

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87775; File No. SR–NYSEArca–2019–81]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Establish Generic Listing Standards for Derivative Securities Products That Are Permitted To Operate in Reliance on Rule 6c–11 Under the Investment Company Act of 1940

December 17, 2019.

On November 1, 2019, NYSE Arca, 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, among other things, establish generic listing standards for Exchange-Traded Fund Shares that are permitted to operate in reliance on Rule 6c-11 under the Investment Company Act of 1940. The proposed rule change was published for comment in the **Federal Register** on November 20, 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, the Commission will 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 January 4, 2020. 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 February 18, 2020 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–NYSEArca–2019–81).

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

J. Matthew DeLesDernier,  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87778; File No. SR–NASDAQ–2019–098]

### Self-Regulatory Organizations; The Nasdaq Stock Market, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell

December 17, 2019.

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> notice is hereby given that on December 6, 2019, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II 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

The Exchange proposes to relocate rules from its current Rulebook into its new Rulebook shell.

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaq.cchwallstreet.com>, at the principal office of the Exchange, 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

The purpose of this rule change is to relocate Nasdaq rules, including The Nasdaq Stock Market LLC (“NOM”), into the new Rulebook shell with some amendments to the shell.<sup>3</sup> Nasdaq ISE, LLC (“ISE”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”) recently relocated their rules.<sup>4</sup> NOM proposes to relocate its rules to align with the ISE, GEMX, MRX and BX Rulebooks. Phlx will also relocate its Rulebook in order to harmonize its rule structure, where applicable, across Nasdaq markets. The relocation and harmonization of the Nasdaq Rule structure is part of the Exchange’s continued effort to promote efficiency and structural conformity of its rules with those of its Affiliated Exchanges. The Exchange believes that the placement of the Nasdaq Rules into their new location in the shell will facilitate the use of the Rulebook by Members and Members of Affiliated Exchanges.

The Exchange notes that the entire Rulebook is not being relocated at this time. Specifically, the Equity Rules are not being relocated.

The Exchange proposes to update all cross-references within the Rule to the new relocated rule cites and also proposes to correct certain citations. The Exchange proposes to replace internal rule references to simply state “this Rule” where the rule is citing itself without a more specific cite included in the Rule. For example, if NOM Chapter VI, Section 3 refers currently to

<sup>3</sup> Previously, the Exchange added a shell structure to its Rulebook with the purpose of improving efficiency and readability and to align its rules closer to those of its five sister exchanges, The Nasdaq Stock Market LLC; Nasdaq PHLX LLC; Nasdaq ISE, LLC (“ISE”); Nasdaq GEMX, LLC; and Nasdaq MRX, LLC (“Affiliated Exchanges”). The shell structure currently contains eight (8) General sections which, once complete, will apply a common set of rules to the Affiliated Exchanges. The shell structure currently contains eight (8) Chapters which, once complete, will apply a common set of rules to the Affiliated Exchanges. See Securities Exchange Act Release No. 82174 (November 29, 2017), 82 FR 57492 (December 5, 2017) (SR–NOM–2017–054).

<sup>4</sup> See Securities Exchange Act Release Nos. 86138 (June 24, 2019), 84 FR 29567 (June 18, 2019) (SR–ISE–2019–17); 86346 (July 10, 2019) 84 FR 33999 (July 16, 2019) (SR–GEMX–2019–08); and 86424 (July 22, 2019), 84 FR 36134 (July 22, 2019) (SR–MRX–2019–15). SR–BX–2019–36 was filed on October 1, 2019.

<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. 87542 (Nov. 14, 2019), 84 FR 64170.

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

<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.

“Chapter VI, Section 3” the Exchange will amend the phrase to simply “this Rule.” The Exchange proposes to conform numbering and lettering in certain rules to the remainder of the Rulebook. The Exchange proposes to reflect the use of the General Equity and Options Rules in place of Equity Rules, where applicable. Finally, the Exchange proposes to delete any current Rules that are reserved in the Rulebook.

General 1

The Exchange proposes to relocate and alphabetize rule text from Rule 0111, “Adoption of Rules”, Rule 0112, “Effective Date”, Rule 0113 “Interpretation”, Rule 0120 “Definitions,” and certain definitions from Rule 0121, “Definitions in Nasdaq By-Laws” into General 1. The Exchange proposes to relocate certain definitions from Chapter VI, Section 1 into General 1.<sup>5</sup> The Exchange proposes to delete certain definitions which are repetitive.<sup>6</sup>

The Exchange will also alphabetize the definitions within General 1 and conform the text where applicable. Definitions related to the equities rules<sup>7</sup> will be relocated into Equity 1. The Exchange is conforming the format of all definitions. Finally, the Exchange notes that the description of “MarketWatch” was amended to remove the phrase “a unit of Nasdaq Regulation.”

