the defaulting member's behalf). Reducing the risk of loss contagion during a member default, in turn, enhances the ability of NSCC and its clearing members to continue to provide stability and safety to the financial markets that they serve. Therefore, by enhancing NSCC's ability to address losses and liquidity pressures that otherwise might cause financial distress to NSCC or its clearing members, the Advance Notice promotes safety and soundness.

Consistent with the conclusions discussed above, the Commission also believes that NSCC's proposal is consistent with reducing systemic risks and supporting the stability of the broader financial system. Reducing the risk of loss contagion would attenuate the transmission of financial shocks from defaulting members to non-defaulting members. Accordingly, the proposed changes would support the stability of the broader financial system. Thus, the Commission believes that the proposal contained in the Advance Notice is consistent with the stated objectives and principles of Section 805(b) of the Clearing Supervision Act.

B. Consistency With Rules 17Ad–22(e)(7)(i) and (ii)

The Commission believes that the changes proposed in the Advance Notice are consistent with the requirements of Rules 17Ad–22(e)(7) under the Exchange Act. Rule 17Ad–22(e)(7) requires NSCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage liquidity risk that arises in or is borne by NSCC, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity, as specified in the rule.

In particular, Rule 17Ad–22(e)(7)(i) under the Exchange Act requires that each covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to ''effectively measure, monitor, and manage the liquidity risk that arises in or is borne by [it], including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by . . . [m]aintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day . . . settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment of obligation for the covered clearing agency in extreme but plausible conditions.''

As described above, the proposed expansion of the authorized amount under NSCC's Prefunded Liquidity Program would increase the readily-available liquidity resources available to NSCC to continue to meet its liquidity obligations in a timely fashion in the event of a member default. The increased funds could thereby help maintain sufficient liquidity resources to effect same-day settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios. Additionally, the increased size of the Prefunded Liquidity Program is designed to help ensure that NSCC has sufficient, readily-available qualifying liquid resources to meet the cash settlement obligations of its largest family of affiliated members. Therefore, the Commission finds that the proposal is consistent with Rule 17Ad–22(e)(7)(i).

Rule 17Ad–22(e)(7)(ii) under the Exchange Act requires each covered clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to ''effectively measure, monitor, and manage the liquidity risk that arises in or is borne by [it], including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by . . . holding qualifying liquid resources sufficient'' to satisfy payment obligations owed to clearing members. Rule 17Ad–22(a)(14) under the Exchange Act defines ''qualifying liquid resources'' to include, among other things, cash held either at the central bank of issue or at creditworthy commercial banks.

As described above, the proposed expansion of the authorized amount under NSCC's Prefunded Liquidity Program would enable NSCC to hold additional cash proceeds from the issuance of the Notes in a cash deposit account at the Federal Reserve Bank of New York or a bank counterparty that has been approved pursuant to the Clearing Agency Investment Policy. Because the funds would be held at the Federal Reserve Bank of New York or a bank counterparty, they would qualify as qualifying liquid resource. Therefore, the Commission believes that the proposal is consistent with Rule 17Ad–22(e)(7)(ii).

III. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,[28] that the Commission *does not object* to the Advance Notice (SR–NSCC–2017–807) and that *NSCC* is *authorized* to implement the proposed change as of the date of this notice.

By the Commission.

Eduardo A. Aleman,

Assistant Secretary.

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BILLING CODE 8011–01–P

[28] 12 U.S.C. 5465(e)(1)(I).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82684; File No. SR–NYSEArca–2017–69]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 2, To List and Trade Shares of ProShares QuadPro Funds Under NYSE Arca Rule 8.200–E

February 9, 2018.

On July 31, 2017, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to list and trade shares of ProShares QuadPro U.S. Large Cap, ProShares QuadPro Short U.S. Large Cap, ProShares QuadPro U.S. Small Cap, and ProShares QuadPro Short U.S. Small Cap under NYSE Arca Rule 8.200–E. The proposed rule change was published for comment in the **Federal Register** on August 18, 2017.[3] On September 28, 2017, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On September 29, 2017, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and superseded the proposed rule change as originally filed. On November 14, 2017, the Exchange filed

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 81388 (August 14, 2017), 82 FR 39477.

