Rule 701(c)(1)(ii) and (iii), a PMM would be required to submit continuous, two-sided quotes in such options series pursuant to Supplementary Material .01 to Rule 804. Also, in this instance, a CMM would be required to submit continuous, two-sided quotes in such option series pursuant to Rule 804(e)(2)(iii). The Exchange notes that a CMM would not have an obligation to quote in such option series pursuant to Rule 804(e)(2)(iii), unless the CMM submitted a quote pursuant to Rule 701 or otherwise submitted a quote intraday.<sup>5</sup> The purpose of this new rule text is to make clear the quoting obligations for both PMMs and CMMs during the opening and the manner in which Rule 701, relating to the Opening Process, and Rule 804, relating to Market Maker quoting obligations, interact with each other.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</sup> in particular, in that it is designed 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

<sup>5</sup> See GEMX Rule 804(e)(2)(i) which states, "On any given day, a Competitive Market Maker is not required to enter quotations in the options classes to which it is appointed."

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

<sup>4</sup> See GEMX Rule 701(c)(1)(i)–(iii).

system, and, in general to protect investors and the public interest by amending GEMX Rule 701(c)(3) to further specify a PMM's obligations during the Opening Process and once an options series as opened as well as the obligations of a CMM to the extent that an options series opened pursuant to Rule 701(c)(1)(ii) and (iii). The Exchange believes that this proposal is consistent with the Act because a PMM continues to be responsible to enter Valid Width Quotes during the Opening Process and thereafter submit continuous, two-sided quotes in such options series pursuant to Supplementary Material .01 to Rule 804. In the event that an options series opened pursuant to Rule 701(c)(1)(ii) and (iii), the CMM must submit continuous, two-sided quotes in such option series, once the options series has opened, pursuant to Rule 804(e)(2)(iii). The Exchange believes that this proposed rule change will make clear the obligations of the PMM with respect to submitting Valid Width Quotes and thereafter, once an options series has opened, submitting continuous two-sided quotes, when a CMM may have already entered a quote to open an options series. The Exchange's proposal to add rule text to clearly specify the quoting obligations of a PMM and CMM during the Opening Process and once an option series has opened will provide greater clarity to the Opening Process and also to the interplay between quoting obligations during the Opening Process and intra-day quoting obligations noted within Rule 804.

#### *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. Once an options series has opened, [sic] a PMM continues to be responsible to enter Valid Width Quotes during the Opening Process and thereafter submit continuous, two-sided quotes in such options series pursuant to Supplementary Material .01 to Rule 804. Also, if an options series opened pursuant to GEMX Rule 701(c)(1)(ii) or (iii), a CMM shall be required to submit continuous, two-sided quotes in such option series, once an option series has opened, pursuant to Rule 804(e)(2)(iii). This proposed rule text makes clear that CMMs are required to submit continuous, two-sided quotes in such option series pursuant to Rule 804(e)(2)(iii), in the event an options series opened pursuant to Rule

701(c)(1)(ii) and (iii). The proposal provides greater clarity to the Opening Process and also to the interplay between quoting obligations during the Opening Process and intra-day quoting obligations noted within Rule 804.

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

No written comments were either solicited or received.

#### **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)(iii) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)<sup>10</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange requests that the Commission waive the 30-day operative delay. The Exchange represents that the proposed rule change would clarify the quoting obligations for both PMMs and CMMs during the Opening Process and the manner in which Rule 701, relating to the Opening Process, and Rule 804, relating to Market Maker quoting obligations, interact with each other. According to the Exchange, these obligations should be immediately clarified to prevent confusion and uncertainty for Market Makers quoting on the Exchange. For the reasons articulated by the Exchange, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission designates the proposed

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

rule change to be operative upon filing.<sup>11</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 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-GEMX-2017-56 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-GEMX-2017-56. 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

<sup>11</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-GEMX-2017-56 and should be submitted on or before January 10, 2018.

