requires 956,656 hours each year (3,764 broker-dealers × 254 hours) + (200 broker-dealers × 3 hours). These burdens are recordkeeping burdens. The staff believes that compliance personnel would be charged with ensuring compliance with Commission regulation, including Rule 17a–4. The staff estimates that the hourly salary of a Compliance Clerk is $70 per hour. Based upon these numbers, the total internal cost of compliance for 4,104 respondents is the dollar cost of approximately $67 (956,656 yearly hours × $70). The total burden hour decrease of 86,210 is due to a decrease in the number of respondents from 4,104 to 3,764.

Based on conversations with members of the securities industry and the Commission’s experience in the area, the staff estimates that the average broker-dealer spends approximately $5,000 each year to store documents required to be retained under Rule 17a–4. Costs include the cost of physical space, computer hardware and software, etc., which vary widely depending on the size of the broker-dealer and the type of storage media employed. The Commission estimates that the annual reporting and recordkeeping cost burden is $18,820,000. This cost is calculated by the number of active, registered broker-dealers multiplied by the reporting and recordkeeping cost for each respondent (3,764 active, registered broker-dealers × $5,000).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information submitted to the agency unless it displays a currently valid OMB control number.

The public may view the background documentation for this information at www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

DATED: September 24, 2019.
Jill M. Peterson, Assistant Secretary.

BILLING CODE 8011–01–P

SEcurities AnD EXChAnGE COMMISSION

RELEASE NO. 34–87079; FILE NO. SR–CBOE–2019–062

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Certain Clearing Editor Functionality in Rule 6.6 of the Shell Rulebook

September 24, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), and Rule 19b–4 thereunder, notice is hereby given that on September 18, 2019, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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 and Rule 19b–4(f)(6) thereunder. 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 Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend certain Clearing Editor functionality in Rule 6.6 of the shell Rulebook.

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

On September 5, 2019, the Exchange filed a rule filing, SR–CBOE–2019–056, which, amended Exchange Rules in connection with the Cboe Trading Match System (“CTM”). Pursuant to SR–CBOE–2019–056, which will be effective on October 7, 2019, the Exchange proposed to harmonize current Rule 6.67, in connection with the CTM, with C2 Rule 6.31, which provides for the “Clearing Editor” and is functionally equivalent to the Exchange’s current CTM. Under SR–CBOE–2019–056, Rule 6.6 in the shell Rulebook will govern the Exchange’s Clearing Editor and Rule 6.67 will be deleted from the current Rulebook, upon migration.

2. Statutory Basis


6 Cboe Options intends to migrate its trading platform to the same system used by the Cboe Affiliated Exchanges (i.e., together with Cboe Options, C2 Exchange, Inc. (“C2”), Cboe EDGA Exchange, Inc. (“EDGA”), Cboe EDGX Exchange, Inc. (“EDGX” or “EDGX Options”), Cboe BZX Exchange, Inc. (“BZX” or “BZX Options”), and Cboe BYX Exchange, Inc. (“BYX”)) which the Exchange expects to complete on October 7, 2019. In connection with this technology migration, the Exchange has a shell Rulebook that resides alongside its current Rulebook, which shell Rulebook will contain the Rules that will be in place upon completion of the Cboe Options technology migration.
intended to amend the rule to conform to the Clearing Editor functionality and rule language of that of C2 to the extent necessary to retain intended differences unique to Cboe Options market-model, functionality, and/or rule text. However, the Exchange now proposes to update Rule 6.6 in the shell Rulebook to describe additional functionality that is unique to the Exchange that was inadvertently not included in that previously filing. In order to coincide with the effective date of SR–CBOE–2019–056 and the migration of the Exchange’s trading platform to the same system used by the Cboe Affiliated Exchanges,7 the Exchange also intends to implement this proposed rule change on October 7, 2019.

In particular, the Exchange inadvertently removed paragraph (b) under current Rule 6.67, which currently applies to both trades executed electronically and in open outcry, which is unique to Cboe Options, and will continue to apply to trades executed in open outcry upon migration. Specifically, current Rule 6.67(b) permits Trading Permit Holders (“TPHs”) to change certain fields in CTM (Clearing Editor, as proposed), including series, quantity, buy or sell, and premium price, only if they provide notice to the Exchange. While the Exchange notes the removal this provision as it relates to trades executed electronically and in conformity with C2 Rule 6.31 is accurate, it will continue to apply to open outcry trades post-migration. Therefore, the Exchange now proposes to amend Rule 6.6 in the shell Rulebook and add Rule 6.6(d), which is substantively the same as current Rule 6.67(b) that was inadvertently removed under SR–CBOE–2019–056.

