

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 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-EMERALD-2020-04, and should be submitted on or before April 30, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**J. Matthew DeLesDernier,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88558; File No. SR-CboeBZX-2020-007]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Eliminate the Requirement That an Intraday Indicative Value Be Disseminated as Set Forth Under Rule 14.11(c) for Certain Series of Index Fund Shares and Under Rule 14.11(i) for All Series of Managed Fund Shares

April 3, 2020.

#### I. Introduction

On February 14, 2020, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to eliminate the requirements that an intraday indicative value be disseminated under Rule 14.11(c) (Index Fund Shares) for certain series of Index Fund Shares and under Rule 14.11(i) (Managed Fund Shares) for all series of Managed Fund Shares. The proposed rule change was published for comment in the **Federal Register** on February 27, 2020.<sup>3</sup> On March 18, 2020, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission has received no comments on the proposal. This order approves the proposed rule change, as modified by Amendment No. 1.

#### II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

BZX Rules 14.11(c) and 14.11(i) govern the listing and trading of Index Fund Shares and Managed Fund Shares, respectively, on the Exchange. BZX Rules 14.11(c)(3)(C), (c)(6)(A), and (c)(9)(B)(i)(e) as well as BZX Rules 14.11(i)(4)(B)(i) and (i)(4)(B)(iii)(b) require that an intraday estimate of the value of a share of each series ("IIV") be disseminated and updated at least every 15 seconds. The Exchange proposes to eliminate the requirement to disseminate an IIV for all series of

Managed Fund Shares and for each series of Index Fund Shares that publishes its "Portfolio Holdings"<sup>5</sup> on its website on a daily basis. The Exchange also proposes to make corresponding changes to the Managed Fund Shares listing standards to remove the term "Intraday Indicative Value" from the definitional section and to eliminate the provisions relating to halting trading in a series of Managed Fund Shares when there is an interruption to the dissemination of the shares' IIV.

#### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act and rules and regulations thereunder applicable to a national securities exchange.<sup>6</sup> In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,<sup>7</sup> which requires, among other things, that the Exchange's rules be 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.

As discussed above, BZX proposes to eliminate the IIV dissemination requirement for all series of Managed Fund Shares, all of which are subject to a portfolio dissemination requirement,<sup>8</sup>

<sup>5</sup> The Exchange is proposing to define "Portfolio Holdings" as the holdings of a particular series of Index Fund Shares that will form the basis for the calculation of its net asset value at the end of the business day, and includes the following information, to the extent applicable: (i) Ticker symbol; (ii) CUSIP or other identifier; (iii) description of the holding; (iv) identity of the security, commodity, index, or other asset upon which the derivative is based; (v) the strike price for any options; (vi) the quantity of each security or other asset held as measured by: (a) Par value; (b) notional value; (c) number of shares; (d) number of contracts; and (e) number of units; (vii) maturity date; (viii) coupon rate; (ix) effective date; (x) market value; and (xi) percentage weighting of the holding in the portfolio. See proposed BZX Rule 14.11(c)(1)(F).

<sup>6</sup> In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>8</sup> See BZX Rule 14.11(i)(4)(B)(ii)(a) (requiring that the Disclosed Portfolio for a series of Managed Fund Shares be disseminated at least once daily and be made available to all market participants at the same time; and BZX Rule 14.11(i)(4)(B)(iii)(b) (requiring that the Exchange consider suspension of trading in and commence delisting proceedings for a series of Managed Fund Shares where the

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

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

<sup>3</sup> See Securities Exchange Act Release No. 88259 (February 21, 2020), 85 FR 11419 ("Notice").

<sup>4</sup> In Amendment No. 1, the Exchange made various technical changes. Accordingly, Amendment No. 1 is not subject to notice and comment. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-cboebzx-2020-007/srcboebzx2020007-6993239-214728.pdf>.

<sup>30</sup> 17 CFR 200.30-3(a)(12).

and for those series of Index Fund Shares that publish their Portfolio Holdings on a daily basis.<sup>9</sup> The Exchange's proposal is narrowly tailored to series of exchange-traded funds ("ETFs") with daily portfolio holdings disclosure. The Commission believes that the transparency that comes from daily portfolio holdings disclosure should provide market participants with sufficient information to facilitate the intraday valuation of the shares of a series of Managed Fund Shares or Index Fund Shares without the additional requirement to disseminate an IIV.<sup>10</sup>

Accordingly, the Commission believes that the proposed rule change, as modified by Amendment No. 1, is designed to, among other things, remove impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act<sup>11</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>12</sup> that the proposed rule change (SR-CboeBZX-2020-007), as modified by Amendment No. 1, be, and it hereby is, approved.

