Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.11

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. Please include File Number SR–ISE–2020–33 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–ISE–2020–33. 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 copying at the principal 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–ISE–2020–33, and should be submitted on or before November 18, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.12

J. Matthew DeLesDernier,
Assistant Secretary.

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BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90251; File No. SR–MIAX–2020–33]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 518, Complex Orders and Rule 519A, Risk Protection Monitor


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 October 8, 2020, Miami International Securities Exchange, LLC ("MIAX Options" or the “Exchange”) filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III 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 is filing a proposal to amend Exchange Rule 518, Complex Orders; and Rule 519A, Risk Protection Monitor.

The text of the proposed rule change is available on the Exchange’s website at http://www.miaxoptions.com/rule-filings/ at MIAX Options’ principal office, 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 Exchange proposes to amend Exchange Rule 518 and Exchange Rule 519A to facilitate the use of Related Futures Cross (“RFC”) orders on the Exchange. The Exchange recently adopted the RFC order type for trading on the Exchange.3 RFC orders provide market participants with the ability to exchange SPIKES options positions with corresponding futures positions, or to exchange corresponding futures positions with SPIKES options positions.4

Specifically, the Exchange proposes to amend Policy .05(e)(1)(a) of Rule 518, entitled, Wide Market Condition5 and cPRIME,6 cC2,7 and cQCC,8 Orders, to

2See Policy .08 of Exchange Rule 518.
3A “wide market condition” is defined as any individual option component of a complex strategy having, at the time of evaluation, an MBBO quote width that is wider than the permissible valid quote width as defined in Rule 515(h)(3).
4A Complex PRIME or “cPRIME” Order is a complex order as defined in Rule 516(a)(5) that is submitted for participation in a cPRIME Auction. Trading of cPRIME Orders is governed by Rule 515A, Interpretations and Policies .12. See Exchange Rule 518(b)(7).
5A Complex Customer Cross or “cC2” Order is comprised of one Priority Customer complex order to buy and one Priority Customer complex order to sell at the same price and for the same quantity. Trading of cC2 Orders is governed by Rule 515(b)(3). See Exchange Rule 518(b)(5).
6A Complex Qualified Contingent Cross or “cQCC” Order is comprised of an originating complex order to buy or sell where each component

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11 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).

facilitate the trading of RFC orders on the Exchange during wide market conditions. Currently, during free trading, if a wide market condition exists for a component of a complex strategy, trading in the complex strategy will be suspended. Similarly, if a wide market condition exists for a component of a complex strategy following a Complex Auction, trading in the complex strategy will be suspended. cPRIME Orders, C2C Orders, and QCC Orders are currently excluded from this protection during wide market conditions, and the trading and processing of these orders will continue during wide market conditions.

Specifically, current Policy .05(e)(1)(iii) provides that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Interpretations and Policies .12, or on the trading of cC2C and cQCC Orders pursuant to Rules 515(h)(3) and (4). Such processing will not be suspended and will continue during wide market conditions.

The Exchange is proposing to also exclude RFC orders from this current trade protection provision related to wide market conditions. The Exchange proposes to amend Policy .05(e)(1)(iii) of Rule 518 to rename the title of the provision to, Wide Market Condition and cPRIME, cC2C, cQCC and RFC Orders. The Exchange also proposes to amend the text of the provision to provide that a wide market condition shall have no impact on the trading of cPRIME Orders and processing of cPRIME Auctions (including the processing of cPRIME Auction responses) pursuant to Rule 515A, Policy .12, or on the trading of cC2C, cQCC, or RFC Orders pursuant to Rules 515(h)(3) and (4), and Policy .08 of this Rule respectively. Such trading and processing will not be suspended and will continue during wide market conditions.

