

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 NSCC and on DTCC's website (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-NSCC-2018-012 and should be submitted on or before January 4, 2019.

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

**Eduardo A. Aleman,**  
Deputy Secretary.

[FR Doc. 2018-27081 Filed 12-13-18; 8:45 am]  
BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84777; File No. SR-CboeBZX-2018-086]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend Its Provision Related to Its Risk Monitor Mechanism

December 10, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 29, 2018, Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II

below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") proposes to amend its provision related to its Risk Monitor Mechanism. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

##### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend Rule 21.16 which governs the Risk Monitor Mechanism.

###### Background

By way of background, the Risk Monitor Mechanism provides Users<sup>5</sup> with the ability to manage their order and execution risk. Particularly, Rule 21.16 provides that the System will maintain a counting program for each

User. A User may configure a single counting program or multiple counting programs to govern its trading activity (*i.e.*, on a per port basis). The counting program counts executions, contract volume and notional value, within a specified time period established by each User ("specified time period") and on an absolute basis for the trading day ("absolute limits"). The specified time period will commence for an option when a transaction occurs in any series in such option. The counting program will also count a User's executions, contract volume and notional value across all options which a User trades ("Firm Category"). When the system determines that a User's Specified Engagement Trigger (*i.e.*, a volume trigger, notional trigger, count trigger and percentage trigger) has reached its established limit, the Risk Monitor Mechanism cancels or rejects such User's orders or quotes<sup>6</sup> in all series of the class and cancels or rejects any additional orders or quotes from the User in the class until the counting program resets.

#### Proposed Rule Change

The Exchange proposes to amend Rule 21.16 to (i) adopt the Risk Monitor Mechanism rule language used by its affiliated exchange, Cboe C2 Exchange, Inc. ("C2") (ii) provide the ability for Users [sic] to configure limits applicable to a group of EFIDs, and (iii) adopt a new a new risk parameter.

#### Rule Harmonization

First, the Exchange proposes to harmonize its Risk Monitor Mechanism Rule to that of its affiliated Exchange, C2. Particularly, C2 Rule 6.14 governs, among other things, its Risk Monitor Mechanism functionality. The Exchange notes the functionality of the Risk Monitor Mechanism is substantively the same as the Risk Monitor Mechanism on BZX. Indeed, the Exchange notes that C2 just recently adopted Rule 6.14 in connection with the technology migration of C2 onto the options platform of EDGX, and at such time conformed its previous Risk Monitor Mechanism functionality to the functionality that already existed on BZX.<sup>7</sup> Although the functionality is substantively the same, the rule structure and terminology used in the BZX and C2 rules differ. The Exchange wishes to provide harmonization with respect to this rule across the two exchanges and accordingly proposes to

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

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

<sup>5</sup> See Exchange Rule 1.5(ee). The term "User" means any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3. As discussed below, the Exchange is proposing to replace references to "Users" in Rule 21.16 with "Member".

<sup>6</sup> See infra discussion accompanying footnotes 6-7 [sic].

<sup>7</sup> See Securities Exchange Act Release No. 83214 (May 11, 2018), 83 FR 22796 (May 16, 2018) (SR-C2-2018-005).

<sup>25</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.

conform BZX Rule 21.16 to C2 Rule 6.14(c)(5) (*i.e.*, delete current Rule 21.16 in its entirety with the exception of subparagraphs (d) and (e), which will be relocated as described below, and adopt in whole the language from the relevant provisions of C2 Rule 6.14).<sup>8</sup> As noted above, the Exchange is also proposing substantive enhancements to its current functionality, which is described further below. The Exchange notes that C2 is simultaneously proposing the same Risk Monitor Mechanism enhancements and those enhancements are included in the new proposed conformed rule language.

First, the Exchange notes that proposed Rule 21.16 will not use the term “User”, and instead will use the term “Member”.<sup>9</sup> The Exchange notes that the definition of User is broader than Member, as it specifically captures Sponsored Participants. The Exchange believes “Member” is the more appropriate term to use with respect to the Risk Monitor Mechanism as the rule describes how the functionality works with respect to Members, and not necessarily Sponsored Participants. The Exchange notes that it currently does not have any Sponsored Participants, and to the extent it expects to have any in the future, it will revise the rule as needed to incorporate how the Risk Monitor Mechanism would function with respect to Sponsored Participants. The Exchange notes that “User” will be referred to herein as “Member”.