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 81746, 82 FR 46315 (October 4, 2017). The Commission designated November 16, 2017, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

Amendment No. 2 to the proposed rule change, which amended and superseded the proposed rule change as modified by Amendment No. 1.[6] On November 16, 2017, the Commission published notice of Amendment No. 2 and instituted proceedings under Section 19(b)(2)(B) of the Act[7] to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 2.[8] The Commission has received no comments on the proposed rule change.

Section 19(b)(2) of the Act[9] provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the **Federal Register** on August 18, 2017. February 14, 2018 is 180 days from that date, and April 15, 2018 is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change, as modified by Amendment No. 2. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,[10] designates April 15, 2018 as the date by which the Commission shall either approve or disapprove the proposed rule change (File No. SR–NYSEArca–2017–69), as modified by Amendment No. 2.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018–03113 Filed 2–14–18; 8:45 am]

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[6] Amendment No. 2 is available at *https://www.sec.gov/comments/sr-nysearca-2017-69/nysearca201769-2688277-161489.pdf.*

[7] 15 U.S.C. 78s(b)(2)(B).

[8] *See* Securities Exchange Act Release No. 82105, 82 FR 55699 (November 22, 2017).

[9] 15 U.S.C. 78s(b)(2).

[10] *Id.*

[11] 17 CFR 200.30–3(a)(57).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82675; File No. SR–LCH SA–2018–001]

Self-Regulatory Organizations; LCH SA; Notice of Filing of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice Relating to Self-Referencing Transactions

February 9, 2018.

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 January 31, 2018, Banque Centrale de Compensation, which conducts business under the name LCH SA (''LCH SA''), filed with the Securities and Exchange Commission (''Commission'') the proposed rule change described in Items I, II, and III below, which items have been prepared primarily by LCH SA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

LCH SA is proposing to amend its CDS Clearing Supplement and Section 4 of the CDS Clearing Procedures in order to allow acceptation of client's self-referencing transactions on their clearing broker. The text of the proposed rule change has been annexed as Exhibit 5.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, LCH SA 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. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

A. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In connection with the clearing of single name CDS referencing banks which are clearing members of CDSClear, LCH SA proposes to modify its eligibility requirements to allow for the clearing of clients ''self-referencing transactions'' on their clearing broker.

A ''self-referencing transaction'' refers to a single name CDS referencing a reference entity which is:

—In the case of a house transaction, either the clearing member itself or an affiliate of the clearing member;

—In the case of a client transaction, either the client itself or an affiliate of the client, or the clearing broker of the client or an affiliate of the clearing broker.

Currently, clearing of both house and client self-referencing transactions are prohibited by LCH SA whereas clients commonly trade single name CDS referencing banks in the uncleared world (as they face directly their counterparty). Not allowing for the clearing of those transactions as a consequence of the intermediation of a clearing member required for clients to clear would thus impact their ability to continue trading the financial CDS single name market, as well as restrict their choice for clearing brokers.

LCH SA is proposing to allow clients self-referencing transactions when the reference entity referenced by the single name CDS is either the client's clearing broker or an affiliate of the client's clearing broker.

The risk arising from clients self-referencing transactions on their clearing broker would be captured by the existing framework and more specifically by the Self-Referencing Margin which charges the minimum between zero and the net Profit and Loss resulting from a credit event of the self-referenced name across all index, single name and index swaption transactions using a Recovery Rate of 0%. The net Profit and Loss calculation allows for netting of the exposures arising from index, index swaption and single name CDS transactions if they reference the same contractual definition and transaction type.

The proposed rule change will consist in amending the following provisions of the CDS Clearing Supplement and Section 4 of the Procedures:

—The eligibility requirement in respect of single names in Section 4 of the Procedures (paragraph 4.1(c)(iii)(B)(11)) to make the distinction between house and clients self-referencing transactions so as to allow clients to clear single name CDS transactions referencing their clearing broker or one of their affiliates but neither clients self-referencing transactions referencing the client itself nor house self-referencing transactions; and

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.