The Exchange also proposes to amend Policy .02(a), and .02(b) of Rule 519A, to make RFC orders eligible to participate in certain Risk Protection Monitor functionality. Currently, the MIAX System will maintain a counting program ("counting program") for each participating Member that will count the number of orders entered and the number of contracts traded via an order entered by a Member on the Exchange within a specified time period that has been established by the Member (the "specified time period"). The maximum duration of the specified time period will be established by the Exchange and announced via a Regulatory Circular. The Risk Protection Monitor maintains one or more Member-configurable Allowable Order Rate settings and Allowable Contract Execution Rate settings. When a Member’s order is entered or when an execution of a Member’s order occurs, the system will look back over the specified time period to determine if the Member has: (i) Entered during the specified time period a number of orders exceeding their Allowable Order Rate setting(s), or (ii) executed during the specified time period a number of contracts exceeding their Allowable Contract Execution Rate setting(s). Once engaged, the Risk Protection Monitor will then, as determined by the Member: Automatically either (A) prevent the System from receiving any new orders in all classes in all classes from the Member; (B) prevent the System from receiving any new orders in all classes in all classes from the Member and cancel all existing orders with a time-in-force of Day in all series in all classes from the Member; or (C) send a notification to the Member without any further preventative or cancellation action by the System. When engaged, the Risk Protection Monitor will still allow the Member to interact with existing orders entered prior to exceeding the Allowable Order Rate setting or the Allowable Contract Execution Rate setting, including sending cancel order messages and receiving trade executions from those orders. The Risk Protection Monitor shall remain engaged until the Member communicates with the Help Desk to enable the acceptance of new orders.

Under current Policy .02 of Rule 519A, PRIME Orders, cPRIME Orders, QCC Orders, C2C Orders, and RFC Orders, and PRIME Solicitation Orders will each be counted as two orders for the purposes of calculating the Allowable Order Rate.

The Exchange now proposes to amend Policy .02 to allow RFC orders to be included in the counting program by amending the text to provide that, PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders participate in the Risk Protection Monitor as follows:

(a) The System includes PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders in the counting program for purposes of this Rule.

(b) PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders will each be counted as two orders for the purpose of calculating the Allowable Order Rate.

The Exchange believes that treating RFC orders similarly to other paired order types for purposes of the counting program will instill confidence in Members that an unusually high number of orders submitted within a

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9 The term “Help Desk” means the Exchange’s control room consisting of Exchange staff authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange. See Exchange Rule 100.

10 See Exchange Rule 519A(a).

11 See MIAX Regulatory Circular. See Exchange Rule 519A(b).

12 Under current Rule 519A, PRIME Orders, cPRIME Orders, QCC Orders, C2C Orders, and RFC Orders, and PRIME Solicitation Orders will each be counted as two orders for the purposes of calculating the Allowable Order Rate.

13 The Exchange now proposes to amend Policy .02 to allow RFC orders to be included in the counting program by amending the text to provide that, PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders participate in the Risk Protection Monitor as follows:

(a) The System includes PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders in the counting program for purposes of this Rule.

(b) PRIME Orders, cPRIME Orders, PRIME Solicitation Orders, QCC Orders, C2C Orders, RFC Orders, and GTC Orders will each be counted as two orders for the purpose of calculating the Allowable Order Rate.

The Exchange believes that treating RFC orders similarly to other paired order types for purposes of the counting program will instill confidence in Members that an unusually high number of orders submitted within a...
specification time period will be accurately counted in regards to the possible engagement of the Risk Protection Monitor to prevent additional orders from being transmitted to the Exchange.

