

designates the proposed rule change operative upon filing.<sup>11</sup>

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 shall 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-GEMX-2018-36 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-GEMX-2018-36. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official

<sup>11</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-GEMX-2018-36, and should be submitted on or before December 7, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2018-25030 Filed 11-15-18; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84559; File No. SR-NASDAQ-2018-085]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Various Rules To Reflect Changes to The Nasdaq Options Market LLC ("NOM") Protocols

November 9, 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 29, 2018, The Nasdaq Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend various rules to reflect changes to The Nasdaq Options Market LLC ("NOM") protocols.

The text of the proposed rule change is available on the Exchange's website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at

<sup>12</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.

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

Nasdaq recently filed a rule change<sup>3</sup> which adopted a new protocol "Ouch to Trade Options" or "OTTO"<sup>4</sup> and renamed the current OTTO protocol as "Quote Using Orders" or "QUO."<sup>5</sup> The Exchange proposes to reflect the changes made in the Prior Rule Change within various NOM Rules which refer to protocols.

The Prior Rule Change, which is effective but not yet operative, renamed the current OTTO to "QUO." The proposed changes herein seek to rename that protocol accordingly within the

<sup>3</sup> See Securities Exchange Act Release No. 83888 (August 20, 2018), 83 FR 42954 (August 24, 2018) (SR-NASDAQ-2018-069) ("Prior Rule Change"). This rule change is immediately effective but will not be operative until such time as the Exchange issues an Options Trader Alert announcing the implementation date. This notification will be issued in Q4 2018. The Exchange notes that this filing renamed the current OTTO protocol as "QUO" and also proposed the adoption of a new OTTO protocol.

<sup>4</sup> OTTO is an interface that allows Participants and their Sponsored Customers to connect, send, and receive messages related to orders to and from the Exchange. Features include the following: (1) Options symbol directory messages (e.g., underlying); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) order messages; and (6) risk protection triggers and cancel notifications. See NOM Rules at Chapter VI, Section 21(a)(i)(C).

<sup>5</sup> QUO is an interface that allows NOM Market Makers to connect, send, and receive messages related to single-sided orders to and from the Exchange. Order Features include the following: (1) Options symbol directory messages (e.g., underlying); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) order messages; and (6) risk protection triggers and cancel notifications. Orders submitted by NOM Market Makers over this interface are treated as quotes. See NOM Rules at Chapter VI, Section 21(a)(i)(D).

rules where OTTO is specified in the Rulebook. The Prior Rule Change also adopted a new OTTO protocol, which is the same OTTO protocol currently utilized by market participants on Nasdaq ISE, LLC ("ISE") today.<sup>6</sup> The proposal introduces the new OTTO protocol within NOM rules.

#### Detection of Loss of Communication

Chapter VI, Section 6(e), "Detection of Loss of Communication" describes the impact to NOM protocols in the event of a loss of a communication. The Exchange identifies the various protocols available on NOM within this rule. The Exchange proposes several amendments.

First, the Exchange proposes to replace references to the term "Participant" with "NOM Market Maker" within the current rule text where the protocol is only available to NOM Market Makers.<sup>7</sup> This new text will add greater specificity to the rule.

Second, the Exchange proposes to add the term "QUO" to Chapter VI, Section 6(e)(i)(A) which defines a "Heartbeat" to account for the renamed current OTTO protocol within the list. The existing reference to current OTTO would remain and such reference would now refer to the new OTTO protocol. No changes are necessary to the text because the operation of the two protocols are the same for purposes of this specific rule text.

Third, the Exchange notes that current OTTO is accounted for within NOM Rules at Chapter VI, Section 6(e). Specifically, Section 6(e)(iii) and current Section 6(e)(vi), which is proposed to be renumbered as Section 6(e)(viii), currently describe the current OTTO protocol. The Exchange is not amending this language because this language would be the same for the new OTTO protocol. To avoid confusion in marking the text, the Exchange proposes to allow this text to remain and simply replicate the text for the renamed QUO protocol. No changes are necessary to the existing OTTO text because the operation of the two protocols, as it relates to this specific text, is the same. The standards for disconnecting current OTTO, renamed "QUO" and new OTTO are identical. The Exchange therefore proposes a new Chapter VI, Section 6(e)(i)(D) to define QUO as the Exchange's System component through which NOM Market Makers communicate orders from the Client Application. Because the renamed QUO

interface accepts orders submitted by NOM Market Makers, which are treated as quotes for purposes of quoting obligations, this interface is identified as an order entry interface. Chapter VI, Section 6(e)(i)(D), defining Client Application, is being re-lettered to Section 6(e)(i)(E). Also, the Exchange proposes a new Section 6(e)(iv) which provides,

When the QUO Port detects the loss of communication with a NOM Market Maker's Client Application because the Exchange's server does not receive a Heartbeat message for a certain time period ("nn" seconds), the Exchange will automatically logoff the NOM Market Maker's affected Client Application and if the NOM Market Maker has elected to have its orders cancelled pursuant to Chapter VI, Section 6(e)(viii) automatically cancel all open orders posted.

