

in furtherance of the purposes of the Act.

#### 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-LCH SA-2017-008 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-LCH SA-2017-008. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of LCH SA and on LCH SA's Web site at <http://www.lch.com/asset-classes/cdsclear>.

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-LCH SA-2017-008 and should be submitted on or before December 11, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-25040 Filed 11-17-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82077; File No. SR-CHX-2016-20]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Amendment No. 2 to Proposed Rule Change in Connection With the Proposed Transaction Involving CHX Holdings, Inc. and North America Casin Holdings, Inc.

November 14, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 6, 2017, the Chicago Stock Exchange, Inc. ("CHX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") Amendment No. 2 to the proposed rule change as described in Item I below, which Item has been prepared by the Exchange and is reproduced below verbatim.

The proposed rule change was designed to effect an acquisition of CHX Holdings, Inc. by North America Casin Holdings, Inc., which would be owned by a consortium of investors ("upstream investors"). On August 9, 2017, the Division of Trading and Markets, for the Commission pursuant to delegated authority,<sup>3</sup> approved the proposed rule change, as modified by Amendment No. 1.<sup>4</sup> Pursuant to Commission Rule of Practice 431,<sup>5</sup> the Commission is reviewing the delegated action, and the approval order is stayed.<sup>6</sup> On August 18, 2017, the Commission issued a scheduling order, pursuant to Commission Rule of Practice 431, providing until September 17, 2017 for any party or other person to file any

additional statements.<sup>7</sup> On October 2, 2017, during the Commission's review of the delegated action, CHX informed the Commission that three of the upstream investors were withdrawing from the investor group. CHX subsequently filed Amendment No. 2 to the proposed rule change to update its proposal to reflect this change in the investor group. Because of this change and a number of other changes to the proposed transaction, as described below, including, among other things, a change to the North America Casin Holdings, Inc. Certificate of Incorporation that provides for an 85% super-majority vote requirement for certain corporate actions, revised put agreements for Raptor Holdco LLC and Saliba Ventures Holdings, LLC, and a new put agreement for Penserra Securities, LLC, the Commission is publishing this notice to solicit comments on the proposed rule change, as amended, from interested persons.

#### I. Amendment No. 2 to SR-CHX-2016-20

The Chicago Stock Exchange, Inc. is filing this Partial Amendment no. 2 to SR-CHX-2016-20, a proposed rule change related to a proposed transaction ("Proposed Transaction") involving, among others, the Exchange's direct parent company, CHX Holdings, Inc. ("CHX Holdings"), and North America Casin Holdings, Inc. ("NA Casin Holdings"), which was originally filed on December 2, 2016 ("Initial Filing") and modified by Partial Amendment No. 1 on August 7, 2017. The proposed rule change was published for comment in the **Federal Register** on December 12, 2016.<sup>8</sup> The U.S. Securities and Exchange Commission then received seven comment letters,<sup>9</sup> including two response letters from the Exchange.<sup>10</sup> On January 12, 2017, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change,<sup>11</sup> pursuant to Section 19(b)(2) of the Securities Exchange Act of 1934 ("Exchange

<sup>7</sup> See Exchange Act Release No. 81435, 82 FR 40187 (August 24, 2017).

<sup>8</sup> See Exchange Act Release No. 79474 (December 6, 2016), 81 FR 89543 (December 12, 2016) (SR-CHX-2016-20) ("Notice").

<sup>9</sup> All comment letters on the Initial Filing may be found at <https://www.sec.gov/comments/sr-chx-2016-20/chx201620.shtml>.

<sup>10</sup> See Letter to Brent J. Fields, Secretary, Commission, from John K. Kerin, President and CEO, CHX (January 5, 2017) ("First CHX Letter"); see also Letter to Brent J. Fields, Secretary, Commission, from Albert J. Kim, Vice President and Associate General Counsel, CHX (January 6, 2017) ("Second CHX Letter").

<sup>11</sup> See Exchange Act Release No. 79781 (January 12, 2017), 82 FR 6669 (January 19, 2017).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

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

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

<sup>4</sup> See Exchange Act Release No. 81366, 82 FR 38734 (August 15, 2017).

