

Dated at Rockville, Maryland, this 18th day of April, 2019.

For the Nuclear Regulatory Commission.

Denise L. McGovern,
Policy Coordinator, Office of the Secretary.
[FR Doc. 2019-08131 Filed 4-18-19; 4:15 pm]

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SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736.

Extension:

Rule 701, SEC File No. 270-306, OMB Control No. 3235-0522.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below.

Rule 701 (17 CFR 230.701) under the Securities Act of 1933 ("Securities Act") (15 U.S.C. 77a *et seq.*) provides an exemption for certain issuers from the registration requirements of the Securities Act for limited offerings and sales of securities issued under compensatory benefit plans or contracts. The purpose of Rule 701 is to ensure that a basic level of information is available to employees and others when substantial amounts of securities are issued in compensatory arrangements. Information provided under Rule 701 is mandatory. We estimate that approximately 800 companies annually rely on the Rule 701 exemption and that it takes 2 hours to prepare each response. We estimate that 25% of the 2 hours per response (0.5 hours) is prepared by the company for a total annual reporting burden of 400 hours (0.5 hours per response $\times$ 800 responses).

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The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549 or send an email to: PRA.Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 17, 2019.

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2019-08035 Filed 4-19-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85657; File No. SR-CBOE-2019-017]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Update Defined Terms in Its Rules, Delete Obsolete and Redundant Language, and Make Other Nonsubstantive Changes

April 16, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 10, 2019, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to update defined terms in its Rules, delete obsolete and redundant language, and make other nonsubstantive changes. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 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

Rule 1.1 currently contains definitions of terms used throughout the Cboe Options Rules. Each defined term is currently contained in a lettered paragraph within Rule 1.1. The proposed rule change first puts the defined terms in alphabetical order so that market participants can better locate defined terms within the Rules.

The proposed rule change also moves certain defined terms from other Rules to Rule 1.1, adds certain defined terms, makes certain nonsubstantive changes to existing definitions, and makes the changes described in the following table. The proposed rule change makes changes throughout the Rules to conform to the changes to defined terms.⁵

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ For example, the proposed rule change deletes the definition of "National Spread Market" from

Rule 6.25, Interpretation and Policy .07(b), and deletes the definition of "Exchange Spread Market" from Rule 6.53C, Interpretation and Policy .06(b)(2), as each term is defined in Rule 1.1.

Defined term	Provision	Current Cboe options rule	Description of change.
Aggregate Exercise Price.	the exercise price of an option contract multiplied by (a) for equity options, the number of units of the underlying security or (b) for index options, the index multiplier for the underlying index covered by the option contract.	1.1(t) and 24.1(c)	Applied the definition to index options and delete redundant definition in Rule 24.1(c).
American-Style Option.	option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised on any business day prior to and on its expiration date..	1.1(vv)	No change to definition, but delete redundant definitions in Rule 24.1(m).
BBO	the best bid or offer disseminated on the Exchange	6.45(a)(ii)(c)(2) and other Rules.	Moved to Rule 1.1.
Bid	the price of a limit order or quote to buy one or more options contracts.	N/A	Added to Rule 1.1. ⁶
Board	the Exchange's Board of Directors	N/A (Board of Directors is currently referenced throughout the Rules).	Added to Rule 1.1.
Book and Simple Book.	electronic book of simple orders and quotes maintained by the System.	1.1(rrr)	Adding that Book may also be referred to as Simple Book.
Call	an option contract under which the holder of the option has the right, in accordance with the terms of the option and the Rules of the Clearing Corporation, to purchase from the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.	1.1(o) and 24.1(b)	Added clarifying language and applied the definition to index options; ⁷ deletes redundant definition in 24.1(b).
Capped-Style Option.	option contract that is automatically exercised when (a) for equity options, the cap price is reached or (b) for index options, the cap price is less (greater) than or equals the closing index value for calls (puts). If this does not occur prior to expiration, it may be exercised, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, only on its expiration date; CAPS TM refers to capped-style options traded on the Exchange.	1.1(ww) and 24.1(o)	No change; delete redundant definition in 24.1(o).
Class and Hybrid Class.	all option contracts with the same unit of trading covering the same underlying security or index.	1.1(q)	Deletes unnecessary reference to options, given only options trade on the Exchange; applies the definition to index option; deletes that a class means options of the same type (currently defined as put or call), as a class is comprised of both puts and calls; adds that a class is comprised of option contracts with the same unit of trading covering the same underlying security or index (discussed below). ⁸
Clearing Corporation and OCC.	Options Clearing Corporation	1.1(d)	Adding that the Clearing Corporation may also be referred to as OCC.
Clearing Trading Permit Holder.	a Trading Permit Holder that has been admitted to membership in the Clearing Corporation pursuant to the provisions of the rules of the Clearing Corporation and is self-clearing or that clears transactions for other Trading Permit Holders.	1.1(f)	Added that Clearing Trading Permit Holders self-clear or clear on behalf of others (consistent with Cboe Options today). ⁹
Commission and SEC.	U.S. Securities and Exchange Commission	3.1(a)(vi) and other Rules ..	Moved to Rule 1.1 and adding that the Commission may also be referred to as SEC.