Next, in connection with adopting C2’s Risk Monitor Mechanism Rule language, the Exchange notes that it will be eliminating the term “class” and replacing it with “underlying”. Specifically, the Exchange notes that the Risk Monitor Mechanism is configured to count the risk parameters (referred to as “Specified Engagement Triggers” in current BZX Rule 21.16) across underlying securities or indexes. As an example, any option related to Apple (AAPL), would be considered to have the same underlying. Accordingly, if a corporate action resulted in AAPL1, AAPL and APPL1 one [sic] would be considered to share the same underlying

symbol AAPL. Only a single symbol-level rule for underlying AAPL would be configurable by the Risk Monitor Mechanism. The Exchange notes that the term “underlying” is also utilized in the Exchange’s technical specification documents. The Exchange therefore believes underlying is a more accurate term to use.

The Exchange also intends to clarify and codify in the new rule language what occurs in the event a Member does not reactivate its ability to send quotes or orders after its configured risk parameter limits have been reached. Currently, BZX Rule 21.16 explains how a Member may reset its counting periods. The proposed rule language includes a provision that provides that if the Exchange cancels all of a Member’s quotes and orders resting in the Book, and the Member does not reactivate its ability to send quotes or orders, the block will be in effect only for the trading day that the Member reached its limits. The Exchange notes this is not a substantive change, but rather is current practice, and that its affiliated Exchange, Cboe Options, includes similar language in its rules.<sup>10</sup> The Exchange believes adding this provision to the rules provides further transparency in its rules and reduces potential confusion as to what would happen in the situation where a Member fails to reset the counting program.

In connection with adopting C2’s Risk Monitor Mechanism Rule language, the Exchange also proposes to include language regarding a reset limit. Particularly, C2 Rule 6.14(c)(5)(d)(iii) [sic] (which will be renumbered to C2 Rule 6.14(c)(5)(d)(iv) [sic]) provides that the Exchange may restrict the number of Member underlying, EFID and EFID Group resets per second. The Exchange believes adding this provision to its rules provides transparency in the rules that the Exchange can impose such a restriction. The Exchange notes this is not a substantive change, but rather current practice.

In connection with the harmonization of C2 Rule [sic] 6.14, the Exchange notes that certain terminology is also changing. For example, current BZX Rule 21.16, provides that the counting program counts a Member’s executions, contract volume and notional value across all options which a Member trades (“Firm Category”). Going forward, this concept will be restated to provide generally that the System will count the risk parameters across all underlyings of an EFID (“EFID limit”). The Exchange reiterates the concept is the same, but the language conforms to

C2 rules and makes the rule easier to read.

The Exchange also proposes to adopt a definition of EFID as it proposes to reference EFIDs in proposed BZX Rule 21.16. Particularly, the Exchange proposes to add Rule 21.1(k) to define and describe EFIDs. Specifically, a Member may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to a Member, which the System uses to identify the Member and clearing number for the execution of orders and quotes submitted to the System with that EFID.<sup>11</sup> Each EFID corresponds to a single Member and a single clearing number of a Clearing Member with the Clearing Corporation. A Member may obtain multiple EFIDs, which may be for the same or different clearing numbers. A Member may only identify for any of its EFIDs the clearing number of a Clearing Member that is a Designated Give Up or Guarantor of the Trading Permit Holder as set forth in Rule 21.12. [sic] A Member is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a Member submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote. The proposed rule change regarding EFIDs is not a substantive change but rather codifies current functionality and mirrors current C2 Rule 6.8(b). The Exchange believes including a description of the use of EFIDs in the Rules adds transparency to the Rules.

The Exchange also notes that the new harmonized rule language incorporates the use of the term “quote” and “quotes”.<sup>12</sup> Currently, however, when describing what happens when a Specified Engagement Trigger is reached, Rule 21.16(b)(i) only references what happens to a Member’s “orders”. The Exchange notes however, that the term “order” as is used in Rule 21.16 was intended to capture both orders and quotes. Particularly, an “order” is defined as a firm commitment to buy or sell option contracts submitted to the System by a Member, and a “quote” is defined as a bid or offer entered by a Market-Maker as a firm order that updates the Market-Maker’s previous

<sup>8</sup> The Exchange notes that it is not proposing to adopt subparagraph (c)(5)(E) of C2 Rule 6.14 as such provision relates to complex orders, which functionality the Exchange currently does not offer.