<sup>5</sup> 17 CFR 201.431.

<sup>6</sup> See Letter from Secretary of the Commission to Albert (A.J.) Kim, VP and Associate General Counsel, Chicago Stock Exchange, Inc., dated August 9, 2017 (providing notice of Commission review of delegated action and stay of order), available at <https://www.sec.gov/rules/sro/chx/2017/34-81366-letter-from-secretary.pdf>.

Act’).<sup>12</sup> On June 6, 2017, the Commission designated a longer period for Commission action on the proceedings,<sup>13</sup> pursuant to Section 19(b)(2) of the Exchange Act.<sup>14</sup> During the proceedings, the Commission received 25 comment letters,<sup>15</sup> including two response letters from the Exchange.<sup>16</sup> On August 7, 2017, the Exchange filed Partial Amendment No. 1 to the Initial Filing.<sup>17</sup> On August 9, 2017, the Commission approved, pursuant to delegated authority by Commission staff, the Initial Filing, as modified by Partial Amendment No. 1.<sup>18</sup> On the same day, the Commission stayed the Approval Order and instituted a review of the delegated action.<sup>19</sup> On August 18, 2017, the Commission issued an order scheduling filing of statements on its review of the delegated action.<sup>20</sup> After the Commission stayed the Approval Order, the Commission received 43 comment letters,<sup>21</sup> including two response letters from the Exchange.<sup>22</sup>

The Exchange now submits this Partial Amendment No. 2 to amend the Initial Filing, as modified by Partial Amendment No. 1, as described below.

*Updated NACH Capitalization Table*

In the Initial Filing,<sup>23</sup> as modified by Partial Amendment No. 1,<sup>24</sup> the Exchange stated that upon the Closing<sup>25</sup> of the Proposed Transaction, CHX Holdings will become a wholly-owned direct subsidiary of NA Casin Holdings,

which will, in turn, be owned by the following Indirect Upstream Owners in the following percentages:

- *Non-U.S. Indirect Upstream Owners:*
  - NA Casin Group, a corporation wholly-owned by Chongqing Casin—20%
  - Chongqing Jintian Industrial Co., Ltd. (“Chongqing Jintian”)—15%
  - Chongqing Longshang Decoration Co., Ltd. (“Chongqing Longshang”)—14.50%.
    - *U.S. Indirect Upstream Owners:*
      - Castle YAC Enterprises, LLC (“Castle YAC”)—19%
      - Raptor Holdco LLC (“Raptor”)—11.75%
      - Saliba Ventures Holdings, LLC (“Saliba”)—11.75%
      - Xian Tong Enterprises, Inc. (“Xian Tong”)—6.94%
      - Equity Incentive Shares to five members of the CHX Holdings management team—0.88%
      - Penserra Securities, LLC (“Penserra”)—0.18%.

Furthermore, the Exchange also stated the following:<sup>26</sup>

- The only Related Persons<sup>27</sup> among the Indirect Upstream Owners are Castle YAC and NA Casin Group.
- There are no other Related Persons among the Indirect Upstream Owners.
- None of the Indirect Upstream Owners directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a governmental entity or any political subdivision thereof.

Since the Approval Order was stayed on August 9, 2017, three of the prospective Indirect Upstream Owners (*i.e.*, Chongqing Jintian, Chongqing Longshang and Xian Tong) have withdrawn from the NACH investor group. Consequently, NA Casin Holdings reorganized the NACH capitalization table to reallocate the shares formerly attributed to Chongqing Jintian, Chongqing Longshang and Xian Tong among the remaining Indirect Upstream Owners. As such, upon the Closing, all of the outstanding and issued shares of NA Casin Holdings will be held by the following Indirect Upstream Owners (by Related Persons) in the following percentages:

Indirect upstream owners	NA Casin holdings ownership percentages
NA Casin Group (29%) and Castle YAC (11%) .....	40
Raptor .....	25
Saliba .....	24.5

<sup>26</sup> See Notice, *supra* note 8, at 89545.  
<sup>27</sup> Mr. Jay Lu, the sole member of Castle YAC, is associated with an affiliate of Chongqing Casin and is also the son of Mr. Shengju Lu, the Chairman of Chongqing Casin.

