

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-MRX-2020-02 and should be submitted on or before February 19, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88019; File No. SR-C2-2020-002]

### Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend Rule 6.31 in Connection with the Exchange's Clearing Editor

January 23, 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 January 16, 2020, Cboe C2 Exchange, Inc. (the "Exchange" or "C2") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III 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

Cboe C2 Exchange, Inc. (the "Exchange" or "C2") proposes to amend Rule 6.31 in connection with the Exchange's Clearing Editor. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

\* \* \* \* \*

#### Rules of Cboe C2 Exchange, Inc.

\* \* \* \* \*

##### Rule 6.31. Clearing Editor

(a) No change.  
(b) Trading Permit Holders may change the following fields through the Clearing Editor: (1) Executing Firm and Contra Firm; (2) Executing Broker and Contra Broker; (3) CMTA; (4) Account and Sub Account; (5) [Customer] *Client Order ID*; (6) Position Effect (open/close); or (7) Capacity *(if the change is from a customer Capacity code of (C) to any other Capacity code, it must be accompanied by a Reason Code, and notice of such change will automatically be sent to the Exchange with the submission of the change through the Clearing Editor)*.

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/options/regulation/rule\\_filings/ctwo/](http://markets.cboe.com/us/options/regulation/rule_filings/ctwo/)), 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

The Exchange proposes to amend Rule 6.31 in connection with its Clearing Editor. The Clearing Editor currently allows Trading Permit Holders

("TPHs") to update executed trades on their trading dates and revise them for clearing. Specifically, the Clearing Editor allows TPHs to correct certain bonafide errors by changing certain fields, pursuant to Rule 6.31(b), including: (1) Executing Firm and Contra Firm; (2) Executing Broker and Contra Broker; (3) CMTA; (4) Account and Sub Account; (5) Customer ID; (6) Position Effect (open/close); or (7) Capacity. The Exchange proposes to amend the rule to provide additional specificity regarding a Capacity code change. The proposed rule provides that that if the change is from a customer Capacity code of (C) to any other Capacity code, it must be accompanied by a Reason Code and notice of such change will automatically be sent to the Exchange with the submission of the change through the Clearing Editor. As proposed, Rule 6.31(b) would continue to allow a TPH to change any Capacity code to another, however, would just require a TPH to provide automatic notification and explanation to the Exchange via a prompted Reason Code of a Capacity code change from a customer Capacity code to another Capacity code.<sup>3</sup> The Exchange notes that while a change from customer Capacity code does not affect the Consolidated Tape or terms of a contract, such changes may affect other substantive aspects of how a trade was processed, including whether or not a trade should have been given certain preferable customer treatment (e.g. customer complex orders are not subject to certain Complex Order Auction ("COA") restrictions and customer orders may receive specific rebates or are assessed reduced fees).<sup>4</sup> Accordingly, the Exchange believes that TPHs making changes to this field should be required to provide to the Exchange notice and explanation relating to the change. As a result, the proposed Reason Code for customer Capacity code changes would better enable the Exchange to surveil for and enforce against potential issues or abusive behavior via the Clearing Editor by allowing the Exchange to understand the rationale behind all such changes.

The proposed rule change also updates the term Customer ID in Rule 6.31(b) to Client Order ID, as this term more accurately reflect the name of the

<sup>3</sup> Example Reason Codes include: Input Error; Unmatched Trade; Unknown; Manual Add; Other Text Required; Trade Nullification; Trade Adjustment; Error Account; and System Issue.

<sup>4</sup> See C2 Options Exchange Fees Schedule. The Exchange notes that preferential pricing to Customers is a long-standing options industry practice.

<sup>20</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.

field displayed on an order<sup>5</sup> and in the Clearing Editor. This proposed rule change is identical to the manner in which a Capacity code may be changed via the Clearing Editor, and the term Client Order ID is used, on the Exchange's affiliated exchange, Cboe Exchange, Inc. ("Cboe Options").<sup>6</sup>

## 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.<sup>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>8</sup> 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)<sup>9</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, by requiring a TPH to submit a Reason Code via the Clearing Editor in conjunction with a change made from a customer Capacity code, the Exchange believes the proposed rule change may prevent fraudulent and manipulative acts and otherwise promote just and equitable principles of trade because it would allow the Exchange to automatically be notified of such a change and the rationale behind the change. This, in turn, would allow the Exchange to better surveil for and enforce against potential issues or abusive behavior via the Clearing Editor. As such, the proposed rule change is specifically designed to protect investors and the public interest. The Exchange further notes that, for the same reasons enumerated above, the proposed rule change is also consistent with Section 6(b)(1) of the Act,<sup>10</sup> which

provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's Trading Permit Holders and persons associated with its Trading Permit Holders with the Act, the rules and regulations thereunder, and the rules of the Exchange.

Additionally, the Exchange believes that the proposed rule change to update the term Customer ID to Client Order ID, a term that more accurately reflects the field name that is displayed on an order and in the Clearing Editor, would remove impediments to and perfect the mechanism of a free and open market and a national market system and protect investors by mitigating any potential confusion surrounding the use of this field. Finally, the Exchange notes that the proposed rule change is identical to the manner in which a Capacity code change from a customer Capacity code must be made and the term Client Order ID is used in Cboe Options Rule 6.6, previously filed with the Commission.