<sup>9</sup> See Exchange Rule 1.5(n). The term “Member” shall mean any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act. Membership may be granted to a sole proprietor, partnership, corporation, limited liability company or other organization which is a registered broker or dealer pursuant to Section 15 of the Act, and which has been approved by the Exchange. The Exchange notes that corresponding C2 Rule 6.14(c)(5) will use the term “TPH”, as “Member” is not a defined term used by C2.

<sup>10</sup> See Cboe Options Rule 8.18.

<sup>11</sup> The Exchange notes that currently EDGX’s [sic] rules refer only to the term “MPID”, which is a Member’s market participant identifier used for equities trading. The Exchange does not utilize MPIDs on its options platform and uses EFIDs instead. EFIDs are generally equivalent to MPIDs.

<sup>12</sup> See subparagraph (b), (c) and (d) of proposed EDGX [sic] Rule 21.16.

bid or offer, if any.<sup>13</sup> Indeed, the Exchange notes that the proposed reference to “quote” and “quotes” is not a substantive change to how the Risk Monitor Mechanism currently works or will work going forward. Accordingly, the Exchange believes incorporating the term “quote” and “quotes” alleviates confusion and better reflects how the Risk Monitor Mechanism operates (*i.e.*, both orders and quotes, as defined, can be affected). Similarly, the Exchange believes the proposal to eliminate the references to a “User’s order size”, “Market-Maker’s quote size” and “displayed and non-displayed size”, with respect to how the percentage trigger is calculated is not a substantive change. The Exchange notes the trigger is calculated the same on BZX and C2, and although proposed BZX Rule 21.16(a)(iv) doesn’t reference orders and Market-Maker quotes in particular, the calculation will not be changing and the Exchange doesn’t believe a reference to orders and Market-Maker quote size in particular under this provision is necessary. Similarly, the Exchange does not believe maintaining a reference to “displayed” and “non-displayed” size is necessary, as the Exchange believes the proposed language is broad enough to capture both types of orders. The Exchange also reiterates the absence of such references is not a substantive change and the calculation of the percentage trigger is not changing.

As noted above, the Exchange is not proposing to eliminate subparagraphs (d) or (e) of current BZX Rule 21.16, but rather relocate these provisions. The Exchange proposes to first relocate the contents of current subparagraph (d) to new subparagraph (d)(vi) of proposed BZX Rule 21.16 and clarify that the proposed provision governs “other resets” (*i.e.*, resets that are not a result from a limit being reached).<sup>14</sup> Particularly, the provision provides the System will reset the counting period for absolute limits when a Member refreshes its risk limit thresholds. The System will also reset the counting program and commence a new specified time period when (i) a previous specified time period has expired and a transaction occurs in any series of an underlying or (ii) a Member refreshes its risk limit thresholds prior to the expiration of the specified time period. The Exchange proposes to keep this language as it provides transparency in the rules as to when other resets occur

without limits being reached. Lastly, the Exchange notes that that current subparagraph (e) will be included under subparagraph (e) of the new proposed Rule 21.16. Particularly, “new” subparagraph (e) provides that a Member may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in BZX Rule 22.11.<sup>15</sup>

### EFID Groups

The Exchange next proposes to provide in the rules that in addition to underlying limits and EFID limits, the System will be able to count each of the risk parameters across all underlyings for a group of EFIDs (“EFID Group”)(“EFID Group limit”).<sup>16</sup> Similar to when a underlying limit or EFID limit are reached, when a Member’s EFID Group limit is reached, the Risk Monitor Mechanism will cancel or reject such Member’s orders or quotes in all underlying and cancel or reject any additional orders or quotes from any EFID within that EFID Group in all underlyings until the counting program resets. The System will not accept new orders or quotes from any EFID within an EFID Group after an EFID Group limit is reached until the Member manually notifies the Trade Desk to reset the counting program for the EFID Group, unless the Member instructs the Exchange to permit it to reset the counting program by submitting an electronic message to the System. The Exchange believes each Member is in the best position to determine risk settings appropriate for its firm based on its trading activity and business needs and that it may be based on a single EFID or EFID Group(s). The Exchange notes that its affiliate Exchange, Cboe Exchange, Inc. (“Cboe Options”) similarly allows its members to set similar risk parameters at the acronym-level (which is similar to an EFID) or firm level (similar to an EFID Group).<sup>17</sup>

### New Risk Parameter

The Exchange lastly proposes to adopt a new risk parameter. Specifically, under the proposed functionality, a Member may specify a maximum number of times that the risk parameters (*i.e.*, volume, notional, count and/or percentage) are reached over a specified interval or absolute period (“risk trips”).