Disclosed Portfolio is not made available to all market participants at the same time).

<sup>9</sup> Under BZX's Index Fund Shares listing rule, only certain series of Index Fund Shares are required to disclose their portfolio holdings daily. See BZX Rule 14.11(c)(1)(B)(iv).

<sup>10</sup> The Commission notes that last year it adopted Rule 6c-11 under the Investment Company Act of 1940 ("1940 Act") to permit ETFs that satisfy certain conditions to operate without obtaining an exemptive order from the Commission under the 1940 Act. See Investment Company Act Release No. 33646 (September 25, 2019), 84 FR 57162, 57180 (October 24, 2019) ("Adopting Release"). See also 17 CFR 270.6c-11. Rule 6c-11 does not require ETFs to disseminate an IIV as a condition for reliance on the rule. In the Adopting Release, the Commission stated that dissemination of an IIV "is not necessary to support the arbitrage mechanism for ETFs that provide daily portfolio holdings disclosure." See Adopting Release at 57179-80. Instead, the daily portfolio holdings disclosure required by the rule "will provide market participants with the relevant data to input into their internal algorithms and thus allow them to determine if arbitrage opportunities exist." See *id.*

<sup>11</sup> 15 U.S.C. 78f(b)(5).

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

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88556; File No. SR-FINRA-2020-010]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Compliance Date for SR-FINRA-2019-014

April 3, 2020.

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 April 1, 2020, Financial Industry Regulatory Authority, Inc. ("FINRA") 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 FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to provide members with additional time to comply with the amendments adopted by SR-FINRA-2019-014 related to transactions in U.S. Treasury Securities executed to hedge certain primary market transactions.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA 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

On June 21, 2019, the SEC approved SR-FINRA-2019-014, which amended FINRA Rule 6730 (Transaction Reporting) to: (a) provide members until the close of TRACE System Hours on the next business day (*i.e.*, until 6:29:59 p.m. ET on T+1) to report transactions in U.S. Treasury Securities<sup>4</sup> executed to hedge a P1<sup>5</sup> transaction, and (b) require members to append a new trade modifier when reporting TRACE transactions in U.S. Treasury Securities that are executed to hedge a P1 transaction.<sup>6</sup> On September 19, 2019, FINRA published *Regulatory Notice 19-30* announcing SEC approval of the proposed rule change and establishing an effective date of June 1, 2020.<sup>7</sup>

In light of significant impacts that the spread of coronavirus disease (COVID-19) may have on member firms, FINRA is extending the effective date of the amendments adopted by SR-FINRA-2019-014 related to U.S. Treasury

<sup>4</sup> Rule 6710(p) defines a "U.S. Treasury Security" as "a security, other than a savings bond, issued by the U.S. Department of the Treasury to fund the operations of the federal government or to retire such outstanding securities." The term "U.S. Treasury Security" also includes separate principal and interest components of a U.S. Treasury Security that has been separated pursuant to the Separate Trading of Registered Interest and Principal of Securities ("STRIPS") program operated by the U.S. Department of Treasury.

<sup>5</sup> "List or Fixed Offering Price Transactions" and "Takedown Transactions," which are identified with the "P1" modifier, generally are primary market sale transactions on the first day of trading of a security: (i) By a sole underwriter, syndicate manager, syndicate member or selling group member at the published or stated list or fixed offering price (or, for Takedown Transactions, at a discount from the published or stated list or fixed offering price) or (ii) in the case of primary market sale transactions effected pursuant to Securities Act Rule 144A, by an initial purchaser, syndicate manager, syndicate member or selling group member at the published or stated fixed offering price (or, for Takedown Transactions, at a discount from the published or stated fixed offering price). See Rule 6710(q) and (r).

<sup>6</sup> See Securities Exchange Act Release No. 86178 (June 21, 2019), 84 FR 30783 (June 27, 2019) (Order Approving File No. SR-FINRA-2019-014).

<sup>7</sup> See *Regulatory Notice 19-30* (SEC Approves Amendments Relating to Transactions in U.S. Treasury Securities Executed to Hedge a Primary Market Transaction) (September 19, 2019).

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

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).