The Exchange also proposes to renumber subsequent sections and add a corresponding new section for QUO within Section 6(e)(viii) which provides,

The default time period ("nn" seconds) for QUO Ports shall be fifteen (15) seconds for the disconnect and, if elected, the removal of orders. If the NOM Market Maker elects to have its orders removed, in addition to the disconnect, the NOM Market Maker may determine another time period of "nn" seconds of no technical connectivity, as required in paragraph (iii) above, to trigger the disconnect and removal of orders and communicate that time to the Exchange. The period of "nn" seconds may be modified to a number between one hundred (100) milliseconds and 99,999 milliseconds for QUO Ports prior to each session of connectivity to the Exchange. This feature may be disabled for the removal of orders, however the NOM Market Maker will be disconnected.

(A) If the NOM Market Maker systemically changes the default number of "nn" seconds, that new setting shall be in effect throughout the current session of connectivity and will then default back to fifteen seconds. The NOM Market Maker may change the default setting systemically prior to each session of connectivity.

(B) If a time period is communicated to the Exchange by calling Exchange operations, the number of "nn" seconds selected by the NOM Market Maker shall persist for each subsequent session of connectivity until the NOM Market Maker either contacts Exchange operations and changes the setting or the NOM Market Maker systemically selects another time period prior to the next session of connectivity.

These sections will refer to the renamed QUO protocol separately from the new OTTO protocol. As noted above, the existing OTTO rule text would refer to the new OTTO and would have the same 15 second default time period as current OTTO, renamed "QUO." The new section for QUO will represent that protocol going forward so

that all NOM protocols are represented within the rule.

Fifth, the Exchange proposes to renumber Section 6(e)(vii) to Section 6(e)(ix) and add references to the renamed QUO protocol in this paragraph. The trigger for all protocols is described in this section. The current OTTO reference shall now refer to the new OTTO and renamed QUO is being added so all protocols are accounted for within the text.

#### Opening and Halt Cross

The Exchange proposes to amend Chapter VI, Section 8, "Nasdaq Opening and Halt Cross," at Section 8(a)(4), "Eligible Interest," to reflect the addition of an order entry protocol. As explained above, the current OTTO was renamed "QUO" and a new "OTTO" protocol will be added to NOM. The Exchange proposes to add "OTTO" to the list of protocols that may submit orders, prior to the Nasdaq Opening Cross designated with a time-in-force of IOC will be rejected and shall not be considered eligible interest. The Exchange proposes to add "QUO" to the list of protocols that may submit orders that may be submitted as quotes prior to the Nasdaq Opening Cross, designated with a time-in-force of IOC that will remain in-force through the opening and would be cancelled immediately after the opening. The Exchange also proposes to add the words "quotes received via" before SQF to make clear that quotes are submitted into the SQF protocol.

Further, the Exchange proposes to amend Chapter VI, Section 8(a)(6), "Valid Width National Best Bid or Offer" or "Valid Width NBBO" to add QUO and remove OTTO to the list of protocols that may submit orders or quotes to account for the renaming of the current protocol. Today, the SQF protocol is a quoting protocol used by NOM Market Makers. QUO will permit orders to be entered, which would be treated as quotes for purposes of quoting obligations, which orders would be eligible for the Opening Process provided they are within a specified bid/ask differential as established and published by the Exchange. The new OTTO would be an order entry protocol only and therefore not eligible to be utilized to submit a Valid Width National Best Bid or Offer during the Opening Process.

#### Data Feeds

The Exchange proposes to amend Chapter VI, Section 19, "Data Feeds and Trade Information" to amend "OTTO DROP" to "QUO DROP." The same description would apply as this data

<sup>6</sup> See Supplementary Material .03(b) to Rule 715.

<sup>7</sup> The Exchange is proposing these changes within Chapter VI, Section 6(e)(i), Section 6(e)(i)(B), current Section 6(e)(iv), Section 6(e)(iv)(A) and Section 6(e)(iv)(B).

feed is simply being renamed. The Exchange notes that the Exchange is not offering a similar data feed for the new OTTO.