General 2

General 2 would be comprised of the following rules:

Proposed new rule No.	Current rule No.
Section 1 .....	Reserved.
Section 2 .....	Chapter VI, Section 16, Fees, Dues and Other Charges.
Section 3 .....	Reserved.
Section 4 .....	2130, Nasdaq Ownership Restriction (re-title as Limitation on Affiliation between the Exchange and Members).
Section 5 .....	0130, Regulation of the Exchange and Its Members.
Section 6 .....	0115, Applicability.
Section 7 .....	0150, Regulatory Independence.
Section 8 .....	Reserved.
Section 9 .....	1130, Reliance on Current Membership List.
Section 10 .....	1150, Executive Representative.
Section 11 .....	1160, Contact Information Requirements.
Section 12 .....	1170, Nasdaq’s Business Continuity and Disaster Recovery Plan Testing Requirements for Members and Options Participants Pursuant to Regulation SCI (re-title as “Business Continuity and Disaster Recovery”).
Section 13 .....	0140, Fingerprint-Based Background Checks of Employees and Independent Contractors.
Section 14 .....	2160, Restrictions on Affiliation.
Section 15 .....	3510, Business Continuity Plans.
Section 16 .....	3520, Emergency Contact Information.

The Exchange is reserving Sections 1 and 3 at this time. The Exchange is reserving Sections 1 and 3 at this time. The Exchange proposes to relocate Chapter VI, Section 16, Fees, Dues and Other Charges, into the General section because this rule applies to both the equity and options products. This rule describes the power of Nasdaq’s Board of Directors. The Exchange notes that the Board of Directors of Nasdaq has the power to set fees for the Nasdaq market, which includes fees for both options and equities.<sup>8</sup> The Exchange notes that Section 7, Regulatory Independence,

was amended to remove the placeholder for a date. Finally Rule 2170, Disruptive Quoting and Trading Activity Prohibited, is not being relocated as this rule applies to equities. There is a similar rule within Chapter III, Section 16 related to options, which is being relocated to Options 9, Section 4. As noted above, the equity rules are not being relocated at this time.

General 4

The Exchange proposes to rename General 4 from “Regulation” to “Registration Requirements.”

General 5

The Exchange proposes to relocate Nasdaq Series 8000 and 9000 into General 5 Discipline and not change the rule numbers. The Exchange is proposing to delete reserved sections.

General 9

The Exchange proposes to adopt a new General 9, titled “Regulation.” The Exchange proposes to relocate the following rules into General 9:

Proposed new rule No.	Current rule No.
Section 1 .....	2010A, Standards of Commercial Honor and Principles of Trade; 5320A, Prohibition Against Trading Ahead of Customer Orders; IM-2110-4, Trading Ahead of Research Reports; IM-2110-5, Anti-Intimidation/Coordination; IM-2110-6, Confirmation of Callable Common Stock; 2120, Use of Manipulative, Deceptive or Other Fraudulent Devices; and 2140, Interfering With the Transfer of Customer Accounts in the Context of Employment Disputes.
Section 2 .....	2150, Customers’ Securities or Funds; and IM-2150, Segregation of Customers’ Securities.
Section 3 .....	2210, Communications with the Public; IM-2210-1, Guidelines to Ensure That Communications With the Public Are Not Misleading; and IM-2210-4, Limitations on Use of the Exchange’s Name.
Section 4 .....	2211, Institutional Sales Material and Correspondence.

<sup>5</sup> See note 14 below.

<sup>6</sup> The Exchange proposes to delete the term “Exchange Act” and “SEC” or “Commission.”

<sup>7</sup> The terms “Customer” and “Security” are being relocated into Equity 1 of the Rulebook as these terms are specific to the equity market. Further, the

following definitions are being relocated from Chapter I, Section 1 and Chapter VI, Section 1 into General 1, Section: “associated person,” “Board,” “Exchange,” “Exchange Act,” “he,” “him,” or “his,” “MarketWatch,” “Nasdaq Rules,” “Nasdaq Regulation,” “primary market,” and “SEC” or “Commission.”

<sup>8</sup> See NOM By-Law Article XII, Section 12.4 which provides the Board authority to set fees. In addition, the Exchange proposes to amend the word “Participant” in this rule to “member” to clearly indicate all members are subject to the Rule.