Specifically, proposed Rule 6.6(d) states that, in addition to the fields listed in paragraph (b), Trading Permit Holders may change the following fields through the Clearing Editor for trades executed in open outcry: (1) Series, (2) Quantity, (3) Buy or Sell; or (4) Price. Each of these changes must be accompanied by a Reason Code. Notification of changes made pursuant to this paragraph (d) will automatically be sent to the Exchange with the submission of the changes through the Clearing Editor. The proposed rule change updates the language to make it explicit that proposed Rule 6.6(d) applies only to trades executed in open outcry. It also updates the term premium price to price and Customer ID (in Rule 6.6(a) to Client Order ID, as these terms more accurately reflect the names of the fields that are displayed on an order8 and in the Clearing Editor, as well as the term origin code to Capacity code, which is in line with the language in Rule 6.6 and definition currently in the shell Rulebook.9 The current rule provides that notification of the change shall be made as soon as practicable, but no later than 15 minutes after the change has been made. The proposed rule change does not incorporate this language because, upon migration, the Exchange will automatically receive notification of changes to the fields listed under proposed Rule 6.6(d) when a TPH submits changes through use of the Clearing Editor. The automatic notification will include a Reason Code associated with each change in which a TPH will be prompted to provide in the Clearing Editor when making changes pursuant to proposed Rule 6.6(d).10 Therefore, the Exchange notes that the proposed rule does not substantively alter the notification requirement attached to proposed Rule 6.6(d), but only updates it to accurately reflect the manner in which notice will automatically be submitted to the Exchange through use of the Clearing Editor.

In addition, the proposed rule change adds certain Cboe Options-specific fields to the list of fields that do not require a reason code under proposed Rule 6.6(b). The Exchange now proposes to incorporate Strategy ID,11 Frequency Trader ID,12 Compression Trader ID,13 and ORS ID14 to the list of fields that a TPH may change through the Clearing Editor (for both trades executed electronically and in open outcry) without notice to the Exchange. These fields are unique to orders executed on Cboe Options15 and TPHs currently submit all updates to such fields to the Exchange populated via a form post-execution today.16 Upon migration, the Exchange functionality will allow for automated entry for these fields, just like all other order fields. Therefore, the proposed amendment merely intends to make it explicit that TPHs may continue to submit updates to these fields post-execution. The Exchange also proposes to clarify that a TPH may make a change from a Capacity code (C) to any other Capacity code only if the change is accompanied by a Reason Code and, like proposed paragraph (d), makes it explicit that notice of such change will automatically be sent to the Exchange with the submission of the change through the Clearing Editor. This is substantially the same manner in which current Rule 6.67 functions, where both Rule 6.67(a) and (b) are applicable to trades executed electronically and on open outcry (therefore, changing a customer Capacity code is permissible under current Rule 6.67 for all trades executed if notification is provided to the Exchange). The Exchange proposes to maintain that a TPH may change the Capacity code from a customer Capacity code to any other Capacity code for trades executed electronically or in open outcry, however, it still must provide notification to the Exchange via a prompted Reason Code and, like changes made pursuant to proposed paragraph (d), will automatically provide such notification to the Exchange when the change is submitted through the Clearing Editor.

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.17 Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)18 requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable practices, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in