#### Definitions

The Exchange proposes to add three new definitions to Chapter I, Section 1. These definitions are utilized in technical documents issued by the Exchange and will provide an ease of reference for understanding these terms. The Exchange proposes to define account number at Chapter I, Section 1(a)(69) as a number assigned to a Participant. Participants may have more than one account number. The Exchange proposes to define “badge” at Chapter I, Section 1(a)(70) as an account number, which may contain letters and/or numbers, assigned to NOM Market Makers. A NOM Market Maker account may be associated with multiple badges. Finally, the Exchange proposes to define “mnemonic” at Chapter I, Section 1(a)(71) as an acronym comprised of letters and/or numbers assigned to Participants. A Participant account may be associated with multiple mnemonics.

#### Risk Protections

Finally, the Exchange proposes to amend Chapter VI, Section 18 to make various amendments as detailed below.

#### Order Price Protection

The Exchange proposes to amend the current rule text at Chapter VI, Section 18(a)(1) related to the Order Price Protection rule or “OPP.” First the Exchange proposes to add punctuation and OPP at the beginning of that sentence to conform the text to the remainder of the rule.

Second, the Exchange proposes to remove the example within Chapter VI, Section 18(a)(1)(B)(i) which states, “For example, if the Reference BBO on the offer side is \$1.10, an order to buy options for more than \$1.65 would be rejected. Similarly, if the Reference BBO on the bid side is \$1.10, an order to sell options for less than \$0.55 will be rejected.” The Exchange also proposes to remove the example within Chapter VI, Section 18(a)(1)(B)(ii) which states, “For example, if the Reference BBO on the offer side is \$1.00, an order to buy options for more than \$2.00 would be rejected. However, if the Reference BBO of the bid side of an incoming order to sell is less than or equal to \$1.00, the OPP limits set forth above will result in all incoming sell orders being accepted regardless of their limit.” The Exchange notes that while the examples remain accurate, the Exchange proposes to remove the text to conform the rule text

to other risk protections. The Exchange does not believe it is necessary to have these examples within the rule text.

Third, the Exchange proposes to state, with the introduction of “QUO” that OPP shall not apply to orders entered through QUO. Today, the Exchange does not offer OPP via current OTTO, which is being renamed “QUO.”<sup>8</sup> The Exchange proposes to memorialize its current practice within the rule. The Exchange does not offer OPP on current OTTO, renamed “QUO” because unlike other market participants, Market Makers have sophisticated infrastructures as compared to other market participants and are able to manage their risk, particularly with respect to quoting, using tools that are not available to other market participants.<sup>9</sup> This would not be a change from the current practice.

#### Market Order Spread Protection

The Exchange proposes two changes to the Market Order Spread Protection rule at Chapter VI, Section 18(a)(2). First, NOM proposes to add the word “trading” before the word “halt” Section 18(a)(2) for consistency. In the OPP rule text halts are referred to as “trading halts.” This will avoid confusion as to the use of this term.

Second, the Exchange proposes to amend the Market Order Spread Protection Rule in Chapter VI, Section 18(a)(2) to permit NOM to establish different thresholds for one or more series or classes of options, which is the same as Phlx.<sup>10</sup> The Exchange desires, the same as Phlx, to be permitted the flexibility to allow it to determine a threshold suitable for each series or class of option. The Exchange’s current rule provides no discretion to permit different thresholds for one or more series or classes of options. By adding this rule text, the Exchange proposes to permit one or more series or classes of options to set a different threshold, which the Exchange would announce via an Options Trader Alert, similar to Phlx. The Exchange desires to conform this protection to Phlx so that it could set the same threshold across affiliated markets. The Phlx Rule Change

<sup>8</sup> See Securities Exchange Act Release No. 64312 (April 20, 2011), 76 FR 23351 (April 26, 2011) (SR-NASDAQ-2011-053). The Exchange noted in the filing that, “Like the PHLX’s OPP, NOM’s will be available for Participants’ orders, but not for market making.”

<sup>9</sup> QUO, similar to SQF, is subject to the quote protections listed in Chapter VI, Section 18(c).