Proposed new rule No.	Current rule No.
Section 5 .....	2212, Telemarketing.
Section 6 .....	2251, Forwarding of Proxy and Other Issuer-Related Materials.
Section 7 .....	2261, Disclosure of Financial Condition; 2262, Disclosure of Control Relationship with Issuer; and 2269, Disclosure of Participation or Interest in Primary or Secondary Distribution (re-title as "Disclosure of Financial Condition, Control Relationship with Issuer and Participation or Interest in Primary or Secondary Distribution").
Section 8 .....	2266, SIPC Information.
Section 9 .....	2290, Fairness Opinions.
Section 10 .....	2090A, Know Your Customer, 2111A. Suitability (re-title "Recommendations to Customers (Suitability)").
Section 11 .....	5310A, Best Execution and Interpositioning.
Section 12 .....	2340, Customer Account Statements.
Section 13 .....	2341, Margin Disclosure Statement.
Section 14 .....	2360, Approval Procedures for Day-Trading Accounts; and 2361, Day-Trading Risk Disclosure Statement (re-title as "Approval Procedures for Day-Trading Accounts").
Section 15 .....	2370, Borrowing From or Lending to Customers.
Section 16 .....	2430, Charges for Services Performed.
Section 17 .....	2441, Net Transactions with Customers.
Section 18 .....	2460, Payments for Market Making.
Section 19 .....	2510, Discretionary Accounts.
Section 20 .....	3010, Supervision; IM-3010-1, Standards for Reasonable Review; and IM-3010-2, Guidance on Heightened Supervision Requirements (re-title as "Supervision").
Section 21 .....	3012, Supervisory Control System.
Section 22 .....	3013, Annual Certification of Compliance and Supervisory Processes; and IM-3013. Annual Compliance and Supervision Certification (re-title as "Annual Certification of Compliance and Supervisory Processes").
Section 23 .....	3030, Outside Business Activities of an Associated Person.
Section 24 .....	3040, Private Securities Transactions of an Associated Person.
Section 25 .....	3050, Transactions for or by Associated Persons.
Section 26 .....	3220A, Influencing or Rewarding Employees of Others.
Section 27 .....	3070, Reporting Requirements.
Section 28 .....	3080, Arbitration Disclosure to Associated Persons When Signing Form U4 (re-titled "Disclosure to Associated Persons When Signing Form U4").
Section 29 .....	2070A, Transactions Involving Nasdaq Employees.
Section 30 .....	3110A, Books and Records.
Section 31 .....	3120, Use of Information Obtained in Fiduciary Capacity.
Section 32 .....	3140, Approval of Change in Exempt Status Under SEC Rule 15c3-3.
Section 33 .....	3150, Reporting Requirements for Clearing Firms and IM-3150, Exemptive Relief.
Section 34 .....	3160, Extensions of Time Under Regulation T and SEC Rule 15c3-3.
Section 35 .....	2040, Nonregistered Foreign Finders.
Section 36 .....	IM-2460-1, Market Quality Program.
Section 37 .....	3011, Anti-Money Laundering Compliance Program.
Section 38 .....	2520, Margin Requirements.
Section 39 .....	3020, Fidelity Bonds.
Section 40 .....	4110A, Capital Compliance.
Section 41 .....	4120A, Regulatory Notification and Business Curtailment.
Section 42 .....	4140A, Audit.
Section 43 .....	4511A, General Requirements.
Section 44 .....	4513A, Records of Written Customer Complaints.
Section 45 .....	4512A, Customer Account Information.
Section 46 .....	4514A, Authorization Records for Negotiable Instruments Drawn From a Customer's Account.
Section 47 .....	4515A, Approval and Documentation of Changes in Account Name or Designation.
Section 48 .....	4521A, Notifications, Questionnaires and Reports.
Section 49 .....	5230A, Payments Involving Publications that Influence the Market Price of a Security.
Section 50 .....	1090, Foreign Member.
Section 51 .....	1050, Research Analysts.

The word "FINRA" is being added in certain places for greater clarity. The Exchange is amending Rule 2212, Telemarketing, to update the Rule reference to NASD Rule 2212 to FINRA Rule 3230 in light of a FINRA rule change.<sup>9</sup> The Exchange is amending Rule 3010, Supervision, as well as IM-3010-1, Standards for Reasonable Review, to update the Rule reference to NASD Rule 3010 to FINRA Rule 3170

and 3110, respectively, in light of a FINRA rule change.<sup>10</sup> The Exchange proposes to amend NASD Rule 3070 references within Rule 3070, Reporting Requirements, to FINRA Rule 4530 pursuant to a FINRA rule change.<sup>11</sup> The Exchange proposes to amend NASD Rule 3110A, Books and Records, to amend the rule references to FINRA

Rule 4511 pursuant to a FINRA rule change.<sup>12</sup>

#### Equity Rules

The Exchange proposes some changes to the Equity Rules to re-title certain chapters in the new Rulebook. The Exchange proposes to relocate certain definitions currently within Rule 0121 "Definitions in the By-Laws of the

<sup>9</sup> See Securities Exchange Act Release No. 66279 (January 30, 2012), 77 FR 5611 (February 3, 2012) (SR-FINRA-2011-059).