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9 See Rule 1.1 in the shell Rulebook.
10 Example Reason Codes include: Input Error; Unmatched Trade; Unknown; Manual Add; Other Text Required; Trade Nullification; Trade Adjustment; Error Account; and System Issue.
11 Strategy ID indicates whether an order qualifies for certain treatment for various strategies provided under the Exchange’s Fees Schedule. See Cboe Exchange, Inc. Fees Schedule (for example, footnote 13).
12 Frequent Trader ID is a unique identification number which may be appended by executing agents to orders submitted to the Exchange on behalf of those customers registered for the Frequent Trader Program. See Cboe Exchange, Inc. Fees Schedule, “Frequent Trader Program” Table.
13 Compression Trader ID indicates whether an order qualifies for certain treatment in connection with facilitating a compression of options positions. See Cboe Exchange, Inc. Fees Schedule, footnote 41.
14 ORS ID indicates whether an order qualifies for certain treatment under the ORS Program. See Cboe Options Exchange, Inc. Fees Schedule, “Order Router Subsidy Program” Table.
15 See supra note 8.
The Exchange does not believe that the proposed change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendment merely updates Rule 6.6 in the shell Rulebook to continue to allow for certain post-execution changes, which are currently permitted on the Exchange, through the use of the Clearing Editor after October 7, 2019. The Exchange notes that all proposed changes and current changes made pursuant to Rule 6.6 occur post-execution, therefore will not have any impact on trading. As the same post-execution changes are already permitted and made via processes and functionality currently in place on the Exchange, the Exchange believes this proposed filing to allow for the continuation of the same post-execution changes through use of the Clearing Editor will have no impact on competition. The Exchange also notes that the proposed change is intended to reduce the compliance burden on TPHs by providing them with functionality that allows for automatic input and notification to the Exchange.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change is consistent with the protection of investors and the public interest because, as the Exchange discussed above, its proposal complements its recent filing, SR–CBOE–2019–056, in which it conformed the rule governing the Clearing Editor to that of C2 but inadvertently omitted from that proposal current Cboe-specific provisions that the Exchange wishes to maintain post migration. Accordingly, its proposal is designed to preserve current functionality in order to continue to permit TPHs to make certain post-execution changes after October 7, 2019 through the use of the Clearing Editor. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal does not raise any new or novel issues, and waiver will allow the changes in this filing to align with the proposed amendments to Rule 6.6 that the Exchange adopted pursuant to SR–CBOE–2019–056, thereby minimizing disruptions to TPHs and their customers with respect to post-execution functionality and processes available on the Exchange. Therefore, the Commission hereby waives the operative delay and designates the proposal as operative upon filing.24

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

24 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).
SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.


Rule 10b–10 requires broker-dealers to convey specified information to customers regarding their securities transactions. This information includes the date and time of the transaction, the identity and number of shares bought or sold, and whether the broker-dealer acts as agent for the customer or as principal for its own account. Depending on whether the broker-dealer acts as agent or principal, Rule 10b–10 requires the disclosure of commissions, as well as mark-up and mark-down information. For transactions in debt securities, Rule 10b–10 requires the disclosure of redemption and yield information. Rule 10b–10 potentially applies to all of the approximately 3,750 firms registered with the Commission that effect transactions for or with customers.

Based on information provided by registered broker-dealers to the Commission in FOCUS Reports, the Commission staff estimates that on average, registered broker-dealers process approximately 18,843,624,843 order tickets per year for transactions for or with customers. Each order ticket representing a transaction effected for or with a customer generally results in one confirmation. Therefore, the Commission staff estimates that approximately 18,843,624,843 confirmations are sent to customers annually. The confirmations required by Rule 10b–10 are generally processed through automated systems. It takes approximately 30 seconds to generate and send a confirmation. Accordingly, the Commission staff estimates that broker-dealers spend approximately 570,853.28 hours per year complying with Rule 10b–10 (18,843,624,843 × .5 ÷ 60).

The amount of confirmations sent and the cost of sending each confirmation varies from firm to firm. Smaller firms generally send fewer confirmations than larger firms because they effect fewer transactions. The Commission staff estimates the costs of producing and sending a paper confirmation, including postage, to be approximately 63 cents. The Commission staff also estimates that the cost of producing and sending a wholly electronic confirmation is approximately 39 cents. Based on informal discussions with industry participants, as well as representations made in requests for exemptive and no-action letters relating to Rule 10b–10, the staff estimates that broker-dealers used electronic confirmations for approximately 35 percent of transactions. Based on these calculations, Commission staff estimates that 12,248,356,148 paper confirmations are mailed each year at a cost of $7,716,464,373. Commission staff also estimates that 6,595,268,695 wholly electronic confirmations are sent each year at a cost of $2,572,154,791.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: September 24, 2019.
Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2019–21103 Filed 9–27–19; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public