<sup>15</sup> The Exchange notes that C2 is proposing to also add this provision to its C2 Rule 6.14 in order to provide further transparency in its rules governing the Risk Monitor Mechanism.

<sup>16</sup> An EFID may not belong to more than one EFID Group. The Exchange notes that the Members determine how many, if any, EFID Groups to establish and determine which EFIDs belong to a particular EFID Group, if any.

<sup>17</sup> See Cboe Options Rule 8.18.

When a risk trip limit has been reached, the Risk Monitor Mechanism will cancel or reject a Member’s orders or quotes pursuant to subparagraph (b) of Rule 21.16. The Exchange notes that a similar risk parameter (*i.e.*, a parameter based on the number of risk “incidents” that occur over a specified time) is available on its affiliate Exchange, Cboe Options.<sup>18</sup> The Exchange believes the proposed changes to its Risk Monitor Mechanism rule sufficiently allows Members to adjust and adopt parameter inputs in accordance with their business models and risk management needs.

### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>19</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>20</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>21</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>22</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>23</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable

<sup>18</sup> See Cboe Options Rule 8.18, which provides that a Hybrid Market Maker or a TPH Organization may specify a maximum number of Quote Risk Monitor Mechanism (“QRM”) QRM Incidents on an Exchange-wide basis.

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

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> *Id.*

<sup>22</sup> 15 U.S.C. 78f(b).

<sup>23</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> See BZX Rules 16.1(a)(42) and (51) and 21.1(c).

<sup>14</sup> The Exchange notes that C2 is also proposing to add this provision to its C2 Rule 6.14 in order to provide further transparency in its rules governing the Risk Monitor Mechanism.

principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>24</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

First, the Exchange believes its proposal to harmonize Rule 21.16 to C2 Rule 6.14 provides uniformity across affiliated exchange rules that govern the same functionality and makes the rule easier to read, which reduces potential confusion. The Exchange also proposes to mirror C2 Rule 6.14 because it believes consistent rules will increase the understanding of the Exchange's operations for Members that are also participants on C2. As discussed above, notwithstanding the proposal to adopt new terminology and/or the absence of certain references, the Exchange intends no substantive changes to the meaning or application of Rule 21.16 other than what is described above with respect to EFID Groups and the new risk trips parameter. Particularly, the Exchange believes the adoption of the definition of "EFID" provides transparency in the rules and alleviates confusion, as the Exchange references EFIDs multiple times throughout proposed Rule 21.16 and utilizes EFIDs generally on the Exchange with respect to its options platform. The Exchange notes the proposed definition is substantively the same as the definition of EFIDs under C2's rules.<sup>25</sup> The Exchange believes the use of "quote" and "quotes" also alleviates confusion as the current Risk Monitor Mechanism in fact affects both orders and quotes, as defined, and was intended to cover both a Member's orders and Market Maker quotes. Similarly, the Exchange believes using the term "underlying" instead of "class" and "Member" instead of "user" alleviates potential confusion as the proposed terms more accurately reflect how the Risk Monitor Mechanism operates.

The Exchange believes the rule changes to codify current practice alleviates potential confusion, provides

transparency in the rules and makes the rules easier to read. For example, providing language regarding (i) a Member's failure to reset or initiate a reset of the counting program and (ii) the Exchange's ability to restrict resets, provides transparency in the rules as to what occurs in those situations, harmonizes rule language with that of the Exchange's affiliated Exchanges, and reduces potential confusion. The alleviation of confusion removes impediments to, and perfects the mechanism of, a free and open market and a national market system, and, in general, protects investors and the public interest.