Defined term	Provision	Current Cboe options rule	Description of change.
Complex Order	order involving the concurrent execution of two or more different series in the same class (the “legs” or “components” of the order), for the same account, occurring at or near the same time and for the purpose of executing a particular investment strategy with no more than the applicable number of legs (which number the Exchange determines on a class-by-class basis); the Exchange determines in which classes complex orders are eligible for processing; unless the context otherwise requires, the term complex order includes stock-option order and security future-option order; for purposes of electronic trading, the term “complex order” has the meaning set forth in Rule 6.53C; for purposes of Rules 6.9, 6.42, 6.45(b), and 6.74, the term “complex order” means a spread order, combination order, straddle order, or ratio order (each as defined in Rule 6.53), a stock-option order, a security future-option order, or a complex order as defined Rule 6.53C.	6.42 and 6.53C(a)(1)	Added general definition of complex order; ¹⁰ the definition of complex order with respect to Rules 6.9, 6.42, 6.45, and 6.74 is limited pursuant to those Rules, so the proposed definition notes the limitations currently set forth in those Rules (and deletes them from the specified Rules); clarified that complex orders for the purpose of electronic processing have a different definition. ¹¹
Customer	Public Customer or broker-dealer	N/A	Added to Rule 1.1; new definition in the Rules, but concept of customers exists throughout current Rules (including in priority rules).
Customer Order	agency order for the account of a Customer	N/A	Added to Rule 1.1.
DEA	designated examining authority	3.6A(b) and others	Moved to Rule 1.1.
Discretion	authority of a broker or dealer to determine for a Customer the type of option, class or series of options, the number of contracts, or whether options are to be bought or sold.	N/A	Added to Rule 1.1; ¹² concept of broker discretion contained in various Rules (see, e.g., Rule 6.75).
DPM Designee	has the meaning set forth in Rule 8.81	8.81	Added to Rule 1.1 a reference to the definition.
Equity Option ...	option on an equity security (including Units (or ETFs) or Index-Linked Securities (or ETNs)).	N/A (equity options permitted by Chapter 5).	Added to Rule 1.1, and clarifying that equity options includes options on ETFs and ETNs (both of which are permitted to be listed pursuant to Rule 5.3).
European-Style option.	option contract that, subject to the provisions of Rule 11.1 (relating to the cutoff time for exercise instructions) and to the Rules of OCC, may be exercised only on its expiration date.	1.1(uu) and 24.1(k)	No change to definition, but delete redundant definitions in Rule 24.1(k).
Exchange or Cboe Options.	Cboe Exchange, Inc	N/A (but referenced throughout).	Added to rule 1.1.
Exchange Act ..	Securities Exchange Act of 1934, including rules and regulations thereunder.	1.1	Added rules and regulations, to which the Exchange is also subject.
Exercise Price	the specified price per unit at which (a) for equity options, the underlying security or (b) for index options, current index value may be purchased or sold upon the exercise of an option contract.	1.1(s) and 24.1(d)	Applied the definition to index options; deletes redundant definition in Rule 24.1(d).
Expiration Date	third Friday of expiration month	1.1	Deleted language about series that expire on Saturday rather than Friday, as no more grandfathered series are listed on the Exchange.
FINRA	Financial Industry Regulatory Authority, Inc	17.2, Interpretation and Policy .05 and other Rules.	Added to Rule 1.1.
Floor Broker	has the meaning set forth in Rule 6.70	6.70	Added to Rule 1.1 a reference to the definition.
He, Him, His	deemed to refer to persons of female as well as male gender and to include organizations, as well as individuals, when the context requires.	N/A	Added to Rule 1.1.
Index-Linked Security or ETN.	shares or other securities traded on a national securities exchange and defined as an “NMS stock” as set forth in Interpretation and Policy .13.	5.3, Interpretation and Policy .13.	Added to Rule 1.1.
Index Option	option on a broad-based, narrow-based, micro narrow-based or other index of equity securities prices.	N/A (index options permitted by Chapter 24).	Added to Rule 1.1.
Lead Market-Maker or LMM.	has the meaning set forth in Rule 8.15	8.15	Added to Rule 1.1 a reference to the definition.
Limit Up-Limit Down State.	has the meaning set forth in Rule 6.3A	6.3A	Added to Rule 1.1 a reference to the definition.
Market-Maker ..	has the meaning set forth in Rule 8.1	8.1	Added to Rule 1.1 a reference to the definition.