Indirect upstream owners	NA Casin holdings ownership percentages
Five Members of the CHX Holdings management <sup>28</sup> ..	8.32
Penserra .....	2.18

The Exchange submits that the modified NACH capitalization table complies with the proposed Ownership and Voting Limitation.<sup>29</sup> Specifically, no Indirect Upstream Owner and its Related Persons will exceed the proposed 40% Concentration Limitation. Moreover, no Indirect Upstream Owner and its Related Persons will be permitted to vote in excess of the proposed 20% Voting Limitation.

The Exchange notes that the modified NACH capitalization table provides that 71% of the voting shares of NA Casin Holdings will be owned by U.S. citizens and, due to the proposed Voting Limitations,<sup>30</sup> no less than 80% of the voting power of NA Casin Holdings will be held by U.S. citizens. In addition, none of the Indirect Upstream Owners directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a governmental entity or any political subdivision thereof.

Attached to the Partial Amendment No. 1 were Investor Certificates and Investor Statements for all of the then current Indirect Upstream Owners.<sup>31</sup> In the event the Commission were to lift the stay of the Approval Order or otherwise permit the Closing of the Proposed Transaction, the Exchange will provide the Commission, prior to the Closing of the Proposed Transaction, updated Investor Certificates and Investor Statements that will reflect changes to the proposed NACH investor group described herein.

*Other Amendments*

This Partial Amendment No. 2 also effects the following changes:

- Amends the proposed NA Casin Certificate to:
  - require a super-majority vote requirement for certain corporate actions, as described under Article IX;
  - reflect a recent name change of the registered agent from “National Corporate Research” to “Cogency Global, Inc.” under Article II; and

<sup>28</sup> Prior to the Closing, the five members of the CHX Holdings management will enter into a voting agreement which will require that, among other things, the five members vote as a block, thereby rendering the members Related Persons.

<sup>29</sup> See Notice, *supra* note 8, at 89552–89554.

<sup>30</sup> See *id.*

<sup>31</sup> See generally Fourth CHX Letter, *supra* note 16.

<sup>12</sup> 15 U.S.C. 78s(b)(2).  
<sup>13</sup> See Exchange Act Release No. 80864 (June 6, 2017), 82 FR 26966 (June 12, 2017).  
<sup>14</sup> 15 U.S.C. 78s(b)(2).  
<sup>15</sup> See *supra* note 9.  
<sup>16</sup> See Letter to Brent J. Fields, Secretary, Commission, from John K. Kerin, President and CEO, CHX (March 6, 2017) (“Third CHX Letter”); see also Letter to Brent J. Fields, Secretary, Commission, from Albert J. Kim, Vice President and Associate General Counsel, CHX (August 8, 2017) (“Fourth CHX Letter”).  
<sup>17</sup> See Exchange Act Release No. 81366 (August 9, 2017), 82 FR 38734 (August 15, 2017) (“Approval Order”); see also generally Fourth CHX Letter, *supra* note 16.  
<sup>18</sup> See generally Approval Order, *supra* note 17.  
<sup>19</sup> See Letter to Albert J. Kim, Vice President and Associate General Counsel, CHX, from Brent J. Fields, Secretary, Commission (August 9, 2017).  
<sup>20</sup> See Exchange Act Release No. 81435 (August 18, 2017), 82 FR 40187 (August 24, 2017).  
<sup>21</sup> See *supra* note 9.  
<sup>22</sup> See Letter to Brent J. Fields, Secretary, Commission, from John K. Kerin, President and CEO, CHX (August 25, 2017) (“Fifth CHX Letter”); see also Letter to Brent J. Fields, Secretary, Commission, from James G. Ongena, Executive Vice President and General Counsel, CHX (October 1, 2017) (“Sixth CHX Letter”).  
<sup>23</sup> See Notice, *supra* note 8, at 89544–89545.  
<sup>24</sup> See Approval Order, *supra* note 17, at n. 10.  
<sup>25</sup> Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein, the Initial Filing or Partial Amendment No. 1.

