

and BOX as to the impact of and justification for the proposed fee changes. Instituting proceedings provides an opportunity for additional comment on, and Commission consideration of, these matters, as well as an opportunity for the Commission to more fully assess whether the filing is consistent with the Act.

Further, suspending the filing and instituting proceedings constitutes an interim step in the Commission's consideration of the substantive issues raised by the filing, and does not constitute a final disposition of the proposed rule change. As reflected in the Order Instituting Proceedings, the Commission has not reached any conclusions with respect to the issues involved.<sup>29</sup> To the contrary, the Commission sought additional comment with respect to the concerns raised by the filing,<sup>30</sup> and noted that the institution of proceedings provides the Commission the opportunity to more fully assess the issues raised. In addition, as discussed below, the Commission is providing an additional comment and rebuttal period in this order. This will help the Commission further assess the proposed rule change and inform its ultimate decision as to whether the proposed rule change is consistent with the Act.

As noted above, during the proceedings the Commission will consider whether the proposal satisfies the standards under the Act and the rules thereunder requiring, among other things, that an exchange's rules provide for the equitable allocation of reasonable fees among members, issuers, and other persons using its facilities; not permit unfair discrimination between customers, issuers, brokers or dealers; and do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Commission also believes it is appropriate to provide that (1) interested persons may submit comments related to SR-BOX-2018-24 until 8 days from publication of this order in the **Federal Register** and (2) rebuttal comments may be submitted until 15 days from publication of this order in the **Federal Register**.

For the reasons stated above, it is hereby:

*Ordered* that the Division's Order Instituting Proceedings by delegated authority is hereby affirmed; and

It is further *Ordered* that interested persons may submit comments related to SR-BOX-2018-24 until 8 days from

publication in the **Federal Register**; rebuttal comments may be submitted until 15 days from publication in the **Federal Register**.

By the Commission.

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2019-03543 Filed 2-27-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85183; File No. SR-CboeBZX-2019-009]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend the Fee Schedule Applicable to Members and Non-Members of the Exchange Pursuant to BZX Rules 15.1(a) and (c)

February 22, 2019.

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 February 11, 2019, 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, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (the "Exchange" or "BZX") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend the fee schedule applicable to Members and non-Members<sup>3</sup> of the Exchange pursuant to BZX Rules 15.1(a) and (c). The text of the proposed rule change is attached as Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

<sup>3</sup> A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

#### 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 the fee schedule applicable to its equities trading platform ("BZX Equities") to add a third Step-Up Tier under footnote 2.<sup>4</sup> The Exchange currently offers two Step-Up Tiers that provide Members with additional ways to qualify for an enhanced rebate where they increase their relative liquidity each month over a predetermined baseline. Under the current Step-Up Tiers, a Member receives a rebate of \$0.0030 or \$0.0031 per share for qualifying orders which yield fee codes B,<sup>5</sup> V,<sup>6</sup> or Y<sup>7</sup> if the corresponding required criteria is met.

The Exchange now proposes to amend footnote 2 to add a third Step-Up Tier. Under the proposed Step-Up Tier 3, a Member would receive a rebate of \$0.0031 per share for their qualifying orders which yield fee codes B, V, or Y where the Member has a Step-Up Add TCv from December 2018 greater or equal to 0.20%. As currently defined in the BZX Equities fee schedule, Step-Up Add TCv means ADAV<sup>8</sup> as a percentage of TCv<sup>9</sup> in the relevant baseline month

<sup>4</sup> The Exchange initially filed the proposed fee change on January 29, 2019 (SR-CboeBZX-2019-003). On business date February 11, 2019, the Exchange withdrew that filing and submitted this filing.

<sup>5</sup> Fee code B is appended to displayed orders which add liquidity to Tape B and is provided a rebate of \$0.0025 per share.

<sup>6</sup> Fee code V is appended to displayed orders which add liquidity to Tape A and is provided a rebate of \$0.0020 per share.

<sup>7</sup> Fee code Y is appended to displayed orders which add liquidity to Tape C and is provided a rebate of \$0.0020 per share.

<sup>8</sup> "ADAV" means average daily volume calculated as the number of shares added per day. ADAV is calculated on a monthly basis.

<sup>9</sup> "TCv" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

<sup>29</sup> See *id.*

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

subtracted from current ADAV as a percentage of TCV.<sup>10</sup> Members that achieve the proposed Step-Up Tier must therefore increase the amount of liquidity that they provide on BZX relative to the TCV each month, thereby contributing to a deeper and more liquid market.

## 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>12</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange.

In particular, the Exchange notes that rebates such as that proposed herein have been widely adopted by exchanges,<sup>13</sup> including the Exchange,<sup>14</sup> and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to: (i) The value to an exchange's market quality and (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns. The Exchange believes that the proposed tier is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because it will continue to provide Members with an incentive to reach certain thresholds on the Exchange. Particularly, the proposed Tier rewards a Member's growth pattern

since the end of the previous year (2018).

The Exchange believes the proposed Step-Up Tier is a reasonable means to encourage Members to increase their liquidity on the Exchange based on increasing their relative volume above a predetermined baseline. Increased liquidity benefits all investors by deepening the Exchange's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. The Exchange also believes that proposed rebate is reasonable based on the difficulty of satisfying the tier's criteria, including using December 2018 as the predetermined baseline. Furthermore, the Exchange believes that the proposed Step-Up Tier is not unfairly discriminatory as it applies to all members that meet the required criteria.

### *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 does not believe the proposed change burdens competition, but rather, enhances competition as it is intended to increase the competitiveness of BZX by adopting an additional pricing incentive in order to attract order flow and incentivize participants to increase their participation on the Exchange. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed change is generally intended to enhance the rebate for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed amendment would burden intramarket competition as it would be available to all Members uniformly.