Defined term	Provision	Current Cboe options rule	Description of change.
NBB, NBO, and NBBO.	the national best bid, the national best offer, and the national best bid or offer the Exchange calculates based on market information it receives from OPRA.	6.80 (referenced throughout the Rules).	Added to Rule 1.1.
NMS Stock	has the meaning set forth in Rule 600 of Regulation NMS of the Exchange Act.	5.3(a)(1) and other Rules ..	Added to Rule 1.1.
Notional Value	value calculated by multiplying the number of contracts (contract size multiplied by the contract multiplier) in an order by the order's limit price.	6.25(e)(1)(C)	Added to Rule 1.1.
Offer	the price of a limit order or quote to sell one or more option contracts.	N/A	Added to Rule 1.1. ¹³
OLPP	Options Listing Procedures Plan	5.5A	Moved to Rule 1.1.
OPRA	Options Price Reporting Authority	6.43	Moved to Rule 1.1.
Options Principal.	person engaged in the management and supervision of the TPH's business pertaining to option contracts that has responsibility for the overall oversight of the TPH's options-related activities on the Exchange.	N/A (but term used in various Rules).	Added to Rule 1.1. ¹⁴
Order	firm commitment to buy or sell option contracts	1.1(ooo) and 6.53	Moved market order and limit order definitions to Rule 1.1. ¹⁵
Order Service Firm.	has the meaning set forth in Rule 6.77	6.77	Added to Rule 1.1 a reference to the definition.
PAR Official	has the meaning set forth in Rule 6.12B	6.12B	Added to Rule 1.1 a reference to the definition.
Preferred Market-Maker or PMM.	has the meaning set forth in Rule 8.13	8.13	Added to Rule 1.1 a reference to the definition.
Put	option contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the Clearing Corporation, to sell to the Clearing Corporation (a) for equity options, the number of units of the underlying security covered by the option contract, at a price per unit equal to the exercise price, or (b) for index options, the current index value times the index multiplier upon the timely exercise of the option.	1.1(n) and 24.1(a)	Added clarifying language and applied the definition to index options; ¹⁶ deletes redundant definition in Rule 24.1(a).
Reporting authority.	with respect to a particular index, the institution or reporting service designated by the Exchange as the official source for calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and reporting such level.	24.1(h)	Moved from 24.1(h).
Series or Series of Options.	all option contracts of the same class that are the same type of option and have the same exercise price, and expiration date.	1.1	Clarified that a series consists of options of the same type (i.e., options with the same exercise price and date that are calls are a series, and options with the same exercise price and date that are puts are another series).
Sponsored User.	has the meaning set forth in Rule 6.20A	6.20A	Added to Rule 1.1 a reference to the definition.
System or Hybrid Trading System.	the Exchange's trading platform that allows Market-Makers to submit electronic quotes in their appointed classes and any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub.	1.1(aaa)	As discussed below, deletes reference to Hybrid 3.0 platform and indicates it may be referred to as System in addition to Hybrid Trading System.
Trading Session.	hours during which the Exchange is open for trading for Regular Trading Hours or Global Trading Hours, each as defined in Rule 6.1.	6.1 and 6.1A	Added to Rule 1.1.
Transaction or Exchange transaction.	transaction involving a contract effected on or through the Exchange or its facilities or systems.	1.1(l)	Updated and simplified the definition to conform to the definition of transaction in C2 Rule 1.1.
UIT Interest	share, unit, or other interest in or relating to a unit investment trust, including any component resulting from the subdivision or separation of such an interest.	1.1(rr) and Interpretation and Policy .01.	Combined definition and types of UIT interests into a single term.
Unit or ETF	shares or other securities traded on a national securities exchange and defined as an "NMS stock" as set forth in Interpretation and Policy .06.	5.3, Interpretation and Policy .06 and 5.8(b).	Added to Rule 1.1.
Unit of Trading	defined in Rule 6.40	6.40	Added to Rule 1.1 a reference to the definition.
Web CRD	the Central Registration Depository operated by FINRA	2.23, Interpretation and Policy .02 and other Rules.	Moved to 1.1.

As noted above, the proposed rule change amends the definition of class to mean all option contracts with the same unit of trading (including adjusted series as determined by OCC) covering the same underlying security or index. The current definition states a class consists of options of the same type, which is defined as either a put or a call. This definition of class corresponds to the definition as used when options trading began on the Exchange in the 1970s. However, as options trading grew, the term class became understood to include both puts and calls. This is consistent with current industry use of the term “class” and use of the term class throughout the Exchange’s Rules. Because a class is generally understood to include both puts and calls, which are types of series, not separate classes, the current definition of class is outdated. As described above, options with the same exercise price and expiration date that are puts constitute one series, and options with the same exercise price and expiration date that are calls constitute another series. Additionally, there are some exceptions for options that cover the same

underlying but constitute a separate class, and the proposed definition incorporates this concept.¹⁷ For example, mini-options cover the same underlying security as standard options, but are considered as separate class since they have a different deliverable (10 shares of the underlying security rather than 100 shares of the underlying security, respectively). Additionally, when OCC adjusts series in connection with corporate actions (see Rule 5.7), it announces whether those series are part of the same existing class or a new class covering the same underlying security. The concept of unit of trading more accurately describes the series that constitute a class (e.g., the unit of trading for a mini-option is 10, and the unit of trading for a standard option is 100, making each a separate class under the proposed definition). The proposed definition accounts for these exceptions, and is a more accurate definition of what options constitute a class today on the Exchange.¹⁸

The proposed rule change alphabetizes the terms in Rule 6.53. In addition, the proposed rule change conforms the definition of ISO to the definition of ISO in C2 Rule 1.1 and moves the language regarding how ISOs are not eligible for processing under Rule 6.14A to that Rule. The proposed rule change amends the definition of a stop order to eliminate the reference to a trade on the Cboe Options floor, as the triggering trade may occur electronically (if the Exchange enables stop orders for electronic trading pursuant to Rule 6.53). The proposed rule change amends the definitions of FOK and IOC to provide that each may execute electronically in addition to in open outcry.