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

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change would impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the Act, because it would require all TPHs to input a Reason Code via the Clearing Editor when changing from a customer Capacity code. The Exchange notes that the proposed rule change does not alter or restrict any the fields that a TPH may currently change via the Clearing Editor. The Exchange does not believe that the proposed rule change would impose any burden on intermarket competition, because it is substantially the same as the Clearing Editor rule on Cboe Options, previously filed with the Commission. In addition to this, the Exchange notes that the proposed rule change is not intended to address competitive issues, but rather, is concerned with the correction of post-trade information for purposes of enhancing surveillance and enforcement for potential issues or abuses of the Clearing Editor.

## 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 Act<sup>11</sup> and Rule 19b-4(f)(6)<sup>12</sup> thereunder. 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](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2020-002 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-C2-2020-002. 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

<sup>5</sup> See Cboe Options FIX Specifications, available at: [https://cdn.cboe.com/resources/membership/US\\_Options\\_FIX\\_Specification.pdf](https://cdn.cboe.com/resources/membership/US_Options_FIX_Specification.pdf).

<sup>6</sup> See Cboe Options Rule 6.1.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> *Id.*

<sup>10</sup> 15 U.S.C. 78f(b)(1).

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

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 offices 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-C2-2020-002, and should be submitted on or before February 19, 2020.

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

**Jill M. Peterson,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88020; File No. SR-PEARL-2020-02]

### Self-Regulatory Organizations: MIA X PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the MIA X PEARL Fee Schedule

January 23, 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 January 15, 2020, MIA X PEARL, LLC ("MIA X PEARL" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II,

and III 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 is filing a proposal to amend the MIA X PEARL Fee Schedule ("Fee Schedule") to make minor, non-substantive corrective edits and clarifying changes.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/pearl> at MIA X PEARL's principal office, 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 amend several sections of the Fee Schedule to make minor, non-substantive edits to harmonize terms in the Fee Schedule with that of the Exchange's rulebook and the rulebooks of the Exchange's affiliates, Miami International Securities Exchange, LLC ("MIA X") and MIA X Emerald, LLC ("MIA X Emerald"). Currently, throughout the Fee Schedule, the Exchange's affiliate, MIA X, is referred to as "MIA X Options" or "MIA X Options Exchange." The Exchange now proposes that all references throughout the Fee Schedule that are to "MIA X Options" or "MIA X Options Exchange" will be amended to delete the words "Options" or "Options Exchange" (where applicable), such that all references will be to the singular word "MIA X." The proposed amendments would be to references to "MIA X Options" or "MIA X Options Exchange" in the following sections of the Fee Schedule: (i) the text for the

definitions of MENI and MIA X in the Definitions section and the text in the last paragraph of the Definitions section<sup>3</sup>; (ii) the Routing Fee table in Section (1)(b); (iii) the text underneath the Member Network Connectivity Testing and Certification Fee table in Section (4)(c); (iv) the text underneath the Non-Member Network Connectivity Testing and Certification Fee table in Section (4)(d); (v) the text underneath the Monthly Member Network Connectivity Fee table in Section (5)(a); and (vi) the text underneath the Monthly Non-Member Network Connectivity Fee table in Section (5)(b). The purpose of these changes is to harmonize the term "MIA X" in the Exchange's Fee Schedule with the MIA X PEARL rulebook,<sup>4</sup> and to provide consistency for the term "MIA X" across the Fee Schedules and rulebooks of the Exchange's affiliates, MIA X and MIA X Emerald.<sup>5</sup>

Next, the Exchange proposes to amend the Definitions section of the Fee Schedule to amend a cross-reference in one of the defined terms. Currently, the term "ABBO" contains a cross-reference to Exchange Rule 1400(f), which is meant to be a cross-reference to the definition for an "Eligible Exchange." The correct citation to the definition for "Eligible Exchange" is Exchange Rule 1400(g).<sup>6</sup> Accordingly, the Exchange proposes to amend the cross-reference in the definition for "ABBO" in the Definitions section of the Fee Schedule to be to Exchange Rule 1400(g).

Next, the Exchange proposes to amend Section (2)(c) of the Fee Schedule, Web CRD Fees, to make non-substantive edits to the sentence in parentheses following the FINRA Disclosure Processing Fee under the section titled "GENERAL REGISTRATION FEES." Currently, the FINRA Disclosure Processing Fee includes the following in parentheses "(Form U4, Form U5, Form BD & amendments)". The Exchange now proposes to delete the ampersand in that sentence and replace it with the word

<sup>3</sup> In connection with this change, the Exchange also proposes to delete the word "the" before "MIA X Options" in the last paragraph of the Definitions section as a grammatical correction.

<sup>4</sup> See Securities Exchange Act Release No. 85771 (May 3, 2019), 84 FR 20445 (May 9, 2019) (SR-PEARL-2019-16).

<sup>5</sup> See MIA X and MIA X Emerald Fee Schedules, Definitions section. See also MIA X Rule 100 and MIA X Emerald Rule 100.

<sup>6</sup> See Securities Exchange Act Release No. 87693 (December 9, 2019), 84 FR 68264 (December 13, 2019) (SR-MIA X-2019-48) (which amended, among other rules, MIA X Rule 1400 citations). The Exchange notes that the rules contained in MIA X Chapter XIV are incorporated by reference into MIA X PEARL Chapter XIV. See MIA X PEARL Rulebook, Chapter XIV.

<sup>13</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.