SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Phlx Rule 1097

October 25, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"), 1 and Rule 19b–4 thereunder, 2 the Securities and Exchange Commission ("Commission") hereby orders that the following proposed rule change of the Public Holding Company Exchanges LLC ("Phlx" or "Exchange") be immediately effective without having first been published for comment in the Federal Register.

Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes an amendment to Phlx Rule 1097, “Limitations on Order Entry” to add additional rule text concerning limitations on solicited orders. Specifically, the Exchange proposes to reinstate a paragraph that was recently removed from Rule 1080. The Exchange recently filed a rule change 3 which, among other things, removed a paragraph from Phlx Rule 1097(c)(ii)(C)(2) and (3) which provided, 

Solicitation Orders. Order Entry Firms must expose orders they represent as agent for at least one (1) second before such orders may be automatically executed, in whole or in part, against orders solicited from members and non-member broker-dealers to transact with such orders, except for: (a) Orders entered into PIXL pursuant to Rule 1087; (b) orders entered into COLA pursuant to Rule 1080, Commentary .02(c)(iii)(e), or (c) orders entered into the QCC mechanism pursuant to Rules 1080(o).

(3) It shall be a violation of Rule 1080(c)(ii)(C) for any Exchange member or member organization to be a party to any arrangement designed to circumvent Rule 1080(c)(ii)(C) by providing an opportunity for a customer, member, member organization, or non-member broker-dealer to execute immediately against agency orders delivered to the Exchange, whether such orders are delivered via AUTOM or represented in the trading crowd by a member or a member organization, except for: (a) Orders entered into PIXL pursuant to Rule 1087; (b) orders entered into COLA pursuant to Rule 1080, Commentary .02(c)(iii)(e), or (c) orders entered into the QCC mechanism pursuant to Rules 1080(o).

In its July Filing, the Exchange noted that the above language was repetitive of one second and describes the same behavior as current Rule 1080(c)(ii)(C)(1), which text was relocated to Rule 1097(b) and requires exposure similar to of one second and describes the same behavior as current Rule 1080(c)(ii)(C)(2) and (3) and lists the same exceptions. At this time, the Exchange desires to reinstate the rule


Filing Date: The application was filed on August 14, 2019.
Applicant’s Address: Two International Place, Boston, Massachusetts 02110.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Eduardo A. Aleman,
Deputy Secretary.

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The Exchange does not believe the proposed rule text within Rule 1097(c) is substantively different than the rule text within former Rule 1080(c)(ii)(C)(2) and (3). The Exchange desires to conform the rule text with Nasdaq affiliated exchanges, where applicable. Today, the behavior specified within proposed Rule 1097(c) would be a violation of Phlx Rule 707, “Conduct Inconsistent with Just and Equitable Principles of Trade.” The Exchange proposes to specifically note the prohibition within proposed Rule 1097(c) so that members are aware when they execute orders they represent as agent on the Exchange against orders solicited from members and non-member broker-dealers that certain limitations exist. The Exchange believes the proposed rule will assist members in understanding the type of behavior that would violate Exchange rules when executing agency orders, namely executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on Phlx an opportunity to either trade with the agency order or to trade at the execution price when the member was already bidding or offering on the book. The Exchange proposes to make clear with this Rule that members may not gain by failing to expose orders submitted on an agency basis. The Exchange is promoting transparency of orders to prevent members from seeking price discovery and potentially preventing price improvement which may result from exposing an order.

The Exchange proposes to amend the lettering to numbering within Rule 1097(b) for consistency and update a rule reference. Finally, the Exchange proposes to renumber Rule 1097(c) as “(d)”.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5) of the Act, in particular, in that it is designed to promote just and equitable principles of trade, 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 as provided for within the purpose section.

The Exchange’s proposal to adopt rule text related to solicited orders similar to other Nasdaq affiliated markets will bring greater clarity to current limitations that exist when entering orders. Proposed Rule 1097(c) is consistent with the Act because it will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it will continue to make clear the requirement to expose orders as well as present more specific limitations on order entry which would violate Phlx Rules. Specifically, the proposed rule will assist members in understanding the type of behavior that would violate Exchange rules when executing agency orders, namely executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on Phlx an opportunity to either trade with the agency order or to trade at the execution price when the member was already bidding or offering on the book. The Exchange proposes to make clear with this Rule that members may not gain by failing to expose orders submitted on an agency basis. The Exchange is promoting transparency of orders to prevent members from seeking price discovery and potentially preventing price improvement which may result from exposing an order.

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. The Exchange notes that proposed Rule 1097(c) will apply uniformly to all members. Until recently rule text describing limitations on solicitation orders was described within the Rulebook. Despite the removal of the rule text, the behavior was prohibited pursuant to Phlx Rule 707. There is no impact to market participants as a result of adding the new rule text, rather the new rule text will provide specificity on the type of behavior that is prohibited.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after 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)(iii) of the Act and subparagraph (f)(6) of Rule 19b–4 thereunder.