<sup>10</sup> Securities Exchange Act Release No. 83141 (May 1, 2018), 83 FR 20123 (May 7, 2018) (SR-Phlx-2018-32) (“Phlx Rule Change”). Footnote 11 of this filing provides that Exchange may establish differences other than the referenced threshold for one or more series or classes of options.

provided that the \$5 threshold is appropriate because it seeks to ensure that the displayed bid and offer are within reasonable ranges and do not represent erroneous prices. Further the Exchange noted that this protection will bolster the normal resilience and market behavior that persistently produces robust reference prices. This feature should create a level of protection that prevents Market Orders from entering the Order Book outside of an acceptable range for the Market Order to execute. The Exchange notes that those goals remain consistent with the Exchange’s goals today for this risk feature. The Exchange would establish different thresholds for one or more series or classes of options if it believed that the threshold should differ to retain these goals.

#### Anti-Internalization

The Exchange proposes to amend Chapter VI, Section 18(c)(1) to make minor changes to capitalize the term “market maker” and remove the word “participant,” make plural the word “identifier,” and change the word “member” to “Participant.” These changes are intended to conform the language to the remainder of the risk protection rules. Further, the Exchange proposes to replace the phrase “Exchange account identifier or member firm identifier” with “account number or Participant identifier.” The Exchange defined “account number” herein and proposes that definition in place of “Exchange account identifier.” Also, for consistency, “member” is being replaced with “Participant” in this sentence as well.

#### Automated Removal of Quotes

Finally, the Exchange proposes to amend the title of Chapter VI, Section 18(c)(2) from “Automated Removal of Quotes” to “Quotation Adjustments” to conform the title across Nasdaq markets.

#### Implementation

The Exchange proposes to implement the rule changes for QUO and OTTO at the same time that the Exchange announces SR-NASDAQ-2018-069 will be operative.<sup>11</sup> The Exchange proposes to implement the changes for OPP in Q4 of 2018. The Exchange will announce the date of implementation via an Options Traders Alert.

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>12</sup> in general, and furthers the

<sup>11</sup> See note 3 above.

<sup>12</sup> 15 U.S.C. 78f(b).

objectives of Section 6(b)(5) of the Act,<sup>13</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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 by adopting new definitions and amending the rule text for Anti-Internalization to conform the rule text to other risk protection rules and utilize a proposed new definition. The Exchange believes that these proposed amendments will add greater transparency to the Exchange's rules.

#### Detection of Loss of Communication

With respect to the new OTTO protocol which was introduced with the Prior Rule Change, all NOM Participants will be able to utilize this protocol. The Exchange believes that applying the removal functionality specified within NOM Rules at Chapter VI, Section 6(e) for the new OTTO protocol is consistent with the Act because it prevents disruption in the marketplace by protecting market participants. Market participants utilizing new OTTO will have the option to either enable or disable the cancellation feature, thereby offering the same risk protections throughout the market to participants utilizing other protocols. Further, it is appropriate to offer this removal feature as optional to all market participants utilizing new OTTO, because unlike NOM Market Makers who are required to provide quotes in all products in which they are registered, market participants utilizing new OTTO do not bear the same magnitude of risk of potential erroneous or unintended executions. In addition, market participants utilizing new OTTO may desire their orders to remain on the order book despite a technical disconnect, so as not to miss any opportunities for execution of such orders while the OTTO port is disconnected. The Exchange believes that it is consistent with the Act to require other market participants to be disconnected because the Participant is otherwise not connected to the Exchange's System and the Participant simply needs to reconnect to commence submitting and cancelling orders.

#### Opening and Halt Cross

The Exchange's proposal to reflect QUO, the renamed current OTTO protocol, within Chapter VI at Sections 6(e), 8 and 19 and permit the references to the current OTTO protocol to reflect the new OTTO protocol will account for

all the protocols available on NOM within these Rules. Specifically, the Exchange's proposal will make clear that QUO will be available to NOM Market Makers and would be considered eligible interest during the Opening Process and which types of orders are eligible as Valid Width Quotes. Finally, the features available for disconnects and the availability of QUO DROP are being specified in this proposal. The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because current OTTO is simply being renamed "QUO." Renaming this protocol with its rules will make clear how QUO orders may be entered and cancelled by the System and avoid confusion for investors. With respect to the Opening Process described in NOM Rules at Chapter VI, Section 8, the Exchange's proposal to replace "OTTO" with "QUO" reflects the name change. Only quotes and in this case orders, which are treated as quotes for quoting obligations, may qualify for a Valid Width National Best Bid or Offer during the Opening Process. Also, adding QUO to the list of Eligible Interest brings greater clarity to market participants regarding the changes to the NOM protocols. The current OTTO references will reflect the new OTTO protocol with these changes. Finally, the change to Chapter VI, Section 19(b) simply accounts for the name change. The Exchange is not amending the proposed "QUO DROP" functionality.