<sup>10</sup> See Securities Exchange Act Release No. 71179 (December 23, 2013), 78 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

<sup>11</sup> See Securities Exchange Act Release No. 63260 (November 5, 2010), 75 FR 69508 (November 12, 2010) (SR-FINRA-2010-034).

<sup>12</sup> See Securities Exchange Act Release No. 63784 (January 27, 2011), 76 FR 5850 (February 2, 2011) (SR-FINRA-2010-052).

Exchange” into Equity 1.<sup>13</sup> The Exchange proposes to re-title Equity 2 from “Equity Trading Rules” to “Equity Market Participants.” The Exchange proposes to re-title Equity 3 from “Equity Market Participants” to “Equity Trading Rules.” The Exchange proposes to title Equity 4, which is currently reserved, as “Limit Up-Limit Down.” The Exchange proposes to reserve Equity 6, which is currently titled “Limit Up-Limit Down.” The Exchange proposes to reserve Equity 10, which is titled “Qualification, Listing and Delisting of Companies.” Finally, the Exchange proposes to remove Equity 11, which is currently reserved.

Options 1

The Exchange proposes to rename current Options 1 from “Options Definitions” to “General Provisions.” The Exchange proposes to relocate and

alphabetize certain definitions from Chapter I, Section 1 into proposed General 1, Section 1. The Exchange also proposes to relocate definitions from Chapter VI, Section 1(a)–(c) and (h) into General 1, Section 1. Certain definitions within Chapter 1, Section 1 and Chapter VI, Section 1 apply to both equities and options. These definitions<sup>14</sup> will be relocated to General 1, Section 1 from Chapter I, Section 1 and Chapter VI, Section 1. The Exchange proposes to conform the definitions by adding “the term” where necessary. The Exchange proposes to amend the term “System” from Chapter VI, Section 1 and apply that term to both “System” and “Trading System” and remove the separate definition for “Trading System” in Chapter I, Section 1(a)(61) which creates a circular reference to the term “System.” The Exchange also proposes to eliminate the defined term

“Participant” from Chapter VI, Section 1. The Exchange defines an “Options Participant” or “Participant” within its rules today. The separate defined term “Participant” is confusing and unnecessary. The terms “Nasdaq Regulation” and “Nasdaq Rules” are redundant of the same terms that was already being relocated to General 1 from the Equity Rules. The Exchange proposes to delete the terms “Nasdaq Regulation” “Nasdaq Rules” in this rule. The term “Exchange” is redundant of the same terms that was already being relocated to General 1 from the Equity Rules. The Exchange proposes to delete the terms “Exchange” and “Order Entry Firms” in this rule because they are duplicative.

In addition the Exchange proposes to relocate the following rules into Options 1:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter I, Section 1, Definitions and Chapter VI, Section 1(a)–(c) and (h).
Section 2 .....	Chapter I, Section 2, Applicability.
Section 3 .....	Chapter I, Section 3, Regulation of Nasdaq and its Members.

The Exchange proposes to relocate Chapter V, Section 2, MarketWatch, to the end of the defined term within Options 1, Section 1, which is currently within Chapter I, Options 1, Section 1 and is being relocated to General 1 as that term applies to both options and

equities. The sentence is merely descriptive and adds to the already defined term. The Exchange proposes to relocate Chapter VII, Section 1, Customer Orders and Order Entry Firms, into a definition for Order Entry Firms within Options 1, Section 1.

Options 2

The Exchange proposes to rename Options 2 from “Options Trading Rules” to “Options Market Participants” and relocate the following rules into this chapter:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter VII, Section 2, Market Maker Registration; and Section 3 Continuing Market Maker Registration (re-title as Registration of Market Makers).
Section 2 .....	Reserved.
Section 3 .....	Reserved.
Section 4 .....	Chapter VII, Section 5, Obligations of Market Makers.
Section 5 .....	Chapter VII, Section 6, Market Maker Quotations.
Section 6 .....	Reserved.
Section 7 .....	Chapter VII, Section 7, Securities Accounts and Orders of Market Makers.
Section 8 .....	Chapter VII, Section 9, Financial Requirements for Market Makers.
Section 9 .....	Chapter VII, Section 4, Good Standing for Market Makers.
Section 10 .....	Reserved.