A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b–4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing, Phlx requested that the Commission waive the 30-day operative delay so that the Exchange can implement the proposed rule change promptly after filing. The Exchange explained that the behavior prohibited by the proposed rule change is currently also prohibited by Phlx Rule 707, but stated that adding a more specific description of the prohibited behavior would provide their members with greater transparency regarding this specific limitation on entering orders.

The Commission also notes that the behavior prohibited by the proposed rule change was previously prohibited by Phlx Rule 1080 and that the Exchange is simply reinstating the prohibition in a manner that conforms to the rule text of affiliate exchanges.

The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest, as such waiver will permit the Exchange to promptly update its rules to provide greater transparency to its members and to maintain consistency with its affiliate exchanges. Accordingly, the Commission hereby waives the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

The Exchange does not believe that the proposed rule change would become operative for 30 days after 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)(iii) of the Act and subparagraph (f)(6) of Rule 19b–4 thereunder.

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6 Nasdaq ISE, LLC, Nasdaq GEMX, LLC and Nasdaq MRX, LLC Options 3, Section 22(c).
the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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
- Send an email to rule-comments@sec.gov. Please include File Number SR–Phlx–2019–46 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–Phlx–2019–46. 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](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–Phlx–2019–46 and should be submitted on or before November 21, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\[1\]

Eduardo A. Aleman,
Deputy Secretary.
[FR Doc. 2019–23731 Filed 10–30–19; 8:45 am]

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SOCIAL SECURITY ADMINISTRATION

[Docket No. SSA–2019–0028]

Privacy Act of 1974; System of Records

AGENCY: Office of Privacy and Disclosure, Office of the General Counsel, and Office of Retirement and Disability Policy, Social Security Administration (SSA).

ACTION: Notice of a modified system of records.

SUMMARY: In accordance with the Privacy Act, we are issuing public notice of our intent to modify an existing system of records entitled, Claims Folders System (60–0089), last published on April 1, 2003. This notice publishes details of the modified system as set forth under the caption, 2019.

SUPPLEMENTARY INFORMATION:

DATES: The system of records notice (SORN) is applicable upon its publication in today’s Federal Register, with the exception of the new routine uses, which are effective December 2, 2019. We invite public comment on the routine uses or other aspects of this SORN. In accordance with 5 U.S.C. 552a(e)(4) and (e)(11), the public is given a 30-day period in which to submit comments. Therefore, please submit any comments by December 2, 2019.

ADDRESSES: The public, Office of Management and Budget (OMB), and Congress may comment on this publication by writing to the Executive Director, Office of Privacy and Disclosure, Office of the General Counsel, SSA, Room G–401 West High Rise, 6401 Security Boulevard, Baltimore, Maryland 21235–6401, or through the Federal e-Rulemaking Portal at [http://www.regulations.gov](http://www.regulations.gov), please reference docket number SSA–2019–0028. All comments we receive will be available for public inspection at the above address and we will post them to [http://www.regulations.gov](http://www.regulations.gov).


SUPPLEMENTARY INFORMATION: We are modifying the system of records name from “Claims Folders System, SSA, Office of the General Counsel, Office of Public Disclosure” to “Claims Folders System” to accurately reflect the system. We are modifying the authority for maintenance of the system to include Section 216 of the Social Security Act and Public Law 115–165. We are expanding system managers to include the Office of Retirement and Disability Policy.

We are modifying the categories of records to include that we will now collect advance designation information, per Section 201 of the Strengthening Protections for Social Security Beneficiaries Act of 2018 (H.R. 4547, Pub. L. 115–165, hereafter referred to as Pub. L. 115–165). Our representative payee program provides financial management for Social Security beneficiaries, Supplemental Security Income (SSI) recipients, and Special Veterans Benefits recipients (all referred to hereafter as beneficiaries) who are incapable of managing or directing the management of their benefits or payments. The representative payee’s primary responsibility is to use the beneficiary’s benefits or payments for the beneficiary’s current and foreseeable needs. Public Law 115–165 allows claimants and beneficiaries to advance designate one or more individuals who could be their representative payee, if the time comes that they need one.

In addition, we are modifying the categories of records to remove references to the Claimant Identification Pilot Project, as we no longer collect photographic identification during our claims process. We are also adding the beneficiary notice control (BNC).

Section 2 of the Social Security Number Fraud Prevention Act of 2017 (H.R. 624, Pub. L. 115–59, hereafter referred to as Pub. L. 115–59), restricts the inclusion of Social Security numbers (SSN) on documents the Federal government sends by mail. Some of our mailed documents include a placeholder for the

\[1\] 17 CFR 200.30–3(a)(12) and (58).