#### Risk Protections

With respect to not offering OPP for QUO, the Exchange believes it is consistent with the Act because unlike other market participants, Market Makers have sophisticated infrastructures as compared to other market participants and are able to manage their risk, particularly with respect to quoting, using tools that are not available to other market participants. Also, QUO is subject to the quote protections listed in Chapter VI, Section 18(c). Market Makers handle a large amount of risk when quoting and in addition to the risk protections required by the Exchange and utilize their own risk management parameters when entering orders, minimizing the likelihood of error. The Exchange believes that Market Makers, unlike other market participants, have the ability to manage their risk and are being offered two protocols to quote.

The Exchange's proposal to expand the Market Order Spread Protection permits the Exchange to establish different thresholds for one or more

series or classes of options which is the same as Phlx. The Exchange desires this flexibility to allow it, the same as Phlx,<sup>14</sup> to determine a threshold suitable for each series or class of option. The Exchange believes that expanding this capability is consistent with the Act because it would allow the Exchange to consider thresholds for Market Order Spread Protection at a more granular level, per series or class, to ensure that the displayed bid and offer are within reasonable ranges and do not represent erroneous prices. The Exchange intends that this risk protection would bolster the normal resilience and market behavior that persistently produces robust reference prices, while creating a level of protection that prevents Market Orders from entering the Order Book outside of an acceptable range for the Market Order to execute.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to adopt new definitions and amend the rule text for Anti-Internalization to conform the rule text to other risk protection rules and utilize a proposed new definition does not impose an undue burden on competition because the proposal brings transparency to the Exchange's rules.

The Exchange's proposal to add references to renamed QUO to Chapter VI, Sections 6(e), 8 and 19 will clarify the name change of the current OTTO protocol to renamed "QUO" and will also make clear that QUO is available only to NOM Market Makers. The Exchange's proposal to introduce the new OTTO protocol for purposes of the detection of loss of communication functionality does not impose an undue burden on competition because all market participants will be permitted to utilize OTTO to submit orders during the opening and will also be able to avail themselves of the protections offered by a loss of communication, similar to other protocols.

Finally, no Market Maker would receive OPP protection, however all Market Makers would receive the quote protections listed in Chapter VI, Section 18(c). The Exchange believes that unlike other market participants, Market Makers have sophisticated infrastructures as compared to other market participants and are able to manage their risk, particularly with respect to quoting, using tools that are

<sup>13</sup> 15 U.S.C. 78f(b)(5).

<sup>14</sup> See note 10 above.

not available to other market participants.

The Exchange's proposal to expand the Market Order Spread Protection to permit the Exchange to establish different thresholds for one or more series or classes of options, the same as Phlx, would apply uniformly to all market participants.

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

No written comments were either solicited or received.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) 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>15</sup> and Rule 19b-4(f)(6) thereunder.<sup>16</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>17</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>18</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange believes that waiver of the operative delay would allow the Exchange to update its rules without delay to reflect the proposed amendments with respect to QUO and OTTO at the same time as it proposes to implement the new OTTO functionality, and bring greater transparency to the Exchange's risk protections. Additionally, the Commission notes that the changes relating to the OTTO protocol and risk protections are based on the operation of similar functionality on Nasdaq ISE and Phlx, respectively. Therefore, the

Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>19</sup>

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 shall 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-NASDAQ-2018-085 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-NASDAQ-2018-085. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the

public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of 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-NASDAQ-2018-085, and should be submitted on or before December 7, 2018.

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

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

[FR Doc. 2018-24981 Filed 11-15-18; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-84565; File No. SR-ODD-2018-01]

**Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting the Inclusion of Disclosure Regarding Foreign Currency Index Options and Implied Volatility Index Options, Certain Contract Adjustment Disclosures, and T+2 Settlement**

November 9, 2018.

On October 24, 2018, the Options Clearing Corporation ("OCC") submitted to the Securities and Exchange Commission ("Commission"), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> five preliminary copies of a supplement to amend the options disclosure document ("ODD") to include disclosure regarding foreign currency index options and implied volatility index options, certain contract adjustment disclosures, and T+2 settlement ("October 2018 Supplement").<sup>2</sup> On October 25, 2018,

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 17 CFR 240.9b-1.

<sup>2</sup> See email from Marcie Pomper, Corporate Assistant, OCC, to Sharon Lawson and David Michehl, Division of Trading and Markets ("Division"), Commission, dated October 24, 2018.

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

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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

<sup>18</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>19</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).