- modify the term expiration years of the three classes of directors under Section (6) of Article V given that the next annual meeting of the stockholders will be held in 2018.

• Amends the Raptor and Saliba Put Agreements to reflect the increased ownership levels for Raptor and Saliba described above and other changes that would not render the parties to the agreements Related Persons.<sup>32</sup>

• Provide a new put agreement for Penserra (new *Exhibit 5L*), which is substantively similar to the Raptor and Saliba Put Agreements.

- Other non-substantive amendments.

As such, the Exchange amends the Initial Filing, as modified by Partial Amendment No. 1, as follows:

1. Amend pages 3 through 5 of the Initial Filing (pages 64 and 65 of the *Exhibit 1*):

Replace the second paragraph on page 3 that carries over to pages 4 and 5 (second paragraph on page 64 that carries over to page 65 of the *Exhibit 1*) with the following text, while retaining footnotes 5 through 9:

The text of the proposed Third Amended and Restated Certificate of Incorporation of CHX Holdings (“CHX Holdings Certificate”) is attached as Exhibit 5A.<sup>5</sup> The text of the proposed amended Bylaws of CHX Holdings (“CHX Holdings Bylaws”) is attached as Exhibit 5B.<sup>7</sup> The text of the proposed Amended and Restated Certificate of Incorporation for CHX (“CHX Certificate”) is attached as Exhibit 5C.<sup>8</sup> The text of the proposed amended Bylaws of the CHX (“CHX Bylaws”) is attached as Exhibit 5D.<sup>9</sup> The text of the proposed amendments to the Rules of the CHX (“CHX Rules”) is attached as Exhibit 5E. The text of the proposed Amended and Restated Certificate of Incorporation of NA Casin Holdings (“NA Casin Holdings Certificate”) is attached as Exhibit 5F. The text of the proposed Amended and Restated Bylaws of NA Casin Holdings (“NA Casin Holdings Bylaws”) is attached as Exhibit 5G. The text of a resolution of the Board of Directors of CHX Holdings dated November 22, 2016 to waive certain ownership and voting limitations to permit the Transaction (“Resolutions”) is attached as Exhibit 5H. The text of the Stockholders’ Agreement of NA Casin Holdings (“NACH Stockholders’ Agreement”) is herein attached as Exhibit 5I. The text of the Second Amended and Restated Put Agreement by and among North America Casin Group, Inc. (“NA Casin Group”), NA Casin Holdings, and Saliba Ventures Holdings, LLC (“Saliba”) (“Saliba Put Agreement”) is herein attached as Exhibit 5J. The text of the Second Amended and Restated Put Agreement by and among NA Casin Group, NA Casin Holdings, and Raptor Holdco LLC (“Raptor”) (“Raptor Put Agreement”) is herein attached as Exhibit 5K. The text of the Put Agreement by and among NA Casin Group, NA Casin Holdings, and Penserra Securities, LLC (“Penserra”)

(“Penserra Put Agreement”) is herein attached as Exhibit 5L.

2. Amend page 7 of the Initial Filing (pages 67 and 68 of the *Exhibit 1*):

Replace the first sentence of the first paragraph on page 7 (first sentence of the third full paragraph on page 67 that carries over to page 68 of the *Exhibit 1*) with the following text, while retaining footnote 13:

Pursuant to the terms of a Merger Agreement dated February 4, 2016, as amended on February 3, 2017 and August 29, 2017 (“Merger Agreement”), by and among NA Casin Holdings, Merger Sub, Chongqing Casin Enterprise Group Co., LTD. (“Chongqing Casin”), a limited company organized under the laws of the People’s Republic of China (“PRC”), Richard G. Pane solely in his capacity as the Stockholders Representative thereunder, and CHX Holdings, Merger Sub will merge into CHX Holdings,<sup>13</sup> which will then become a wholly-owned direct subsidiary of NA Casin Holdings.

