

regarding when off-floor transfers are permissible, whether netting is permitted, and the transfer price of an off-floor transfer. The Commission believes that those additional provisions are designed to perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, the Commission believes that the requirement for the parties to provide written notice to the Exchange and maintain detailed records of each transfer will ensure that the Exchange is made aware of off-floor transfers and is able to review them for compliance with applicable rules.

With respect to the elimination of the on-floor transfer package procedure, the Commission notes that TPHs will continue to be able to transact on the Exchange using the regular auction market process.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>21</sup> that the proposed rule change (SR-CBOE-2018-060) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-22908 Filed 10-19-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release Nos. 33-10568; 34-84441; File No. 265-28]

### Investor Advisory Committee Meeting

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Notice of telephonic meeting of Securities and Exchange Commission Dodd-Frank Investor Advisory Committee.

**SUMMARY:** The Securities and Exchange Commission Investor Advisory Committee, established pursuant to Section 911 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, is providing notice that it will hold a telephonic public meeting. The public is invited to submit written statements to the Committee.

**DATES:** The meeting will be held on Wednesday, November 7, 2018 from 2:00 p.m. until 3:30 p.m. (ET) and will be open to the public *via* telephone at 1-800-260-0702, participant code

455778. Written statements should be received on or before November 7, 2018.

**ADDRESSES:** Written statements may be submitted by any of the following methods:

#### Electronic Statements

- Use the Commission's internet submission form (<http://www.sec.gov/rules/other.shtml>); or
- Send an email message to [rules-comments@sec.gov](mailto:rules-comments@sec.gov). Please include File No. 265-28 on the subject line; or

#### Paper Statements

- Send paper statements to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File No. 265-28. This file number should be included on the subject line if email is used. To help us process and review your statement more efficiently, please use only one method.

Statements also will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Room 1503, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All statements 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.

**FOR FURTHER INFORMATION CONTACT:** Marc Oorloff Sharma, Chief Counsel, Office of the Investor Advocate, at (202) 551-3302, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549.

**SUPPLEMENTARY INFORMATION:** The meeting will be open to the public *via* telephone. Persons needing special accommodations to take part because of a disability should notify the contact person listed in the section above entitled **FOR FURTHER INFORMATION CONTACT**.

The agenda for the meeting includes: Welcome remarks; a discussion of the Commission's Proposed Regulation Best Interest and Proposed Form CRS Relationship Summary (which may include a recommendation of the Investor as Purchaser subcommittee).

Dated: October 17, 2018.

**Brent J. Fields,**  
Secretary.

[FR Doc. 2018-22943 Filed 10-19-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84436; File No. SR-CBOE-2018-062]

### Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Approving a Proposed Rule Change To Amend Rule 6.2, Interpretation and Policy .01, Concerning Strategy Orders

October 16, 2018.

#### I. Introduction

On August 24, 2018, Cboe Exchange, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposal to amend Exchange Rule 6.2, Interpretation and Policy .01, concerning strategy orders. The proposed rule change was published for comment in the **Federal Register** on September 12, 2018.<sup>3</sup> The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

#### II. Description of the Proposed Rule Change

Exchange Rule 6.2, Interpretation and Policy .01 sets forth the modified Hybrid Opening System ("HOSS") procedure for the option series used to calculate the exercise or final settlement value for expiring volatility index derivatives.<sup>4</sup> As described in the Notice,<sup>5</sup> the Exchange notes that market participants seeking to replicate the exposure of their expiring VIX derivatives generally do so with portfolios of constituent SPX options referred to as "strategy orders," which they submit for execution in the modified HOSS opening procedure on VIX exercise settlement value determination days.<sup>6</sup> As with any

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

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

<sup>3</sup> See Securities Exchange Act Release No. 84045 (September 12, 2018), 83 FR 46230 ("Notice").

<sup>4</sup> See proposed Exchange Rule 6.2, Interpretation and Policy .01(a). These volatility indexes include the Cboe Volatility Index ("VIX") and the Russell 2000 Volatility Index. See Notice, *supra* note 3, at 46232, n.3.

<sup>5</sup> See note 3, *supra*.

<sup>6</sup> See Notice, *supra* note 3, at 46232-3. The exercise settlement value determination day is a day on which the Exchange determines the exercise or final settlement value, as applicable, of expiring volatility index derivatives. See proposed Exchange Rule 6.2, Interpretation and Policy .01(a). The Exchange notes that because market participants use strategy orders to convert vega (volatility) exposure from one instrument (expiring VIX derivative) to another (portfolio of SPX options

Continued

<sup>21</sup> 15 U.S.C. 78s(b)(2).

<sup>22</sup> 17 CFR 200.30-3(a)(12).

opening auction, the entry of such strategy orders may lead to order imbalances in the constituent option series, which is noteworthy because such series are used to determine the exercise settlement value of the expiring VIX derivatives.<sup>7</sup> Consequently, the Exchange currently imposes a cut-off time by which such strategy orders, or changes to such orders, must be received.