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

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

[FR Doc. 2017-27347 Filed 12-19-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82332; File No. SR-NYSE-2017-30]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 3, To Amend Section 102.01B of the NYSE Listed Company Manual To Provide for the Listing of Companies That List Without a Prior Exchange Act Registration and That Are Not Listing in Connection With an Underwritten Initial Public Offering and Related Changes to Rules 15, 104, and 123D

December 14, 2017.

On June 13, 2017, the New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”) <sup>1</sup> and Rule 19b-4 thereunder, <sup>2</sup> a proposed rule change to amend Section 102.01B of the NYSE Listed Company Manual to modify the provisions relating to the qualification of companies listing without a prior Exchange Act registration in connection with an underwritten initial public offering. The proposal also would (i) eliminate the requirement to have a private placement market trading price if there is a valuation from an independent third-

party of \$250 million in market value of publicly-held shares; (ii) amend Rule 15 to add a Reference Price for when a security is listed under Footnote (E) to Section 102.01B; (iii) amend Rule 104 to specify Designated Market Maker (“DMM”) requirements when a security is listed under Footnote (E) to Section 102.01B and there has been no trading in the private market for such security; and (iv) amend Rule 123D to specify that the Exchange may declare a regulatory halt in a security that is the subject of an initial listing on the Exchange.

The proposed rule change was published for comment in the **Federal Register** on June 20, 2017.<sup>3</sup> The Commission received one comment in response to the Original Notice.<sup>4</sup> The Exchange filed Amendment No. 1 to the proposed rule change on July 28, 2017, which, as noted below, was later withdrawn. On August 3, 2017, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to September 18, 2017.<sup>5</sup>

On August 16, 2017, the Exchange withdrew Amendment No. 1 and filed Amendment No. 2 to the proposed rule change, which superseded and replaced the proposed rule change in its entirety.<sup>6</sup> The Commission published Amendment No. 2 for comment in the **Federal Register** on August 24, 2017.<sup>7</sup> On September 15, 2017, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 2.<sup>8</sup> Following the Order Instituting Proceedings, the Commission received one additional comment letter.<sup>9</sup> On December 8, 2017, the Exchange filed Amendment No. 3 to the proposed rule

change, which superseded and replaced the proposed rule change in its entirety.

Section 19(b)(2) of the Act <sup>10</sup> provides that, after initiating 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 the 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 the reasons for such determination. The proposed rule change was published for notice and comment in the **Federal Register** on June 20, 2017.<sup>11</sup> The 180th day after publication of the Original Notice is December 17, 2017. The Commission is extending the time period for approving or disapproving the proposal for an additional 60 days.

The Commission finds that it is 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 the proposed rule change, as modified by Amendment No. 3. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> designates February 15, 2018 as the date by which the Commission should either approve or disapprove the proposed rule change (File No. SR-NYSE-2017-30), as modified by Amendment No. 3.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

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

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**BILLING CODE 8011-01-P**

<sup>3</sup> See Securities Exchange Act Release No. 80933 (June 15, 2017), 82 FR 28200 (June 20, 2017) (“Original Notice”).

<sup>4</sup> See letter to the Commission from James J. Angel, Ph.D., CFA, Georgetown University, dated July 28, 2017.

<sup>5</sup> See Securities Exchange Act Release No. 81309 (August 3, 2017), 82 FR 37244 (August 9, 2017).

<sup>6</sup> See Notice, *infra* note 7, at n. 8, which describes the changes proposed in Amendment No. 2 from the original proposal.

<sup>7</sup> See Securities Exchange Act Release No. 81440 (August 18, 2017), 82 FR 40183 (August 24, 2017) (“Notice”).

<sup>8</sup> See Securities Exchange Act Release No. 81640 (September 15, 2017), 82 FR 44229 (September 21, 2017) (“Order Instituting Proceedings”).

<sup>9</sup> See letter to Brent J. Fields, Commission, from Cleary Gottlieb Steen & Hamilton, dated October 12, 2017.

<sup>10</sup> 15 U.S.C. 78s(b)(2).

<sup>11</sup> See *supra* note 3.

<sup>12</sup> 15 U.S.C. 78s(b)(2).

<sup>13</sup> 17 CFR 200.30-3(a)(57).

<sup>12</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.