The proposed rule change also adds the following order times-in-force to Rule 6.53:

(a) *Day*: The term “Day” means, for an order so designated, an order to buy or sell that, if not executed, expires at the close of trading. While the term is not currently defined in the Rules, Day

orders are currently referenced in various Rules and is consistent with current functionality.¹⁹

(b) *Good-til-Cancelled* or *GTC*: The terms “Good-til-Cancelled” or “GTC” mean, for an order so designated, if after entry into the System, the order is not fully executed, the order (or unexecuted portion) remains available for potential display or execution (with the same timestamp) unless cancelled by the entering User, or until the option expires, whichever comes first. While the term is not currently defined in the Rules, GTC orders are currently referenced in various Rules and is consistent with current functionality.²⁰

The proposed rule change deletes “One-Cancels-the-Other” from current Rule 6.53(h). A one-cancels-the-other order consists of two or more orders treated as a unit. The Execution of any one of the orders causes the others to be cancelled. The Exchange no longer offers this order instruction for any class, and does not intend to in the future. The proposed rule change makes conforming changes throughout the Rules to delete this term. The proposed rule change also moves the provisions in Rule 6.53, Interpretation and Policy .01 to proposed Rule 6.45(d), and moves the provisions in Rule 6.53, Interpretation and Policy .02 to Rule 6.24(a)(5).

The proposed rule change makes nonsubstantive changes to the introductory language of Rule 6.53 to provide that the Exchange determines which order types are available (or not available) on a class-by-class and system-by-system basis. This is consistent with the flexibility currently provided by Rule 6.53.²¹

The proposed rule change amends Rule 6.12A(c) to state that, in addition to the orders that may not route to PAR pursuant to Rule 6.12A(c), orders may not be eligible to route to PAR if the Rules or context otherwise requires. For example, there are certain order types not currently listed in Rule 6.12A(c) that may not route to PAR by their terms.²² Which orders may route to PAR are listed on the Exchange’s website.²³ The proposed rule change ensures consistency throughout the Rules.

¹⁹ See, e.g., Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.

²⁰ See Rule 6.53C(c)(iii). The proposed definition of Day is the same as the definition of Day in C2 Rule 1.1.

²¹ The proposed rule change is also substantively the same as C2 Rule 6.10.

²² See, e.g., electronic-only order, opening rotation order.

²³ See <https://www.cboe.org/publish/opsettingsrth/operational-settings-for-rth.pdf>.

⁶ The proposed definition is consistent with the industry term “bid” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(6).

⁷ The proposed definition is the same as the definition of call in C2 Rule 1.1 and EDGX Rule 16.1(a)(12).

⁸ The proposed rule change is the same as the definition of class in C2 Rule 1.1.

⁹ The proposed rule change is the same as the definition of Clearing Trading Permit Holder in C2 Rule 1.1.

¹⁰ The proposed rule change is substantially similar the definition of complex orders that are permitted in open outcry of other exchanges. See, e.g. BOX Exchange LLC (“BOX”) Rule 7600(a)(4); and Nasdaq Phlx, LLC (“Phlx”) Rule 1098(a)(i) and (c)(iii).

¹¹ The proposed rule change has no impact on the trading, minimum increment, or priority of complex orders.

¹² The proposed rule change is substantively the same as the definition of discretion in C2 Rule 1.1 and EDGX Rule 16.1(a)(21).

¹³ The proposed definition is consistent with the industry term “offer” and is the same as the definition of bid in C2 Rule 1.1 and EDGX Rule 16.1(a)(30).

¹⁴ The proposed definition is the same as the definition of Options Principal in C2 Rule 1.1.

¹⁵ The proposed rule change deletes the concept of “reaching a post” with respect to a market order, as that is solely related to floor trading and also an obsolete term. Market orders may trade on the floor or electronically, and trade at the best price available at the time of execution (either on the trading floor or in the System). The proposed rule change adds that a limit order to buy (sell) is marketable when, at the time it enters the System or is represented on the trading floor, the order is equal to or higher (lower) than the then-current offer (bid), which is substantively the same as the definition of limit order in C2 Rule 1.1.

¹⁶ The proposed definition is the same as the definition of put in C2 Rule 1.1 and EDGX Rule 16.1(a)(49).

¹⁷ The proposed definition is the same as the definition of class in C2 Rule 1.1. The proposed definition with respect to the phrase “unit of trading” is consistent with the OCC definition of that term (the Exchange notes the OCC definition continues to remain outdated, as it still refers to a class consisting of contracts of the same type (OCC By-Laws Article I, C.(11)). See OCC By-Laws Article 1, U.(5)(a unit of trading. The proposed definition of unit of trading is consistent with Rule 6.40.

¹⁸ The proposed rule change makes conforming changes to Rule 4.11, Interpretation and Policy .01(a) and 24A.7(a)(4), which currently contain references to class as being puts only or calls only. The term class with respect to these Rules regarding position limits is currently interpreted to mean both puts and calls, as described by the proposed definition of class.