2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act 23 in general, and furthers the objectives of Section 6(b)(5) of the Act 24 in particular, that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange’s proposal to exclude RFC orders from wide market condition trade protection promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system and in general, protects investors and the public interest. Allowing RFC orders to continue to trade during wide market conditions is consistent with the Exchange’s treatment of other paired order types such as cPRIME, cC2C, and cQCC orders. cPRIME Orders, cC2C Orders, and cQCC Orders are all received with either a paired Agency Order (in the case of a PRIME and cPRIME Orders) or a contra-side order or orders. cPRIME and cC2C orders are received with an execution price at least $0.01 better than (inside) the nbmbbo 25 price or the best net price of a complex order on the Strategy Book, 26 whichever is more aggressive. cQCC Orders are received with an execution price that (i) is not at the same price as a Priority Customer Order 27 on the Exchange’s Book; 28 and (ii) is at or between the NBBO. 29 An RFC order is comprised of a SPIKES options combo coupled with a contra-side order or orders totaling an equal number of SPIKES option combo orders, which is identified to the Exchange as being part of an exchange of option contracts for related futures positions. 30 In order to execute an RFC order an EEM 31 must submit the RFC order to the System, which may execute automatically without exposure. 32 An EEM may execute an RFC order pursuant to the previous statement only if: (i) Each option leg executes at a price that complies with Exchange Rule 518(c), provided that no option leg executes at the same price as a Priority Customer Order in the Simple Book; 33 (ii) each option leg executes at a price at or between the NBBO for the applicable series; and (iii) the execution price is better than the price of any complex order resting in the Strategy Book, unless the RFC order is a Priority Customer Order and the resting complex order is a non-Priority Customer Order, in which case the execution price may be equal to or better than the price of the resting complex order. The System cancels an RFC order if it cannot execute. 34 Therefore, these order types, all of which consist of paired orders with execution price requirements, are not affected by wide market conditions because they may only be executed at or inside of their obligatory prices, and as such are appropriately excluded from this trade protection feature.

The Exchange’s proposal to include RFC orders in the Exchange’s Risk Protection Monitor promotes just and equitable principles of trade, removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by treating RFC orders similarly to other paired orders for purposes of the Risk Protection Monitor counting program.

The Exchange’s proposal to add RFC orders to the list of order types to which Policy .02 and .02(a) of Rule 519A applies; and to the list of order types to be counted as two orders for purposes of calculating the Allowable Order Rate in Policy .02(b) of Rule 519A, perfects the mechanisms of a free and open market and a national market system by assisting investors in managing their acceptable risk levels respecting open orders. The submission of a single message into the System for the execution of a paired order type is a submission representing two orders, and the Risk Protection Monitor counts them as such for purposes of calculating the Allowable Order Rate. Participants thus will know that their single message for these order types represents two orders for purposes of the counting system and may determine their appropriate risk tolerance parameters accordingly.

The Exchange believes that the proposed amendments to its trade protection rules should instill additional confidence in Members that submit orders to the Exchange that their risk tolerance levels are protected, and thus should encourage such Members to submit additional order flow and liquidity to the Exchange with the understanding that they retain necessary protections and avoid unnecessary protections with respect to all orders they submit to the Exchange, including complex orders, thereby removing impediments to and perfecting the mechanisms of a free and open market and a national market system and, in general, protecting investors and the public interest.

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 believes its proposal will promote intra-market competition by ensuring that RFC orders are eligible to trade during wide market conditions, similar to other paired order types. Additionally, including RFC orders in certain trade protections available on the Exchange enables MIAX Options participants to submit more orders to the Exchange knowing that risk protection measures are in place. The proposal applies equally to all market participants and should benefit intra-market competition accordingly.

The Exchange’s proposal is limited to transactions involving a Proprietary
Product 35 of the Exchange, and therefore has no impact on inter-market competition.

For all the reasons stated, 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, and believes the proposed change will in fact enhance competition.

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

Written comments were neither solicited nor 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 of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act36 and Rule 19b–4(f)(6)37 thereunder.

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. Please include File Number SR–MIAX–2020–33 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–MIAX–2020–33. 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 offices 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–MIAX–2020–33, and should be submitted on or before November 18, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 36

J. Matthew DeLesDernier,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–90253; File No. SR–CboeEDGX–2020–050]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Pilot Programs in Connection With the Listing and Trading of P.M.–Settled Series on Certain Broad-Based Index Options


Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on October 13, 2020, Cboe EDGX Exchange, Inc. (the “Exchange” or “EDGX 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 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 Options”) proposes to extend the pilot programs in connection with the listing and trading of P.M.–settled series on certain broad-based index options. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (http://markets.cboe.com/us/options/regulation/rule_filings/edgx/), 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