

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85973; File No. 013-00121]

Initial Form ATS-N Filing; Notice of Extension of Commission Review Period

May 31, 2019.

On February 8, 2019, SIGMA X2 filed an initial Form ATS-N (“Form ATS-N”) with the Securities and Exchange Commission (“Commission”). Pursuant to Rule 304 under the Securities and Exchange Act of 1934 (“Act”), the Commission may, after notice and an opportunity for hearing, declare an initial Form ATS-N ineffective no later than 120 days from the date of filing with the Commission, or, if applicable, the extended review period. June 8, 2019 is 120 calendar days from the date of filing. Pursuant to Rule 304(a)(1)(iv)(B), the Commission may extend the initial Form ATS-N review period for up to an additional 120 calendar days if the initial Form ATS-N is unusually lengthy or raises novel or complex issues that require additional time for review.

SIGMA X2 was operating pursuant to an initial operation report on Form ATS on file with the Commission as of January 7, 2019.¹ SIGMA X2 filed an initial Form ATS-N on February 8, 2019. During the initial 120 calendar day review period, the Commission staff has been reviewing the disclosures on SIGMA X2’s initial Form ATS-N. In addition, the staff has been engaged in ongoing discussions with SIGMA X2 about its disclosures and manner of operations, as well as the requirements of Form ATS-N, to facilitate complete and comprehensible disclosures that reflect the complexities of those operations.

Form ATS-N requires NMS Stock ATSs to file with the Commission, and disclose to the public for the first time, certain information, including descriptions by the NMS Stock ATSs of their fees, the trading activities by their broker-dealer operators and their affiliates in the NMS Stock ATSs, their use of market data, their written standards for granting access to trading on the NMS Stock ATSs, and their written safeguards and procedures for protecting their subscribers’ confidential trading information required by revised Rule 301(b)(10) of Regulation ATS. The initial Form ATS-N disclosures and

discussions with Commission staff have revealed complexities about the operations of Legacy NMS Stock ATSs including, among other things, matching functionalities, means of order entry, order interaction and execution procedures, conditional order processes, segmentation of orders, and counterparty selection protocols. The Commission staff needs additional time to review novel and complex issues such as these, which Commission staff has discussed with SIGMA X2. Extending the initial Form ATS-N Commission review period for an additional 120 calendar days will provide Commission staff an opportunity to continue its review of the initial Form ATS-N disclosures and discussions with SIGMA X2.

In the conversations between SIGMA X2 and Commission staff about the initial Form ATS-N disclosures and the ATS operations, Commission staff and SIGMA X2 have discussed a potential amendment to update SIGMA X2’s disclosures regarding the complexities of its operations. Extending the review period will enable the NMS Stock ATS to amend its disclosures, if appropriate, and allow Commission staff to conduct a thorough review of amendments to the initial disclosures provided on the initial Form ATS-N.

For the reasons given above, the Commission is extending the review period of the initial Form ATS-N submitted by SIGMA X2. Accordingly, pursuant to Rule 304(a)(1)(iv)(B), October 6, 2019 is the date by which the Commission may declare the initial Form ATS-N submitted by SIGMA X2 ineffective.

By the Commission.

Eduardo A. Aleman,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85989; File No. SR-CboeEDGX-2019-032]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Qualified Contingent Cross Orders (“QCC Orders”) With More Than One Option Leg (“Complex QCC Orders”)

May 31, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 22, 2019, Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 Exchange. The Exchange filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 EDGX Exchange, Inc. (the “Exchange” or “EDGX”) proposes to permit qualified contingent cross orders (“QCC Orders”) with more than one option leg (“Complex QCC Orders”). The text of the proposed rule change is provided below and in Exhibit 1.

(additions are *italicized*; deletions are [bracketed])

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Rules of Cboe EDGX Exchange, Inc.

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Rule 21.1. Definitions

The following definitions apply to Chapter XXI of the trading of options listed on EDGX Options.

(a)–(c) No change.

(d) The term “Order Type” shall mean the unique processing prescribed for designated orders, subject to the restrictions set forth in paragraph (j) below with respect to orders and bulk messages submitted through bulk ports, that are eligible for entry into the System, and shall include:

(1)–(9) No change.

(10) A “Qualified Contingent Cross Order” or “QCC Order” is comprised of an originating order to buy or sell at least 1,000 standard option contracts (*or 10,000 mini-option contracts*) that is identified as being part of a qualified contingent trade, as that term is defined in subparagraph (A) below, coupled with a contra-side order or orders totaling an equal number of contracts. *If a QCC Order has more than one option leg (a “Complex QCC Order”), each option leg must have at least 1,000 standard option contracts (or 10,000 mini-option contracts).* See Rule 21.20

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

¹ An NMS Stock ATS (as defined in Rule 300(k) of Regulation ATS) that was operating pursuant to an initial operation report on Form ATS on file with the Commission as of January 7, 2019 is a “Legacy NMS Stock ATS.” 17 CFR 242.301(b)(2)(viii).