The Exchange believes that, in the past, some market participants that have submitted strategy orders prior to the strategy order cut-off time<sup>8</sup> may have refrained from entering orders to offset imbalances after the strategy order cut-off time because of the perceived risk that their orders may be deemed to be a new strategy order or a change to an existing strategy order, which are not permitted under the Exchange's rules after the strategy order cut-off time.<sup>9</sup> As a result, the Exchange believes that the possible non-participation in the opening auction of firms that have submitted strategy orders could impact liquidity at the opening on exercise settlement value determination days and increase the risk that some series do not open because of an imbalance.<sup>10</sup> To address these concerns, the proposal modifies the definitions of strategy order and non-strategy order to provide more guidance to market participants.<sup>11</sup>

expiring in 30 days), the market participant is likely to be indifferent to the settlement price received for the expiring VIX derivatives. *See* Notice, *supra* note 3, at 46233. The Exchange further explained that “[s]ince VIX derivatives expire 30 days prior to the SPX options used to calculate their settlement value, a market participant may have a vega risk from its portfolio of index positions that the participant wants to continue to hedge after the participant's VIX derivatives expire. To continue that vega coverage following expiration of a VIX derivative, a market participant may determine to trade the portfolio of SPX options used to calculate the exercise settlement value of an expiring VIX derivative, since those SPX options still have 30 more days to expiration. This trade essentially replaces the uncovered vega exposure “hole” created by an expiring VIX derivative.”

<sup>7</sup> *See* Notice, *supra* note 3, at 46233. Generally, if a series (1) has a market order imbalance, or (2) is at a price that is outside the Exchange prescribed opening width (as described in Exchange Rule 6.2(d)), the series will not open for trading. *See id.*

<sup>8</sup> The strategy order cut-off time is currently set as 8:20 a.m. Chicago time. *See* Notice, *supra* note 3, at 46236.

<sup>9</sup> *See id.* at 46235.

<sup>10</sup> *See* Notice, *supra* note 3, at 46235.

<sup>11</sup> The proposal retains the existing requirement that market participants submit strategy orders prior to the strategy order cut-off time and continues to prohibit a change to or cancellation of a strategy order after the strategy order cut-off time, except as provided in proposed Exchange Rule 6.2, Interpretation and Policy .01(c)(2). *See* proposed Exchange Rule 6.2, Interpretation and Policy .01(c). The proposal also adds the new defined terms volatility index derivatives, exercise settlement value determination day, and constituent option series; places all of the defined terms used in

The proposal revises the definition of strategy order to provide that individual orders (considered collectively) that a market participant submits for participation in the modified opening procedure on exercise settlement value determination days generally are considered to be a strategy order if they: (1) Relate to the market participant's positions in expiring volatility index derivatives; (2) are for option series with the expiration that the Exchange will use to calculate the exercise or final settlement value, as applicable, of the applicable volatility index derivative; (3) are for option series with strike prices approximating the range of series that are later determined to constitute the constituent option series<sup>12</sup> for the applicable expiration; (4) are for put (call) options with strike prices equal to or less (greater) than the “at-the-money” strike price; and (5) have quantities approximating the weighting formula used to determine the exercise or final settlement value, as applicable, in accordance with the applicable volatility index methodology.<sup>13</sup>

Conversely, the proposal defines a non-strategy order to mean any order (including an order in a constituent option series) a market participant submits for participation in the modified opening procedure on exercise settlement value determination days that is not a strategy order (or a change to or cancellation of a strategy order).<sup>14</sup> In its filing, the Exchange provided examples of non-strategy orders, including: (1) A buy (sell) order in a constituent options series if an expected opening information message (“EOI”) is disseminated no more than two minutes prior to the time a market participant submitted the order included a sell (buy) imbalance and the size of the order is no larger than the size of the imbalance in the EOI, regardless of whether the market participant previously submitted a strategy order or has positions in expiring volatility index derivatives; or (2) a Market-Maker bid or offer in a constituent option series, as set forth in Exchange Rule 6.2, Interpretation and Policy .01(e).<sup>15</sup> The

Exchange Rule 6.2, Interpretation and Policy .01 in paragraph (a) of that rule; and makes several non-substantive changes to Interpretation and Policy .01.

<sup>12</sup> The constituent option series are all of the options series that are used to calculate the exercise or final settlement value, as applicable, of expiring volatility index derivatives. *See* proposed Exchange Rule 6.2, Interpretation and Policy .01(a).

<sup>13</sup> *See* proposed Exchange Rule 6.2, Interpretation and Policy .01(a).

<sup>14</sup> *See id.*

<sup>15</sup> *See id.* The proposal renumbers current Exchange Rule 6.2, Interpretation and Policy .01(c) as .01(e).