Various Rules provide the Exchange will generally announce any determinations pursuant to those Rules by Regulatory Circular. The Exchange announces determinations in a variety of ways, including Regulatory Circular and Exchange Notice. Proposed Rule 1.2 states the Exchange will announce to Trading Permit Holders all determinations it makes pursuant to the Rules via (a) specifications, Notices, or Regulatory Circulars with appropriate advanced notice, which will be posted on the Exchange's website, (b) electronic message, or (c) other communication method as provided in the Rules. To the extent the Rules provide the Exchange will announce a determination via Regulatory Circular, the Exchange may announce such determination via Notice. Proposed Rule 1.2 makes clear this information will be available on C2's website in an easily accessible manner, regardless of the manner in which the Exchange announces it. Additionally, certain determinations are made more real-time pursuant to electronic message received by Trading Permit Holders (e.g., providing intra-day relief for parameter settings in price protection mechanisms described in proposed Rule 6.14, Interpretation and Policy .01, other determinations related to need to maintain fair and orderly market). This single rule simplifies the Rules by eliminating the need to repeatedly state in the rules how the Exchange will announce determinations.²⁴

The proposed rule change also deletes various Rules that are no longer necessary or in use. First, the proposed rule change deletes various Rules from Chapter II.²⁵ Current Rule 2.1 provides that the Board of Directors will have certain specified committees as well as other committees it establishes in accordance with the Bylaws and the Rules. Current Rule 2.2 provides the Board with the power to review Exchange decisions. The Exchange's Bylaws describe all of the Board's authority, include its authority to establish committees and to oversee the Exchange's activities.²⁶ Therefore, Rules

2.1 and 2.2 are redundant and unnecessary to include in the Rules, and the proposed rule change deletes them. Pursuant to the Bylaws, the Board will continue to retain the same authority as provided by these Rules. The Exchange notes other options exchanges do not contain similar rules.

Current Rule 2.15 describes divisions that the Exchange must have. This Rule relates to the corporate and operational structure of the Exchange, which is within the authority and discretion of Exchange management, and does not relate to the how the Exchange operates or regulates its market. Therefore, the proposed rule change deletes this rule. Exchange management will continue to have the authority to determine the Exchange's corporate structure in the same manner as it does today. The Exchange notes other options exchanges do not contain similar rules.

Current Rule 2.22 provides the Exchange may, from time to time, fix and impose fees and charges other than those provided for by current Rule 2.20 to be paid to the Exchange or to an organization designated by the Exchange by Trading Permit Holders or by categories of Trading Permit Holders with respect to applications, registrations, approvals, use of Exchange facilities, or other services or privileges granted. However, current Rule 2.20 provides that the Exchange may fix, from time to time, fees and charges payable by Trading Permit Holders. This provision would include the fees and charges that the Exchange may impose pursuant to Rule 2.22, and thus Rule 2.22 is redundant. Therefore, the Exchange proposes to delete current Rule 2.22.

The proposed rule change renumbers the remaining Rules in Chapter II—current Rules 2.20, 2.23, 2.24, and 2.51—to be Rules 2.1, 2.2, 2.3, and 2.4, respectively. The proposed rule change also makes nonsubstantive changes to these Rules (including to make the Rules plain English and update paragraph lettering). The proposed rule change also updates cross-references as necessary throughout the Rules.

The following rules contain language that the C2 board of directors may make certain trading decisions:

- Rules 5.3(b) and Interpretation and Policy .01 and 5.4, Interpretation and Policy .01, which state the Board may establish guidelines the Exchange considers when evaluating potential underlying securities for options transactions, and that the Board may establish guidelines to be considered when the Exchange determines whether an underlying security previously approved for Exchange option

transactions no longer meets its requirements for the continuance of such approval.²⁷

- Rules 6.1, 21.10, and 24.6, which states the Board determines trading hours and Exchange holidays.²⁸

- Rule 6.6(d), which provides the Board must approve any Exchange restriction on the entry of stop, stop-limit, or market-if-touched orders whenever market conditions warrant, if such restriction is to be effective more than two consecutive business days.

- Rule 6.17, which permits the Board to designate persons other than the CEO or President to halt or suspend trading and take other action if necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, due to emergency conditions, and requires the person taking action to notify the Board of actions taken pursuant to that Rule.

- Rule 8.7(d)(iv), which states an official designated by the Board may call upon a Market-Maker to submit a quote or maintain continuous quotes in a series of a class to which the Market-Maker is appointed.

- Rule 8.87, which permits the board to establish a participation entitlement formula applicable to DPMs.

These decisions relate to Exchange trading and operations, and thus are made by Exchange management, rather than the Board, which generally is not involved in determinations related to day-to-day operations of the Exchange. Therefore, the proposed rule change modifies these provisions to indicate the Exchange or senior Exchange officials, as applicable, will make these determinations rather than the Board. The Exchange notes pursuant to corresponding C2 and EDGX rules, those exchanges or senior exchange officials makes those determinations rather than the exchange's board.