The Exchange proposes to reserve certain rules. The Exchange proposes to relocate Chapter VII, Section 8, Letters of Guarantee, to Options 6, Section 4. The Exchange proposes to relocate Chapter VII, Sections 11, Mass

Cancellation of Trading Interest to Options 3, Section 19, and Section 12, Order Exposure Requirements, to Options 3, Section 22. Chapter VII, Section 1 was relocated to the definitions as described herein.

Options 2A

The Exchange proposes a new Options Section 2A titled “Options Participation” and proposes to relocate the following rules into this chapter:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter II, Section 1, Options Participation.
Section 2 .....	Chapter II, Section 2, Requirements for Options Participation.
Section 3 .....	Chapter II, Section 3, Persons Associated with Options Participants.

<sup>13</sup> See note 5 above. The term “Nasdaq Manual” is being eliminated.

<sup>14</sup> The following definitions are being relocated from Chapter I, Section 1 and Chapter VI, Section 1 into General 1, Section 1: “associated person,” “Board,” “Exchange,” “Exchange Act,” “he,”

“him,” or “his,” “MarketWatch,” “Nasdaq Rules,” “Nasdaq Regulation,” “primary market,” and “SEC” or Commission.”

Proposed new rule No.	Current rule No.
Section 4 .....	Chapter II, Section 4, Good Standing for Options Participants.

The Exchange proposes to reserve Sections 5–7. Options 3 The Exchange proposes to rename Options 3 from “Options Market Participants” to “Options Trading Rules” and relocate the following rules into this chapter:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter VI, Section 2, Days and Hours of Business.
Section 2 .....	Chapter VI, Section 3, Units of Trading; and Section 4, Meaning of Premium Quotes and Orders (combined into one rule and retitle as “Units of Trading and Meaning of Premium Quotes and Orders”).
Section 3 .....	Chapter VI, Section 5, Minimum Increments.
Section 4 .....	Chapter VI, Section 6, Entry and Display of Quotes.
Section 5 .....	Chapter VI, Section 7, Entry and Display of Orders.
Section 6 .....	Chapter V, Section 5, Unusual Market Conditions.
Section 7 .....	Chapter VI, Section 1(d)–(g), Definitions; and Chapter VI, Section 21, Order and Quote Protocols (re-title as “Types of Orders and Quote Protocols”).
Section 8 .....	Chapter VI, Section 8, Nasdaq Opening and Halt Cross (re-title as “Opening and Halt Cross”).
Section 9 .....	Chapter V, Section 3, Trading Halts; and Section 4, Resumption of Trading After a Halt (re-title as “Trading Halts”).
Section 10 .....	Chapter VI, Section 10, Book Processing (re-title as “Order Book Allocation”).
Section 11 .....	Reserved.
Section 12 .....	Reserved.
Section 13 .....	Reserved.
Section 14 .....	Reserved.
Section 15 .....	Chapter VI, Section 18, Risk Protections.
Section 16 .....	Reserved.
Section 17 .....	Chapter VI, Section 22, Kill Switch.
Section 18 .....	Chapter VI, Section 23, Detection of Loss of Communication.
Section 19 .....	Chapter VII, Section 11, Mass Cancellation of Trading Interest.
Section 20 .....	Chapter V, Section 6, Nullification and Adjustment of Options Transactions including Obvious Errors.
Section 21 .....	Chapter V, Section 1, Access to and Conduct on the NOM Market; and Chapter VI, Section 20, Exchange Sharing of Participant-Designated Risk Settings (re-title as “Access to and Conduct on NOM”).
Section 22 .....	Chapter VII, Section 12, Limitations on Order Entry.
Section 23 .....	Chapter VI, Section 19, Data Feeds and Trade Information.
Section 24 .....	Chapter VI, Section 13, Transaction Price Binding
Section 25 .....	Chapter VI, Section 12, Anonymity.
Section 26 .....	Chapter VI, Section 17, Message Traffic Mitigation.
Section 27 .....	Chapter V, Section 9, Limitation of Liability.
Section 28 .....	Reserved.

