Fund Shares with only a single and relatively small creation unit outstanding. The Exchange also has proposed to limit this requirement to a single determination at the commencement of trading, and has not explained the impact of fewer shares potentially being outstanding thereafter. Further, the Exchange has proposed to require that there be a sufficient number of shares outstanding to “facilitate the formation of” at least one creation unit, and has not explained how this standard differs from a requirement that the number of shares outstanding at least equals one creation unit.

Finally, the Exchange takes the position that its surveillance procedures and trading halt authority would mitigate any abnormal trading that would affect Exchange Traded Fund Shares prices in the secondary market. The Exchange, however, does not explain in any detail the basis for this view, or how specifically its existing procedures would effectively mitigate the risks addressed by the minimum number of beneficial holders and minimum number of shares requirements the Exchange is proposing to eliminate.

Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization [‘SRO’] that proposed the rule change.” The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding, and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the applicable rules and regulations.

For these reasons, the Commission believes it is appropriate to institute proceedings pursuant to Section 19(b)(2)(B) of the Exchange Act to determine whether the proposal should be approved or disapproved.

IV. Commission’s Solicitation of Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Exchange Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b–4, any request for an opportunity to make an oral presentation.

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by December 3, 2020. Any person who wishes to file a rebuttal to any other person’s submission must file that rebuttal by December 17, 2020. The Commission asks that commenters address the sufficiency of the Exchange’s statements in support of the proposal, which are set forth in the Notice, in addition to any other comments they may wish to submit about the proposed rule change.

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–NASDAQ–2020–017 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–2020–017. 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–2020–017 and should be submitted by December 3, 2020. Rebuttal comments should be submitted by December 17, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. J. Matthew DeLesDernier, Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Temporary Supplementary Material 13 (Temporary Extension of the Limited Period for Registered Persons To Function as Principals) Under Nasdaq Rule 1.1210

November 5, 2020.

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 October 29, 2020, The Nasdaq Stock Market LLC (‘‘Nasdaq’’ or ‘‘Exchange’’) filed with the Securities and Exchange Commission 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–2020–017 and should be submitted by December 3, 2020. Rebuttal comments should be submitted by December 17, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. J. Matthew DeLesDernier, Assistant Secretary.

[FR Doc. 2020–24964 Filed 11–10–20; 8:45 am]
(the “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 adopt temporary Supplementary Material .13 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under Exchange Rule 1.1210 of General 4 (Registration Requirements).


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 adopt temporary Supplementary Material .13 (Temporary Extension of the Limited Period for Registered Persons to Function as Principals) under Exchange Rule 1.1210 of General 4 (Registration Requirements). The proposed rule change would extend the 120-day period that certain individuals can function as a principal without having successfully passed an appropriate qualification examination through December 31, 2020, and would apply only to those individuals who were designated to function as a principal prior to September 3, 2020. This proposed rule change is based on a filing recently submitted by the Financial Regulatory Authority, Inc. (“FINRA”)

5 See Securities Exchange Act Release No. 89732 (September 1, 2020), 85 FR 55535 (September 8, 2020) (SR–FINRA–2020–026) (“FINRA Filing”). The Exchange notes that the FINRA Filing also provides temporarily relief to individuals registered with FINRA as Operations Professionals under FINRA Rule 1210.04 prior to February 2, 2020, who were designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, to pass the appropriate principal qualification examination.

6 At the outset of the COVID–19 pandemic, all FINRA qualification examinations were administered at test centers operated by Prometric. Based on the health and welfare concerns resulting from COVID–19, in March Prometric closed all of its test centers in the United States and Canada and began to slowly reopen some of them at limited capacity in May. At this time, not all of these Prometric test centers have reopened at full capacity.

7 Exchange Rule 1.1210.04 is the corresponding rule to FINRA Rule 1210.04.

8 FINRA Rule 1210.04 (Requirements for Registered Persons Functioning as Principals for a Limited Period) allows a member firm to designate certain individuals to function in a principal capacity for 120 calendar days before having to pass an appropriate principal qualification examination. Exchange Rule 1.1210.04 provides the same allowance to members.

9 FINRA published the first FAQ on March 20, 2020, providing that individuals who were designated to function as principals under FINRA Rule 1210.04 prior to February 2, 2020, would be given until May 31, 2020, to pass the appropriate principal qualification examination.

10 Although Prometric has begun reopening test centers, Prometric’s safety practices mean that currently not all test centers are open, some of the open test centers are at limited capacity, and some open test centers are delivering only certain examinations that have been deemed essential by the local government. Furthermore, Prometric has had to close some reopened test centers due to incidents of COVID–19 cases. The initial nationwide closure in March along with the inability to fully re-open all Prometric test centers due to COVID–19 have led to a significant backlog of individuals who are waiting to sit for FINRA examinations.

11 As a result, firms continue to face potentially significant disruptions to their normal business operations that may include a limitation of in-person activities and staff absenteeism as a result of the health and welfare concerns stemming from COVID–19. Such potential disruptions may be further exacerbated and may even affect client services if firms cannot continue to keep principal positions filled as they may have difficulty finding other qualified individuals to transition into these roles or may need to reallocate employee time and resources away from other critical responsibilities at the firm.