²⁷ The proposed rule change also deletes the provision in Rule 5.3(b) that states, in exceptional circumstances, an underlying security may be approved by the Exchange even though it does not meet all the guidelines. Rule 5.3, Interpretation and Policy .01 already provides that the guidelines set forth in that interpretation and policy must be met except in exception circumstances, and therefore the provision in Rule 5.3(b) is redundant.

²⁸ The proposed rule change also restructures Rule 6.1 to more clearly present the Regular and Global Trading Hours for options on securities and indexes, as well as identify other Rules that contain trading hours for different option products, as well as to make nonsubstantive changes (such as making the Rule plain English). Additionally, because Rule 6.1 references other Rules related to trading hours of different option products, the proposed rule change amends certain of those Rules to delete provisions that state those Rules replace or supplement Rule 6.1, as those Rules are part of Rule 6.1 by reference. See Rule 21.10, 28.9, and 29.11.

²⁴ Proposed Rule 1.2 is substantively the same as C2 Rule 1.2.

²⁵ As a result of these deletions, the only remaining Rules in Chapter II relate to fees and charges imposed on Trading Permit Holders. The proposed rule change therefore renames Chapter II as "Fees and Other Charges" and deletes the different "parts" of Chapter II that are no longer necessary.

²⁶ See Bylaws Section 3 (providing the Board with, among other things, all powers necessary for the management of the business and affairs of the Exchange, the authority to exercise all power of the Exchange, and the authority make decisions as it deems necessary or appropriate) and Article IV (describing committees of the Board).

The proposed rule change deletes the following obsolete rules or redundant Rules and related provisions:

- *Hybrid 3.0*: The Rules currently provide that the Exchange has two trading platforms, and the Exchange determines on which platform each class of options will trade.²⁹ Currently, the Exchange has determined that all option classes trade on the Hybrid Trading System, and no option classes trade on the Hybrid 3.0 Platform.³⁰ The Exchange has no intention of trading any option classes on the Hybrid 3.0 Platform in the future. Therefore, the proposed rule change deletes all rule provisions related to and references to the Hybrid 3.0 Platform, as well as the concept of multiple trading platforms.³¹

- *Order Book Officials*: Recently, the Exchange deleted Rules related to Order Book Officials, who were Exchange employees responsible for maintaining the book with respect to classes assigned to them, effecting proper executions of orders placed with them, displaying bids and offers, and monitoring the market for classes assigned to them. The Exchange currently has no employees designated as, and does not intend to designate any employees as, Order Book Officials, as Order Book Official functions are generally obsolete now that most trading occurs electronically.³² Several references to Order Book Officials were inadvertently left in the Rules, and the proposed rule change deletes those references.³³

- *Quote Indications*: Rule 6.1, Interpretation and Policy .05 permits the Exchange to designate classes and time periods in which TPHs may, prior to the scheduled opening rotation of Regular

Trading Hours, enter option market quote indications based upon the anticipated opening price of the security underlying such designated option class. The Exchange has not designated, and does not intend to designate, any classes in which TPHs may enter these option market quote indications. Therefore, the Exchange proposes to delete this Interpretation and Policy. TPHs may submit orders and quote prior to the opening rotation pursuant to Rule 6.2.

- *SAL*: Rule 6.13A describes the Simple Auction Liaison (“SAL”). SAL is a feature within the System that auctions marketable orders for price improvement over the NBBO. Pursuant to current Rule 6.13A(a), the Exchange has the authority to activate SAL on a class-by-class basis. Currently, the Exchange has not activated SAL for any class, and does not intend to activate it for any class in the future. Therefore, the proposed rule change deletes Rule 6.13A, and references to that Rule and SAL in various Rules.

- *COATS Implementation Language*: In 2005, the Exchange adopted Rule 6.24 to require TPHs to systematize certain order information in connection with the implementation of a consolidated order audit trail (“COATS”). Rule 6.24 states the requirements of that Rule were to commence on January 10, 2005, except for certain classes, for which the requirements of that Rule were to commence on March 28, 2005 (as set forth in paragraph (c)). As the requirements of Rule 6.24 are in place and applicable to all classes, the proposed rule change deletes those provisions.

- *Provision Related to Rule 6.13B*: Rule 6.47, Interpretation and Policy .02 indicates the applicability of Rule 6.47 to Rule 6.13B. Rule 6.13B no longer exists, so the proposed rule change deletes that Interpretation and Policy.

- *Transactions off the Exchange*: Rule 19c–3 under the Exchange Act describes a rule provision that each national securities change must contain regarding the ability of members to engage in transactions off an exchange. The proposed rule change adds this provision to Interpretation and Policy .01(b). The proposed rule change also deletes the introductory language in Interpretation and Policy .01, as it is unnecessary. Rules 19c–1 and 19c–3 under the Exchange Act only require the Exchange’s Rules to include language set forth in those Exchange Act Rules. The proposed rule change also amends the current language in Interpretation and Policy .01 (proposed paragraph (a))

to incorporate terms used throughout the Rules.

- *Leg Orders*: Rule 6.53C(c)(iv) describes leg order functionality, pursuant to which leg orders may be automatically generated on behalf of complex orders so that they are represented in the individual leg markets. The Exchange has not implemented, and does not intend to implement, leg order functionality. Therefore, the proposed rule change deletes Rule 6.53C(C)(iv), as well as related provisions in current Interpretations and Policies .06, .07, and .12 and Rule 6.53(x).