The Exchange proposes to combine the NOM Rules and retitle them as indicated herein. The Exchange proposes to reserve certain rules. Chapter VI, Section 16, Fees, Dues and Other Charges, was relocated to General 2 and Chapter VI, Sections 14, Authorization to Give Up and Section 15, Submission for Clearance, were relocated to Options 6. The Exchange amended Options 3, Section 21(b)(8) to refer to Section 22 with describes the limitation on orders on NOM. Options 4 The Exchange proposes to amend Options 4, Options Listing Rules, to remove Section 5, which is reserved, and renumber Section 6, Series of Options Contracts Open for Trading, as Section 5.<sup>15</sup> The Exchange also proposes to reserve Section 6 and reserve a new Section 10. Options 4A The Exchange proposes to relocate rules within new proposed Options 4A, which is proposed to be titled “Options Index Rules” as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter XIV, Section 1, Application of Index Rules.
Section 2 .....	Chapter XIV, Section 2, Definitions.
Section 3 .....	Chapter XIV, Section 3, Designation of a Broad-Based Index.
Section 4 .....	Chapter XIV, Section 6, Designation of Narrow-Based and Micro-Narrow-Based Index Options.
Section 5 .....	Chapter XIV, Section 4, Dissemination of Information.
Section 6 .....	Chapter XIV, Section 5, Position Limits for Broad-Based Index Options.
Section 7 .....	Chapter XIV, Section 7, Position Limits for Industry and Micro-Narrow Based Index Options.
Section 8 .....	Reserved.
Section 9 .....	Chapter XIV, Section 8, Exemptions from Position Limits.
Section 10 .....	Chapter XIV, Section 9, Exercise Limits
Section 11 .....	Chapter XIV, Section 10, Trading Sessions.
Section 12 .....	Chapter XIV, Section 11, Terms of Index Options Contracts.

<sup>15</sup> The corresponding rule numbers are changing for removals of certain sections.

Proposed new rule No.	Current rule No.
Section 13 .....	Chapter XIV, Section 12, Debit Put Spread Cash Account Transactions.
Section 14 .....	Chapter XIV, Section 13, Disclaimers.
Section 15 .....	Chapter XIV, Section 14, Exercise of American-Style Index Options.
Section 16 .....	Reserved.

Options 5  
 The Exchange proposes to rename Options 5 from “Options Trade Administration” to “Order Protection and Locked and Crossed Markets.” The current rules<sup>16</sup> within Options 5 are being relocated into Options 6B. The Exchange proposes to relocate the following rules within Options 5 as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter XII, Section 1, Definitions.
Section 2 .....	Chapter XII, Section 2, Order Protection.
Section 3 .....	Chapter XII, Section 3, Locked and Crossed Markets.
Section 4 .....	Chapter VI, Section 11(a), Order Routing.
Section 5 .....	Chapter VI, Section 11(b) to be titled “Cancellation of Orders and Error Account”.

The definitions of “Exchange Act” and “SEC are being removed from Chapter XII, Section 1, “Definitions” as these terms are repetitive of definitions within General 1. Options 6  
 The Exchange proposes to rename Options 6 from “Order Protection and Locked and Cross Markets” to “Options Trade Administration” and relocate rules within Options 6 as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter VI, Section 14, Authorization to Give Up.
Section 2 .....	Chapter VI, Section 15, Submission for Clearance.
Section 3 .....	Reserved.
Section 4 .....	Chapter VII, Section 8, Letters of Guarantee.

Options 6A  
 The Exchange proposes to relocate rules within new proposed Options 6A titled “Closing Transactions” as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter X, Section 6, Contracts of Suspended Participants.
Section 2 .....	Chapter V, Section 8, Failure to Pay Premium.

Options 6B  
 The Exchange proposes to relocate rules within new proposed Options 6B titled “Exercises and Deliveries” as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Options 5, Section 101, Exercise of Options Contracts.
Section 2 .....	Options 5, Section 102, Allocation of Exercise Notices.
Section 3 .....	Options 5, Section 103, Delivery and Payment.

Options 6C  
 The Exchange proposes to relocate rules within new proposed Options 6C titled “Exercises and Deliveries” as follows:

<sup>16</sup>Options 5 currently includes the following rules: Section 101 Exercise of Options Contracts, Section 102 Allocation of Exercise Notices, and Section 103, Delivery and Payment.

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter XIII, Section 1, General Rule.
Section 2 .....	Chapter XIII, Section 2, Time Margin Must Be Obtained.
Section 3 .....	Chapter XIII, Section 3, Margin Requirements.
Section 4 .....	Reserved.
Section 5 .....	Chapter XIII, Section 4, Margin Required Is Minimum.
Section 6 .....	Reserved.

Chapter XIII, Section 5, Joint Back Office Participants, is being relocated to Options 6D.

Options 6D  
The Exchange proposes to relocate rules within new proposed Options 6D

titled "Net Capital Requirements" as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Reserved.
Section 2 .....	Reserved.
Section 3 .....	Reserved.
Section 4 .....	Chapter XIII, Section 5, Joint Back Office Participants.