3. Amend pages 8 through 10 of the Initial Filing (pages 69 through 71 of the *Exhibit 1*):

Replace all text starting with the first bullet on page 8 through the first paragraph on page 10 (first bullet on page 69 through the first paragraph that begins on page 70 that carries over the page 71 of the *Exhibit 1*) with the following text, while retaining footnotes 16 through 20:

- *Non-U.S. Indirect Upstream Owners*:
  - NA Casin Group, a corporation incorporated under the laws of the State of Delaware and wholly-owned by Chongqing Casin—29%
  - *U.S. Indirect Upstream Owners*:
    - Raptor, a limited liability company organized under the laws of the State of Delaware—25%
    - Saliba, a limited liability company organized under the laws of the State of Illinois—24.5%
    - Castle YAC Enterprises, LLC (“Castle YAC”), a limited liability company organized under the laws of the State of New York, the sole member of which is Mr. Jay Lu, a U.S. citizen and Vice President of NA Casin Group—11%
    - Five members of the CHX Holdings management (“CHX Holdings Management”), all U.S. citizens—collectively 8.32%, with no one person attributed more than 5%
    - Penserra, a corporation incorporated under the laws of the State of Illinois—2.18%

The Exchange submits the following regarding the Indirect Upstream Owners:<sup>16</sup>

• The only Related Persons<sup>17</sup> among the Indirect Upstream Owners are as follows:

- Castle YAC and NA Casin Group.<sup>18</sup>
- The five members of CHX Holdings Management due to a voting agreement

requiring the members to vote as a block, which will be executed prior to the Closing.

- There are no other Related Persons among the Indirect Upstream Owners.
- None of the Indirect Upstream Owners directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a governmental entity or any political subdivision thereof.

As Related Persons, NA Casin Group and Castle YAC would own a combined 40% voting interest in NA Casin Holdings, which is within the proposed 40% Concentration Limitation of NA Casin Holdings and CHX Holdings described below.<sup>19</sup> Also, the CHX Holdings Management would own a combined 8.32% voting interest in NA Casin Holdings, which is within the proposed Concentration Limitations described below. However, NA Casin Group and Castle YAC will not be permitted to exercise their collective voting interest in excess of the proposed 20% Voting Limitations of NA Casin Holdings and CHX Holdings described below.<sup>20</sup> Also, for so long as the voting agreement among the members of the CHX Management Team is in effect, the CHX Holdings Management would be considered Related Persons and would not be permitted to exercise their collective voting interest in excess of the proposed 20% Voting Limitations.

4. Amend pages 11 and 12 of the Initial Filing (pages 72 and 73 of the *Exhibit 1*):

Replace the first paragraph that begins on page 11 that carries over to page 12 (the first paragraph that begins on page 72 that carries over to page 73 of the *Exhibit 1*) with the following text, while retaining footnotes 24 and 25:

The Exchange further notes that execution of the Saliba Put Agreement, the Raptor Put Agreement or the Penserra Put Agreement would not result in any Indirect Upstream Owners becoming Related Persons for the purposes of compliance with the proposed Ownership and Voting Limitations. Specifically, the Saliba Put Agreement grants Saliba a put option (“Saliba Put Option”) that, if exercised by Saliba, would compel NA Casin Holdings (and not another Indirect Upstream Owner) to purchase, or arrange for an unspecified third-party to purchase, a specified amount of Saliba’s equity interest in NA Casin Holdings. Similarly, the Raptor Put Agreement grants Raptor a put option (“Raptor Put Option”) that, if exercised by Raptor, would compel NA Casin Holdings (and not another Indirect Upstream Owner) to purchase, or arrange for an unspecified third-party to purchase, a specified amount of Raptor’s equity interest in NA Casin Holdings. Also, the Penserra Put Agreement grants Penserra a put option (“Penserra Put Option”) that, if exercised by Penserra, would compel NA Casin Holdings (and not another Indirect Upstream Owner) to purchase, or arrange for an unspecified third-party to purchase, a specified amount of Penserra’s equity interest in NA Casin Holdings. Accordingly, the Exchange submits

<sup>32</sup> See Notice, *supra* note 8, at 89545.