- *Rules Related to Non-Option Transactions*: Currently, the Exchange only permits and has trading Rules related to options trading. Rules 6.65 and 10.10 through 10.22 relate to transactions in stocks, bonds, warrants, and other non-option products. Because these Rules do not apply to options trading, the proposed rule change deletes them.

- *Brokerage Bills*: Current Rules 6.76 and 6.76A describe certain payment practices related to amounts due from a customer to a broker. The Exchange no longer has a role in the billing brokerage services provided to a customer. All provisions related to how the Exchange bills Trading Permit Holders are contained in the Fees Schedule and Rule 3.23. Therefore, the proposed rule change deletes Rules 6.76 and 6.76A.

- *Class Quoting Limit*: Current Rule 8.3A states the Exchange may impose an upper limit on the aggregate number of Market-Makers that may quote in each product (the “CQL”). The Exchange no longer intends to impose a limit on the aggregate number of TPHs that may quote electronically in each product during a trading session, and thus proposes to delete Rule 8.3A.³⁴ The current limit for each class is 50 pursuant to Rule 8.1, Interpretation and Policy .01, and there is no product for which the Exchange has increased the CQL, as the current number of quoters per class is below this maximum. The Exchange represents it has capacity to handle any additional quoters due to the elimination of the CQL. The Exchange monitors System capacity in other ways, making a CQL no longer necessary.³⁵

- *RFQ Functionality*: Pursuant to Rule 8.14(b).3, the Exchange may activate request-for-quote (“RFQ”) functionality in index classes, and if it does, Market-Makers would have an obligation to respond to a specified percentage of RFQs. The Exchange has

²⁹ See current Rule 8.14(a).

³⁰ See current Rule 1.1(aaa) (definition of Hybrid Trading System and Hybrid 3.0 Platform).

³¹ See Rules 1.1 (including definitions of Hybrid Trading System, Voluntary Professional, Professional, and broker-dealer order), 6.1A(b), 6.2(h) and Interpretation and Policy .05, 6.11, 6.12A(b)(v), 6.13(a), (b)(i)(A)(2) and (C)(1), 6.14A(a)(iii), 6.43(b), 6.45(c)(i)(C) and Interpretations and Policies .01 through .04, 6.53C, Interpretation and Policy .10, 8.3(c)(iii) and (iv), 8.7, Interpretation and Policy .03 (the proposed rule change restructures this Interpretation and Policy, as there is no longer a need for separately lettered paragraphs), 8.14(a), (b), and Interpretation and Policy .01, 8.15(c) and Interpretation and Policy .03, 8.18 (eliminating reference to Market-Makers as “Hybrid Market-Makers,” as the term Market-Makers is sufficient given that all appointed classes are Hybrid classes), 8.83(g), 8.85(e), and 24.9(d)(6).

³² Securities Exchange Act Release No. 34–82529 (January 18, 2018), 83 FR 3372 (January 24, 2018) (SR–CBOE–2018–003).

³³ See Rules 3.9, Interpretation and Policy .02, 6.3B, Interpretation and Policy .01(c), 6.24, Interpretation and Policy .02, 6.46, 6.51, Interpretation and Policy .01, 6.74(a) and (d), 8.7, Interpretation and Policy .03, 8.17(b), 21.18, 24.13, Interpretation and Policy .02, and 29.17.

³⁴ The proposed rule change deletes a cross-reference to Rule 8.3A in Rule 3.1(b)(ii).

³⁵ See, e.g., Rule 6.23B.

not activated, and does not intend to activate in the future, this RFQ functionality for any index class. Therefore, the proposed rule change deletes this provision.

- *Trading Crowd Definition:* Rule 1.1 defines in-crowd market participants. A trading crowd in a pit on the Exchange's trading floor today consists of market participants other than Market-Makers. The definition of trading crowd in Rule 8.50 is outdated, and therefore the proposed rule change deletes this Rule.

The proposed rule change makes additional nonsubstantive changes throughout the Rules, including to make Rules plain English, update paragraph lettering and numbering, update cross-references as necessary, and add or modify headings and subheadings.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.³⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³⁷ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³⁸ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change updates certain terms that are currently outdated and clarifies applicability of other terms, and deletes certain rules that are obsolete, no longer applicable to Cboe Options trading, or duplicative, and makes other nonsubstantive changes, such as reorganizing rules, updating paragraph lettering and numbering, and making rule provisions plain English. The Exchange believes this will more clearly identify currently applicable of rules, which the Exchange believes removes

impediments to and perfects the mechanism of a free and open market. The Exchange believes the proposed rule change will eliminate confusion regarding which rules apply to current trading, which ultimately protects investors and the public interest. These changes will have no impact on current trading on Cboe Options.

B. Self-Regulatory Organization's Statement on Burden on Competition

Cboe Options does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change to delete rules that no longer apply to Cboe Options trading and make other nonsubstantive changes will have no impact on current trading on Cboe Options, and thus are not intended to have any impact on competition. The proposed rule change eliminates confusion with respect to rules applicable to current trading on Cboe Options.