With respect to the relocation of Joint Back Office Participants, the Supplementary Material .01 titled was removed and the text was retained as

part of the main rule in paragraph (c) of Section 4.

Options 6E  
The Exchange proposes to relocate rules within new proposed Options 6E titled "Records, Reports and Audits" as follows:

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter IX, Section 1, Maintenance, Retention and Furnishing of Books, Records and Other Information.
Section 2 .....	Chapter IX, Section 2, Reports of Uncovered Short Positions.
Section 3 .....	Chapter IX, Section 3, Financial Reports and Audits.
Section 4 .....	Reserved.
Section 5 .....	Chapter IX, Section 4, Automated Submission of Trade Data.
Section 6 .....	Chapter IX, Section 6, Risk Analysis of Market Maker Accounts.
Section 7 .....	Chapter IX, Section 5, Regulatory Cooperation.
Section 8 .....	Reserved.
Section 9 .....	Chapter V, Section 7, Audit Trail.

The Exchange proposes to relocate Chapter IX, Section 7, Anti-Money Laundering Compliance Program, to Options 9, Section 21.

Options 7  
The Exchange is updating cross-references within Options 7 to the introductory section of the Rule as well as Options 7, Section 4 Nasdaq Options Market Data Distributor Fees.

Options 9  
The Exchange proposes to relocate rules within new proposed Options 9, which is currently reserved, and title the chapter as "Business Conduct." The following rules will be relocated within Options 9 with certain rules reserved:

Proposed new rule No.	Current rule No.
Section 1 .....	Reserved.
Section 2 .....	Chapter III, Section 1, Adherence to Law and Section 2 Conduct and Compliance with the Rules.
Section 3 .....	Reserved.
Section 4 .....	Chapter III, Section 16, Disruptive Quoting and Trading Activity Prohibited.
Section 5 .....	Reserved.
Section 6 .....	Reserved.
Section 7 .....	Reserved.
Section 8 .....	Chapter III, Section 3, Rumors.
Section 9 .....	Chapter III, Section 4, Prevention of the Misuse of Material Nonpublic Information.
Section 10 .....	Chapter III, Section 5, Disciplinary Action by Other Organizations.
Section 11 .....	Chapter III, Section 6, Other Restrictions on Participants.
Section 12 .....	Chapter III, Section 15, Significant Business Transactions of Options Clearing Participants.
Section 13 .....	Chapter III, Section 7, Position Limits.
Section 14 .....	Chapter III, Section 8, Exemptions from Position Limits.
Section 15 .....	Chapter III, Section 9, Exercise Limits.
Section 16 .....	Chapter III, Section 10, Reports Related to Position Limits.
Section 17 .....	Chapter III, Section 11, Liquidation Positions.
Section 18 .....	Chapter III, Section 14, Limit on Outstanding Uncovered Short Positions.
Section 19 .....	Chapter III, Section 12, Other Restrictions on Options Transactions and Exercises.
Section 20 .....	Chapter III, Section 13, Mandatory Systems Testing.

Proposed new rule No.	Current rule No.
Section 21 .....	Chapter IX, Section 7, Anti-Money Laundering Compliance Program.
Section 22 .....	Reserved.
Section 23 .....	Reserved.

Options 10 titled “Doing Business with the Public” as follows:  
 The Exchange proposes to relocate rules within new proposed Options 10

Proposed new rule No.	Current rule No.
Section 1 .....	Chapter XI, Section 1, Eligibility.
Section 2 .....	Chapter XI, Section 2, Registration of Options Principals.
Section 3 .....	Chapter XI, Section 3, Registration of Representatives.
Section 4 .....	Chapter XI, Section 5, Discipline, Suspension, Expulsion of Registered Persons.
Section 5 .....	Chapter XI, Section 6, Branch Offices.
Section 6 .....	Chapter XI, Section 7, Opening of Accounts.
Section 7 .....	Chapter XI, Section 8, Supervision of Accounts.
Section 8 .....	Chapter XI, Section 9, Suitability of Recommendations.
Section 9 .....	Chapter XI, Section 10, Discretionary Accounts.
Section 10 .....	Chapter XI, Section 11, Confirmation to Public Customers.
Section 11 .....	Chapter XI, Section 12, Statement of Accounts to Public Customers.
Section 12 .....	Chapter XI, Section 13, Statements of Financial Condition to Customers.
Section 13 .....	Chapter XI, Section 15, Delivery of Current Options Disclosure Documents and Prospectus.
Section 14 .....	Chapter XI, Section 16, Restrictions on Pledge and Lending of Customers’ Securities.
Section 15 .....	Chapter XI, Section 17, Transactions of Certain Customers.
Section 16 .....	Chapter XI, Section 18, Guarantees.
Section 17 .....	Chapter XI, Section 19, Profit Sharing.
Section 18 .....	Chapter XI, Section 20, Assuming Losses.
Section 19 .....	Chapter XI, Section 21, Transfer of Accounts.
Section 20 .....	Chapter XI, Section 22, Communications with Public Customers; and Section 14, Addressing of Communications to Public Customers (re-title “Communications with Public Customers”).
Section 21 .....	Chapter XI, Section 23, Fidelity Bond.
Section 22 .....	Chapter XI, Section 24, Public Customer Complaints.
Section 23 .....	Chapter XI, Section 25, Telephone Solicitation.
Section 24 .....	Chapter XI, Section 4, Other Affiliations of Registered Persons.
Section 25 .....	Reserved.