that execution of the Saliba Put Agreement, the Raptor Put Agreement or the Penserra Put Agreement would not result in the parties to each of the agreements becoming Related Persons for the purposes of compliance with the proposed Ownership and Voting Limitations.<sup>24</sup> The Exchange also notes that the exercise of the put options under the Saliba Put Agreement, the Raptor Put Agreement or the Penserra Put Agreement would be subject to, among other things, compliance with the proposed Ownership and Voting Limitations.<sup>25</sup>

Also, replace all text under footnote 25 on page 12 (page 73 of the *Exhibit 1*) with the following:

See Section 3(c) of the Saliba Put Agreement; see also Section 3(c) of the Raptor Put Agreement.; see also Section 3(c) of the Penserra Put Agreement.

5. Amend page 24 of the Initial Filing (page 86 of the *Exhibit 1*):

Within the first paragraph following the bullet, in the sentence immediately following footnote 74 (first sentence on page 86 of the *Exhibit 1*), replace the number “13” with the number “10.”

6. Amend page 31 of the Initial Filing (page 92 of the *Exhibit 1*):

Within the first full sentence (second sentence within the first paragraph beginning on page 92 of the *Exhibit 1*), replace the number “13” with the number “10.”

7. Amend page 45 of the Initial Filing (page 107 of the *Exhibit 1*):

Under footnote 102, replace reference to “NA Casin Bylaws” with “NA Casin Holdings Bylaws.”

8. Amend page 52 of the Initial Filing (page 114 of the *Exhibit 1*):

Immediate above the subtitle “Statutory Basis,” insert the following new text:

#### *Super-Majority Vote Requirement*

Sections (2)–(3) of Article VIII of the proposed NA Casin Holdings Certificate provides for a super-majority vote requirement for certain corporate actions. Specifically, Section (2) provides that in addition to any affirmative vote required by applicable law or this Certificate of Incorporation: (a) Any merger or consolidation of the Corporation or any Subsidiary with any or any other corporation or other entity; (b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any other corporation or other entity, of all or substantially all of the assets of the Corporation or any Subsidiary; (c) the issuance or transfer by the Corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the Corporation or any Subsidiary that would result in: (i) Any an individual, corporation, partnership, joint venture, limited liability company, governmental or regulatory body, unincorporated organization, trust, association or other entity (each a “Person”) owning a majority of the shares of Common

Stock of the Corporation, or (ii) any Person other than a Subsidiary or the Corporation, owning a majority of the shares of voting stock of any Subsidiary; (d) the adoption of any plan or proposal for the liquidation or dissolution of the Corporation that is not the result of a transaction contemplated by Sections 2(a), 2(b) or 2(c) of this Article VIII; (e) any reclassification of securities (including any reverse stock split), recapitalization of the Corporation or any merger or consolidation of the Corporation with any of its Subsidiaries or any other transaction which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the Corporation or any Subsidiary which are directly or indirectly owned by any Person with the result that such Person becomes the holder of a majority of the shares of Common Stock of the Corporation; or (f) any agreement, contract or other arrangement providing for any one or more of the actions specified in the foregoing (a) to (e); shall require, except as otherwise prohibited by applicable law, the affirmative vote of the holders of at least 85% of the then outstanding voting shares entitled to be cast on such matter. Moreover, such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be permitted, by applicable law. Section (3) provides that as used in this Article VIII, “Subsidiary” means any corporation or other Person of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at any time directly or indirectly owned by the Corporation.

The proposed super-majority vote requirement is designed to ensure that any significant change to the assets or ownership of NA Casin Holdings or subsidiaries, including the Exchange, be agreed upon by a super-majority of the Indirect Upstream Owners. As a result, this will serve to protect the investments of the Indirect Upstream Owners, as well as to ensure that the Exchange’s ownership and assets remain reliable and stable, which further enables the Exchange to meet its self-regulatory obligations. The Exchange notes that the super-majority vote requirement would apply to all NACH stockholders equally and, as such, no one stockholder’s voting power would be enhanced or diminished relative to the other stockholders by the requirement.