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

The Exchange 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:

- A. significantly affect the protection of investors or the public interest;

- B. impose any significant burden on competition; and

- C. 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 Act³⁹ and Rule 19b-4(f)(6)⁴⁰ thereunder.⁴¹ 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 will institute proceedings to determine whether the proposed rule change 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. Please include File Number SR-CBOE-2019-017 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-CBOE-2019-017. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of 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. 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-CBOE-2019-017, and

³⁶ 15 U.S.C. 78f(b).

³⁷ 15 U.S.C. 78f(b)(5).

³⁸ *Id.*

³⁹ 15 U.S.C. 78s(b)(3)(A).

⁴⁰ 17 CFR 240.19b-4(f)(6).

⁴¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and 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. The Exchange has satisfied this requirement.

should be submitted on or before May 13, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴²

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85655; File No. SR-Phlx-2019-06]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 1080(m) Related to Routing to Away Markets

April 16, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 4, 2019, Nasdaq PHLX LLC (“Phlx” 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 relocate and amend Rule 1080(m), titled “Away Markets and Order Routing” to new Rule 1093 with the same title. The Exchange also proposes to relocate Rule 1080(m)(v) to new Rule 1091.

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaqphlx.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 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 proposes to amend³ and relocate Rule 1080(m), titled “Away Markets and Order Routing” to new Rule 1093 with the same title. The Exchange will also update cross references to Rule 1080(m) to reflect new Rule 1093.⁴ The Exchange proposes to reserve Rule 1080(m). The Exchange proposes to relocate Rule 1080(m)(v) to Rule 1091, which is currently reserved, and title that Rule “Cancellation of Orders and Error Account.” The proposed changes will be discussed below in greater detail.

Rule 1093

As noted above, the Exchange is renaming proposed new Rule 1093 as “Away Markets and Order Routing.” There are some universal amendments that are proposed to this rule, which are explained herein. The Exchange proposes to utilize the term “System”⁵ within proposed new Rule 1093 and remove references to “Phlx XL” which is an outdated term. The Exchange proposes new language at the beginning of the rule text to proposed new Rule 1093 as described below.

The Exchange utilizes the term “NBBO” in certain places in current Rule 1080(m), which term encompasses both the away market “ABBO” and local market “PBBO,” although in certain places where the local market has been exhausted, it is more accurate to refer to the away market only. The Exchange proposes to replace the term “NBBO” with the term “ABBO” where the local market has been exhausted to specifically refer to the away market. The Exchange proposes to define the term “minimum price variation” within the first paragraph of proposed Phlx Rule 1093 with the acronym “MPV” and utilize the acronym throughout the rule.

³ The Exchange notes that the amendments to Rule 1080(m) reflect the current operation of the System. The purpose of the amendment is to align the rule to the specific operation of the routing functionality on Phlx.

⁴ The Exchange proposes to amend cross-references in Rule 607 (Covered Sale Fee), Rule 1047 (Trading Halts), Rule 1066 (Certain Types of Floor-Based (Non-PHLX XL) Orders Defined) and Rule 1082 (Firm Quotations).

⁵ See Rule 1000(b)(45).

Rule 1080(m) references an Opening Process, Phlx Rule 1017, throughout the rule. Specifically, Phlx Rule 1017(k) references the portion of the Opening Process rule which explains the manner in which the Exchange will open an options series and route orders at the conclusion of an Opening Process. The language contained in Rule 1017(k) with respect to routing during an Opening Process is much more explicit than the broad language currently contained in Rule 1080(m). To avoid any confusion, the Exchange proposes to replace rule text related to an Opening Process with a reference to governing Rule 1017. Also, the Exchange proposes throughout the rule to remove language which states, “during open trading” and instead reference “after an Opening Process.”⁶

These universal changes impact multiple rule amendments and will be applied throughout the rule. In addition to these amendments, other proposed changes are described below.

The current paragraph to Rule 1080(m) provides,

The Phlx XL II system will route FIND and SRCH Orders (as defined below) with no other contingencies. IOC Orders will be cancelled immediately if not executed, and will not be routed. Eligible orders can be designated as either available for routing or not available for routing. Routable FIND and SRCH Orders (as defined in Rule 1080(m)(iv) below) designated as available for routing will first be checked by the Phlx XL II system for available contracts for potential execution. After checking the Phlx XL II system for available contracts, orders are sent to other available market centers for potential execution. When checking the book, the Phlx XL II system will seek to execute at the price at which it would send the order to a destination market center. In situations where the Exchange’s disseminated bid or offer is inferior to the NBBO price, the Phlx XL II system will contemporaneously route an order marked as an ISO to each away market disseminating prices better than the Exchange’s price, for the lesser of: (a) The disseminated size of such away markets, or (b) the order size and, if order size remains after such routing, trade at the Exchange’s disseminated bid or offer up to its disseminated size. If contracts still remain unexecuted after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the Phlx XL II system will not route the order to the locking or crossing market center, except as specified below.

The Exchange is rewording the above language in proposed new Rule 1093(a). The Exchange continues to reflect the two routing strategies, FIND and SRCH and notes that the two routing strategies

⁶ The Exchange is also defining the term “Opening Process” with this proposal as explained below.

⁴² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.