

Plus modifier are not available to DMMs trading in Exchange-listed securities.

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

In accordance with Section 6(b)(8) of the Act,<sup>32</sup> the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed change would provide DMMs with functionality currently available on the Exchange when Exchange-listed securities transition to Pillar. The Exchange does not believe that the proposed CCO would impose any burden on competition that is not necessary or appropriate because such orders are designed to provide additional liquidity on the Exchange without providing DMMs with any execution priority for CCOs over other orders. This order type thus does not confer any execution priority benefits to DMMs, but rather, would assist the DMM in meeting its affirmative obligation to maintain depth and continuity in its assigned securities. The proposed rule change also specifies that Market Orders and the Last Sale Peg Modifier would continue to be unavailable to DMMs when Exchange-listed securities transition to Pillar, as is the case today under Rule 104(d)(iv). The Exchange does not believe this proposed rule change would impose any burden on competition because these order types are not necessary for the DMMs to meet their affirmative obligations pursuant to Rule 104 and are not currently available to DMMs.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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, as modified by Amendment No. 1, 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-NYSE-2019-22 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-NYSE-2019-22. 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-NYSE-2019-22 and should be submitted on or before May 30, 2019.

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

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-85766; File No. SR-CboeBZX-2019-015]

**Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To List and Trade Units of Each of (i) Cboe Vest S&P 500® Buffer Enhanced Growth Protect Strategy ETNs; (ii) Cboe Vest S&P 500® Enhanced Growth Strategy ETNs; (iii) Cboe Vest S&P 500® Accelerated Return Strategy ETNs; and (iv) Cboe Vest S&P 500® Power Buffer Strategy ETNs Under Rule 14.11(d), Equity Index-Linked Securities**

May 3, 2019.

On March 4, 2019, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") 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 units of each of (i) the Cboe Vest S&P 500® Buffer Enhanced Growth Protect Strategy ETNs; (ii) the Cboe Vest S&P 500® Enhanced Growth Strategy ETNs; (iii) the Cboe Vest S&P 500® Accelerated Return Strategy ETNs; and (iv) the Cboe Vest S&P 500® Power Buffer Strategy ETNs under BZX Rule 14.11(d), which governs the listing and trading of Equity Index-Linked Securities on the Exchange. The proposed rule change was published for comment in the **Federal Register** on March 22, 2019.<sup>3</sup> The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act<sup>4</sup> provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents,

<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. 85347 (Mar. 18, 2019), 84 FR 10863.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>32</sup> 15 U.S.C. 78f(b)(8).

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

the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is May 6, 2019. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates June 20, 2019 as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-CboeBZX-2019-015).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

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

[FR Doc. 2019-09509 Filed 5-8-19; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85776; File No. SR-ICEEU-2019-006]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Change Relating to Amendments to the CDS Risk Management Model Description

May 3, 2019.

#### I. Introduction

On March 13, 2019, ICE Clear Europe Limited (“ICE Clear Europe”) 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 make certain amendments to its CDS Risk Model Description document to incorporate risk model enhancements related to the single name credit default swap (“CDS”) liquidity charge methodology. The proposed rule change was published for comment in the **Federal Register** on March 22, 2019.<sup>3</sup> The Commission did

not receive comments on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

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

ICE Clear Europe proposes a revised approach to computing single name CDS liquidity charges.<sup>4</sup> ICE Clear Europe might incur additional costs to unwind positions in the event of a clearing member default. Therefore, the ICE Clear Europe CDS risk model includes a provision to account for the additional liquidation cost due to the exposure to Bid/Offer Width (“BOW”). This provision is called a liquidation charge and such charges are computed separately for single names and indices.

ICE Clear Europe proposes to introduce minimum instrument liquidity requirements independent of instrument maturities.<sup>5</sup> ICE Clear Europe’s current spread-based liquidity charge approach features instrument liquidity requirements that decay with time to maturity for fixed credit spread levels.<sup>6</sup> The proposed rule change introduces minimum liquidity requirements for individual instruments, independent of time to maturity for the considered instruments, and thus establishes minimum liquidity charges that do not decay over time as contract maturity is approached.<sup>7</sup> The proposed calculation for single name CDS liquidity charges at the instrument level incorporates a price-based bid-offer width floor component to provide stability and anti-procyclicality requirements, as well as a dynamic spread-based BOW component to reflect the additional risk associated with distressed market conditions.<sup>8</sup> The values of such price-based BOW and spread-based BOW are fixed factors, which are subject to at least monthly reviews and updates by ICE Clear Europe Risk Management Department with consultation with the Risk Working Group.<sup>9</sup>

ICE Clear Europe proposes other enhancements to the liquidity charge calculation at the single name level.<sup>10</sup> The current liquidity charge approach at the single name level accounts for the liquidation cost across the curve. All positions are aggregated and priced at each maturity interval separately as a

synthetic forward CDS instrument. This current approach introduces potential sub-additivity at the single name level, as it may result in a higher liquidity charge than the sum of the single name instrument requirements.<sup>11</sup>

Under the proposed calculation, liquidity charges at the single name level will be computed by first calculating the liquidity requirements for each individual instrument position in the portfolio, and then summing all instrument liquidity requirements for positions with the same directionality, *i.e.*, bought or sold protection.<sup>12</sup> The liquidity charge requirements at the single name level will be the greatest liquidity requirement associated with either the sum of all bought protection position liquidity requirements, or the sum of all sold protection position liquidity requirements.<sup>13</sup> Under this proposed approach, the portfolios’ liquidity charge cannot exceed the sum of the individual instrument’s requirements.<sup>14</sup> There are no changes to the liquidity charge calculation at the portfolio level.<sup>15</sup>

ICE Clear Europe expects these enhancements will ensure more stable liquidity requirements for instruments across the curve and simplify ICE Clear Europe’s liquidity charge methodology.<sup>16</sup> As stated above, the current single name level liquidity requirements are based on forward CDS spread levels and are, in general, more difficult to calculate as forward spread levels are not observable across the curve.<sup>17</sup> ICE Clear Europe, as part of its end-of-day price discovery process, provides end-of-day pricing data for instruments in which clients have open positions, which will, under the proposed approach, allow for easier replication for clients who wish to estimate liquidity charges for hypothetical and current positions.<sup>18</sup>

#### III. Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.<sup>19</sup> For the reasons given below, the Commission finds that the proposed

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>4</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the CDS Policies or ICE Clear Europe Rulebook.

<sup>5</sup> Notice, 84 FR at 10869.

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

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 200.30-3(a)(31).

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

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

<sup>3</sup> Securities Exchange Act Release No. 85350 (March 18, 2019), 84 FR 10869 (March 22, 2019) (SR-ICEEU-2019-006) (“Notice”).