Exchange stated that its definition of non-strategy order is designed to encourage all market participants to enter orders following the strategy order cut-off time for the purpose of offsetting disseminated imbalances in the constituent option series, regardless of whether the market participant previously submitted a strategy order.<sup>16</sup>

The Exchange notes the proposed rule change would not impact a Trading Permit Holder's (“TPH”) requirements to abide by Exchange Rules 4.1 (Just and Equitable Principles of Trade), 4.7 (Manipulation), and 4.18 (Prevention of the Misuse of Material, Nonpublic Information).<sup>17</sup> In addition, the Exchange will continue to conduct surveillance to monitor trading in the constituent option series, including but not limited to compliance with the strategy order cut-off time.<sup>18</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act,<sup>19</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>20</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>21</sup> which requires, among other things, that the rules of a national securities exchange be designed 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, and that the rules are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission believes that by more clearly identifying what constitutes a strategy order, and by defining a non-strategy order to include, among other things, orders in a constituent option series that offset an imbalance identified in an EOI, as described above, the proposed rule

<sup>16</sup> *See* Notice, *supra* note 3, at 46235. The Exchange determines the non-strategy order cut-off time on a class-by-class basis, which may be no earlier than 8:25 a.m. and no later than the opening of trading in a series. The Exchange will announce any changes to the non-strategy order cut-off time at least one day prior to implementation. *See* proposed Exchange Rule 6.2, Interpretation and Policy .01(d). The Exchange has set the non-strategy order cut-off time to be the opening of trading. *See* Notice, *supra* note 3, at 46236.

<sup>17</sup> *See id.*

<sup>18</sup> *See id.*

<sup>19</sup> 15 U.S.C. 78f.

<sup>20</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

change could encourage market participants to submit orders that offset imbalances in constituent option series, thereby reducing the likelihood that a constituent option series will fail to open due to an order imbalance. By reducing the likelihood that constituent option series will fail to open, the proposal is reasonably designed to facilitate an orderly opening for volatility index derivatives.

Nevertheless, the Commission remains mindful of the potential for disruptive or manipulative trading to occur in connection with the opening process in constituent options series on exercise settlement value determination days for volatility index options. The Commission believes that the proposal provides narrowly tailored guidance to market participants to promote participation in the modified HOSS opening procedure on exercise settlement value determination days in a manner that is reasonably designed to support orderly trading in a free and open market, which can benefit investors in those constituent options series and the volatility index derivatives.

Further, the Commission notes that TPHs will continue to be subject to Exchange Rules 4.1 (Just and Equitable Principles of Trade), 4.7 (Manipulation), and 4.18 (Prevention of the Misuse of Material, Nonpublic Information).<sup>22</sup> In addition, the Exchange will continue to conduct surveillance to monitor trading in the constituent option series,<sup>23</sup> which the Commission believes is essential to protect investors and the public interest.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>24</sup> that the proposed rule change (SR-CBOE-2018-062) is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-22907 Filed 10-19-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84439; File No. SR-NASDAQ-2018-070]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To List and Trade Corporate Non-Convertible Bonds on Nasdaq

October 16, 2018.

On August 27, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade corporate non-convertible bonds on Nasdaq. The proposed rule change was published for comment in the **Federal Register** on September 6, 2018.<sup>3</sup> On October 12, 2018, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission has received no comments on the proposal.

Section 19(b)(2) of the Act<sup>5</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is October 21, 2018. The Commission is extending the 45-day time period for Commission action on the proposed rule change.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider this proposed rule change and Amendment No. 1 thereto. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates December 5, 2018, as the date by which the Commission shall either

approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-NASDAQ-2018-070).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-22910 Filed 10-19-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84435; File No. SR-FICC-2018-011]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Allow CCIT Members To Elect To Pay Their Funds-Only Settlement Amount Debits Using a Different Process

October 16, 2018.

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 October 15, 2018, Fixed Income Clearing Corporation (“FICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. FICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(4) thereunder<sup>4</sup> so that the proposal was effective upon filing with the Commission. 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

The proposed rule change consists of proposed modifications to the FICC Government Securities Division (“GSD”) Rulebook (“Rules”)<sup>5</sup> that would allow CCIT Members to elect to pay their Funds-Only Settlement Amount debits using a process for debit payments that is different than the current required process described in Section 5 of Rule 13. Under this

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

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

<sup>3</sup> See Securities Exchange Act Release No. 84001 (August 30, 2018), 83 FR 45289.

<sup>4</sup> Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-nasdaq-2018-070/srnasdaq2018070-4514560-176013.pdf>.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> *Id.*

<sup>7</sup> 17 CFR 200.30-3(a)(31).

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

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

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

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

<sup>5</sup> Capitalized terms not defined herein are defined in the Rules, available at <http://dtcc.com/legal/rules-and-procedures>.

<sup>22</sup> See Notice, *supra* note 3, at 46236.

<sup>23</sup> See *id.*

<sup>24</sup> 15 U.S.C. 78s(b)(2).

<sup>25</sup> 17 CFR 200.30-3(a)(12).