9. Amend page 53 of the Initial Filing (page 116 of the *Exhibit 1*):

Replace the last sentence within the first full paragraph (first full sentence on page 116 of the *Exhibit 1*) with the following text, while retaining footnote 108:

Specifically, the Exchange submits that the CHX Rules, the relevant governing documents of CHX and its upstream affiliates, CHX Holdings and NA Casin Holdings, the NACH Stockholders’ Agreement, the Saliba Put Agreement, the Raptor Put Agreement and the Penserra Put Agreement, as proposed to be adopted or

amended, to permit the Transaction, are consistent with Section 6(b) of the Act,<sup>108</sup> in general and 6(b)(5), in particular.

10. Amend page 55 of the Initial Filing (page 118 of the *Exhibit 1*):

Immediately after the first full paragraph (immediately after the first paragraph on page 118 that carries over from page 117 of the *Exhibit 1*), insert the following text:

Moreover, the proposed super-majority vote requirement under Section (2) of Article IX of the proposed NA Casin Holdings Certificate is designed to ensure that any significant change to the assets or ownership of NA Casin Holdings or subsidiaries, including the Exchange, be agreed upon by a super-majority of the Indirect Upstream Owners. This will serve to ensure that the Exchange’s ownership and assets remain reliable and stable, which further enables the Exchange to meet its self-regulatory obligations under Section 6 of the Act.

11. Amend page 57 of the Initial Filing (page 120 of the *Exhibit 1*):

Replace the first sentence of the first paragraph that begins on page 57 (the first sentence of the first full paragraph on page 120 of the *Exhibit 1*) with the following text:

In addition, the proposed NACH Stockholders’ Agreement, Saliba Put Agreement, Raptor Put Agreement and Penserra Put Agreement includes provisions that provide reasonable financial protections to the Indirect Upstream Owners so as to facilitate consummation of the Transaction without violating the proposed Ownership and Voting Limitations.

12. Amend page 62 of the Initial Filing:

Immediately below the text “Exhibit 5K: Text of Proposed Raptor Put Agreement,” insert the following:

Exhibit 5L: Text of Proposed Penserra Put Agreement

## II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change, as amended, is consistent with the Exchange 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–CHX–2016–20 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-CHX-2016-20. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal 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-CHX-2016-20, and should be submitted on or before December 5, 2017. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by December 15, 2017.

By the Commission.

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82075; File No. SR-BX-2017-050]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Transaction Fees at Rule 7018 To Change the Amounts of Certain Credits for Entering Orders That Access Liquidity in the Exchange's Equities System

November 14, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 1, 2017, Nasdaq BX, Inc. ("BX" 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 proposes to amend the Exchange's transaction fees at Rule 7018 to change the amounts of certain credits for entering orders that access liquidity in the Exchange's Equities System.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqbx.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 purposes of the proposed rule changes are to amend the Exchange's transaction fees at Rule 7018 to: (1) increase from \$0.0016 to \$0.0017 its per share executed credit for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by members that accesses liquidity equal to or exceeding 0.10% of total Consolidated Volume during a month; and (2) reduce its credit for entering an order that accesses liquidity in the Exchange's Equities System for "all other orders," *i.e.*, orders that do not qualify for other available credits for removing liquidity.

The Exchange operates on the "taker-maker" model, whereby it pays credits to members that take liquidity and charges fees to members that provide liquidity. Currently, the Exchange offers five different credits for orders that access liquidity on the Exchange. First, the Exchange pays a credit of \$0.0016 per share executed for an order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.10% of total Consolidated Volume during a month. Second, the Exchange pays a credit of \$0.0015 per share executed to an order that accesses liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-displayed price) entered by a member that accesses liquidity equal to or exceeding 0.05% of total Consolidated Volume during [sic] month. Third, the Exchange pays a credit of \$0.0000 per share executed for an order that receives price improvement and executes against an order with a Non-displayed price. Fourth, the Exchange pays a credit of \$0.0000 per share executed for an order with Midpoint pegging that removes liquidity. Finally, the Exchange pays a credit of \$0.0003 per share executed for "all other orders."

The Exchange now proposes to increase from \$0.0016 to \$0.0017 its (per share executed) credit for orders that access liquidity (excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with a Non-

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

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