### *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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)

of the Act<sup>15</sup> and paragraph (f) of Rule 19b-4<sup>16</sup> thereunder. 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 will 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-2019-009 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-CboeBZX-2019-009. 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

<sup>10</sup> The following demonstrates how Step-Up Add TCV is calculated: In December 2018, Member A had an ADAV of 12,947,242 shares and average daily TCV was 9,248,029,751, resulting in an ADAV as a percentage of TCV of 0.14%; In February 2019, Member A had an ADAV of 24,826,572 and average daily TCV was 7,093,306,325, resulting in an ADAV as a percentage of TCV of 0.35%. Member A's Step-Up Add TCV from December 2018 was therefore 0.21% which makes Member A eligible for the Tier 3 rebate. (*i.e.*, 0.35% (Feb 2019)—0.14% (Dec 2018), which is greater than 0.20% as required by Tier 3).

<sup>11</sup> 15 U.S.C. 78f.

<sup>12</sup> 15 U.S.C. 78f(b)(4).

<sup>13</sup> See *e.g.*, NYSE Arca Equities, Fees and Charges, Step Up Tiers.

<sup>14</sup> See Cboe BZX U.S. Equities Exchange Fee Schedule, Footnote 2, Step-Up Tiers 1 and 2.

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

<sup>16</sup> 17 CFR 240.19b-4(f).

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-2019-009 and should be submitted on or before March 21, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2019-03472 Filed 2-27-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85179; File No. SR-C2-2018-021]

### Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Deemed Approval of a Proposed Rule Change, as Modified by Amendments No. 1 and 2, To Allow the Post Only Order Instruction on Complex Orders

February 22, 2019.

On October 1, 2018, Cboe C2 Exchange, Inc. (“C2”) 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 allow the Post Only order instruction on complex orders that route to its electronic book.

The proposed rule change was published for comment in the **Federal Register** on October 16, 2018.<sup>3</sup> On November 20, 2018, C2 filed Amendment No. 1 to the proposal.<sup>4</sup> On November 27, 2018, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change, as modified by Amendment

No. 1.<sup>6</sup> On December 14, 2018, C2 filed Amendment No. 2 to the proposal.<sup>7</sup> The Commission received no comment letters on the proposed rule change.

As of January 14, 2019, pursuant to Section 19(b)(2)(D) of the Act,<sup>8</sup> the proposed rule change (SR-C2-2018-021), as modified by Amendments No. 1 and 2, was deemed to have been approved by the Commission.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2019-03466 Filed 2-27-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85178; File No. SR-CboeBZX-2018-078]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Deemed Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the WisdomTree Long-Term Treasury PutWrite Strategy Fund, WisdomTree Corporate Bond PutWrite Strategy Fund, WisdomTree International PutWrite Strategy Fund, and WisdomTree Emerging Markets PutWrite Strategy Fund, Each a Series of WisdomTree Trust, Under Rule 14.11(i) (Managed Fund Shares)

February 22, 2019.

On October 9, 2018, Cboe BZX Exchange, Inc. 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 the shares of the WisdomTree Long-Term Treasury PutWrite Strategy Fund, WisdomTree Corporate Bond PutWrite Strategy Fund, WisdomTree International PutWrite Strategy Fund, and WisdomTree Emerging Markets PutWrite Strategy

<sup>6</sup> See Securities Exchange Act Release No. 84662, 83 FR 62396 (Dec. 3, 2018). The Commission designated January 14, 2019, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>7</sup> The text of Amendment No. 2 is available at <https://www.sec.gov/comments/sr-c2-2018-021/sr22018021-4778855-176825.pdf>.

<sup>8</sup> 15 U.S.C. 78s(b)(2)(D).

<sup>9</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.

Fund, each a series of the WisdomTree Trust.

The proposed rule change was published for comment in the **Federal Register** on October 25, 2018.<sup>3</sup> On December 3, 2018, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change as originally filed.<sup>4</sup> On December 7, 2018, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change, as modified by Amendment No. 1.<sup>6</sup> The Commission received no comment letters on the proposed rule change.

As of January 23, 2019, pursuant to Section 19(b)(2)(D) of the Act,<sup>7</sup> the proposed rule change (SR-CboeBZX-2018-078), as modified by Amendment No. 1, was deemed to have been approved by the Commission.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

[FR Doc. 2019-03464 Filed 2-27-19; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85182; File No. SR-CboeEDGX-2018-037]

### Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Deemed Approval of a Proposed Rule Change To Permit the Listing and Trading of P.M.-Settled Series on a Pilot Basis

February 22, 2019.

On October 11, 2018, Cboe EDGX Exchange, Inc. filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act

<sup>3</sup> See Securities Exchange Act Release No. 84456 (October 19, 2018), 83 FR 53928.

<sup>4</sup> Amendment No. 1 to the proposed rule change is available at: <https://www.sec.gov/comments/sr-cboebzx-2018-078/srcboebzx2018078-4777670-176817.pdf>.

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

<sup>6</sup> See Securities Exchange Act Release No. 63943, 83 FR 84750 (Dec. 12, 2018). The Commission designated January 23, 2019, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(D).

<sup>8</sup> 17 CFR 200.30-3(a)(12).

<sup>17</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.

<sup>3</sup> See Securities Exchange Act Release No. 84399 (October 10, 2018), 83 FR 52253.

<sup>4</sup> The text of Amendment No. 1 is available at <https://www.sec.gov/comments/sr-c2-2018-021/sr22018021-4668149-176527.pdf>.

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