The Exchange believes providing Members the ability to configure certain risk parameters across underlyings for an EFID Group is also appropriate because it permits a Member to protect itself from inadvertent exposure to excessive risk on an additional level (*i.e.*, on an EFID group-level, not just underlying- or EFID-level). Reducing such risk will enable Members to enter quotes and orders with protection against inadvertent exposure to excessive risk, which in turn will benefit investors through increased liquidity for the execution of their orders. Such increased liquidity benefits investors because they may receive better prices and because it may lower volatility in the options market. The Exchange also believes each Member is in the best position to determine risk settings appropriate for its firm based on its trading activity and business needs and that that may be based on an EFID Group(s). Additionally, as discussed above, Cboe Options similarly allows its members to set risk parameters at the acronym-level (which is similar to an EFID) or firm-level (similar to an EFID Group).<sup>26</sup>

Lastly, the Exchange believes the proposal to adopt the new risk parameter based on number of times a risk parameter or group of risk parameters are reached will provide Members with an additional tool for managing risks. Furthermore, as noted above, the Exchange's affiliated exchange offers similar functionality.<sup>27</sup> Overall, the proposed rule change provides Members more protections that reduce the risks from potential system errors and market events. As a result, the proposed changes, including the new risk parameter for the Risk Monitor Mechanism, have the potential to promote just and equitable principles of

trade. Additionally, the proposed changes apply to all Members.

#### *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 that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the Exchange believes that the proposed changes with respect to its Risk Monitor Mechanism help promote fair and orderly markets and provide clarity and transparency the Rule. For example, the proposed rule change adds an additional risk control parameter and flexibility to help further prevent potentially erroneous executions, which benefits all market participants. The proposed changes apply uniformly to all Members and the Exchange notes that the proposed changes apply to all quotes and orders in the same manner. Additionally, the Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed enhancements apply only to trading on the Exchange. Additionally, the Exchange notes that it is voluntary for the Members to determine whether to make use of the new enhancements of the Risk Monitor Mechanism. To the extent that the proposed changes may make the Exchange a more attractive trading venue for market participants on other exchanges, such market participants may elect to become Exchange market participants.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

A. significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the

<sup>24</sup> *Id.*

<sup>25</sup> See C2 Rule 6.8(b). The Exchange notes that proposed Rule 21.1(k)(2) does not include a cross reference to a rule regarding Designated Give Ups and Guarantors as BZX rules do not have a similar corresponding rule as C2 Rule 6.30.

<sup>26</sup> See Cboe Options Rule 8.18.

<sup>27</sup> See Cboe Options Rule 8.18.

Act<sup>28</sup> and Rule 19b-4(f)(6) thereunder.<sup>29</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>30</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>31</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 asked the Commission to waive the 30-day operative delay to provide Members with additional tools and greater flexibility for managing their potential risk as soon as possible. Accordingly, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.<sup>32</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-CboeBZX-2018-086 on the subject line.

<sup>28</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>29</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>30</sup> 17 CFR 240.19b-4(f)(6).

<sup>31</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>32</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).

##### *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-CboeBZX-2018-086. 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-CboeBZX-2018-086 and should be submitted on or before January 4, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2018-27085 Filed 12-13-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84768; File No. SR-DTC-2018-011]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Guide to the DTC Fee Schedule

December 10, 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 November 26, 2018, The Depository Trust Company ("DTC") 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. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rules 19b-4(f)(2) and (f)(4) thereunder.<sup>4</sup> 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 amendments to the Guide to the DTC Fee Schedule ("Fee Guide")<sup>5</sup> in order to (i) simplify the pricing structure, (ii) align fees with the costs of services provided by DTC, and (iii) encourage Participant practices that promote efficient market behavior. The proposed changes would include: (A) Grouping certain fee line items for related or similar services under one fee line item, (B) deleting fees with little or no activity, (C) updating certain fees to reflect DTC's costs in relation to the service, (D) decreasing certain fees in order to incentivize Participants to utilize certain DTC services that promote efficiency, both in the servicing of physical securities in the Custody Service and for the settlement of securities transactions at DTC, and (E) increasing a surcharge to discourage the late submission of certain underwriting documentation. In addition, the proposed rule change would also make

<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)(2) and (f)(4).

<sup>5</sup> Each capitalized term not otherwise defined herein has its respective meaning as set forth in the Fee Guide and the Rules, By-Laws and Organization Certificate of DTC (the "Rules"), available at <http://www.dtcc.com/legal/rules-and-procedures.aspx>.

<sup>33</sup> 17 CFR 200.30-3(a)(12).