The Exchange proposes to reserve Options 10, Section 25.

Options 11

The Exchange proposes to relocate Chapter X, Section 7 titled “Penalty for Minor Rule Violations” to Options 11 titled “Minor Rule Plan Violations” at Section 1. The Exchange proposes to relocate Chapter X, Section 1, “Imposition of Suspension,” Section 2, “Investigation Following Suspension Violations,” Section 3, “Reinstatement Following Suspension,” Section 4, “Failure to Obtain Reinstatement,” Section 5, “Termination of Rights by Suspension” and Section 6, “Contracts of Suspended Participants” into Options 11, Section 2, titled “Suspension.”

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>17</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>18</sup> in particular, in that it is designed to promote just and equitable principles of

trade and to protect investors and the public interest by bringing greater transparency to its rules by relocating its Rules into the new Rulebook shell together with other rules which have already been relocated. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rule structure, where applicable, across Nasdaq markets so that Members can readily locate rules which cover similar topics. The relocation and harmonization of the Nasdaq Rule structure is part of the Exchange’s continued effort to promote efficiency and conformity of its processes with those of its affiliated Exchanges. The Exchange believes that the placement of the Nasdaq Rules into their new location in the shell will facilitate the use of the Rulebook by Members. Specifically, the Exchange believes that market participants that are members of more than one Nasdaq market will benefit from the ability to compare Rulebooks.

The Exchange is not substantively amending rule text unless noted

otherwise within this rule change. The renumbering, re-lettering, deleting reserved rules, amending cross-references and other minor technical changes will bring greater transparency to Nasdaq’s Rule structure. ISE, GEMX and MRX have already relocated their Rulebooks. BX recently filed to relocate its Rulebook.<sup>19</sup> Phlx will also relocate its Rulebook in order to harmonize its rule structure, where applicable, across Nasdaq markets. The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook and promoting easy comparisons among the various Nasdaq Rulebooks.

*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 believes that the proposed amendments do not impose an undue

<sup>17</sup> 15 U.S.C. 78f(b).

<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> SR-BX-2019-036 filed on October 1, 2019.

burden on competition because the amendments to relocate the Rules are non-substantive. This rule change is intended to bring greater clarity to the Exchange's Rules. Renumbering, re-lettering, deleting reserved rules and amending cross-references will bring greater transparency to Nasdaq's Rule structure.

*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 from 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) of the Act<sup>20</sup> and Rule 19b-4(f)(6) thereunder.<sup>21</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>22</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>23</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the Exchange could immediately relocate its rules. According to the Exchange, the proposal is intended to make it easier for members to locate the various Exchange rules, and is part of a larger effort to reorganize the Exchange's rules and those of its Affiliated Exchanges. For these reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and

designates the proposed rule change operative upon filing.<sup>24</sup>

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
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2019-098 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-NASDAQ-2019-098. 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-NASDAQ-2019-098, and should be submitted on or before January 13, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

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**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-87777; File No. SR-CboeBZX-2019-097]

**Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Adopt BZX Rule 14.11(l) to Permit the Listing and Trading of Exchange-Traded Fund Shares That Are Permitted To Operate in Reliance on Rule 6c-11 Under the Investment Company Act of 1940**

December 17, 2019.

On November 15, 2019, Cboe BZX Exchange, Inc. ("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, among other things, adopt BZX Rule 14.11(l) to permit the listing and trading of Exchange-Traded Fund Shares that are permitted to operate in reliance on Rule 6c-11 under the Investment Company Act of 1940. The proposed rule change was published for comment in the **Federal Register** on November 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

<sup>25</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. 87560 (Nov. 18, 2019), 84 FR 64607.

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

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>21</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>22</sup> 17 CFR 240.19b-4(f)(6).

<sup>23</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>24</sup> 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).