These ongoing, extenuating circumstances make it impracticable for members to ensure that the individuals whom they have designated to function in a principal capacity, as set forth in Exchange Rule 1.1210.04, are able to successfully sit for and pass an appropriate qualification examination within the 120-calendar day period required under the rule, or to find other
qualified staff to fill this position. The ongoing circumstances also require individuals to be exposed to the health risks associated with taking an in-person examination, because the General Securities Principal (Series 24) Examination is not available online. Therefore, the Exchange is proposing to continue the temporary relief provided through the FINRA FAQs by adopting Rule 1.1210.13 to extend the 120-day period during which an individual can function as a principal before having to pass an applicable qualification examination until December 31, 2020. The proposed rule change would apply only to those individuals who were designated to function as a principal prior to September 3, 2020. Any individuals designated to function as a principal on or after September 3, 2020, would need to successfully pass an appropriate qualification examination within 120 days.

The Exchange believes that this proposed continued extension of time is tailored to address the needs and constraints on a member’s operations during the COVID–19 pandemic, without significantly compromising critical investor protection. The proposed extension of time will help to minimize the impact of COVID–19 on members by providing continued flexibility so that members can ensure that principal positions remain filled. The potential risks from the proposed extension of the 120-day period are mitigated by the member’s continued requirement to supervise the activities of these designated individuals and ensure compliance with federal securities laws and regulations, as well as Exchange rules.

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, because 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 facilitating transactions in securities, 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.

The proposed rule change is intended to minimize the impact of COVID–19 on member operations by extending the 120-day period. Certain individuals may function as a principal without having successfully passed an appropriate qualification examination under Exchange Rule 1.1210.04 until December 31, 2020. The proposed rule change does not relieve members from maintaining, under the circumstances, a reasonably designed system to supervise the activities of their associated persons to achieve compliance with applicable securities laws and regulations, and with applicable Exchange rules that directly serve investor protection. In a time when faced with unique challenges resulting from the COVID–19 pandemic, the Exchange believes that the proposed rule change is a sensible accommodation that will continue to afford members the ability to ensure that critical positions are filled and client services maintained, while continuing to serve and promote the protection of investors and the public interest in this unique environment.

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 proposed rule change is intended to provide temporary relief given the impacts of the COVID–19 pandemic crisis and to also maintain consistency with the rules of other self-regulatory organizations (“SROs”) with respect to the registration requirements applicable to members and their registered personnel. In that regard, the Exchange believes that any burden on competition would be clearly outweighed by providing members with temporary relief in this unique environment while also ensuring clear and consistent requirements applicable across SROs and mitigating any risk of SROs implementing different standards in these important areas. In its filing, FINRA provides an abbreviated economic impact assessment maintaining that the changes are necessary to temporarily rebalance the attendant benefits and costs of the obligations under FINRA Rule 1210 in response to the impacts of the COVID–19 pandemic that is equally applicable to the changes the Exchange proposes. The Exchange accordingly incorporates FINRA’s abbreviated economic impact assessment by reference.

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 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)(5)(A) of the Act 15 and Rule 19b–4(f)(6) 16 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, pursuant to Rule 19b–4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. As noted above, the Exchange stated that the temporary proposed rule change is based on a recent rule change by FINRA and is intended to harmonize Nasdaq’s registration rules with those of FINRA to promote uniform standards across the securities industry. The Exchange states that it will also help minimize the impact of the COVID–19 outbreak on Nasdaq members’ operations by allowing them to keep principal positions filled and minimizing disruptions to client services and other critical responsibilities. The ongoing extenuating circumstances of the COVID–19 pandemic make it impractical to ensure that individuals designated to act in principal capacities are able to take and pass the appropriate qualification examination during the 120-calendar day period required under the rules. Shelter-in-place orders, quarantining, restrictions on business and social activity and adherence to other social distancing guidelines

14 See also supra note 4.
17 FINRA Filing, 85 FR at 55537.
18 See FINRA Filing, 85 FR at 55538.
consistent with the recommendation of public officials remain in place in various states.\(^\text{21}\) Further, the Exchange states that Prometric test centers have experienced serious interruptions in the administration of FINRA qualification examinations, resulting in a backlog of individuals waiting to take these examinations. Following a nationwide closure of all test centers earlier in the year, some test centers have re-opened, but are operating at limited capacity or are only delivering certain examinations that have been deemed essential by the local government.\(^\text{22}\) FINRA has launched an online test delivery service to help address this backlog. However, the General Securities Principal (Series 24) Examination is not available online. The Exchange states that the temporary proposed rule change will provide needed flexibility to ensure that these positions remain filled and is tailored to address the constraints on members’ operations during the COVID–19 pandemic without significantly compromising critical investor protection.\(^\text{23}\)

The Commission also notes that the proposal provides only temporary relief from the requirement to pass certain qualification examinations within the 120-day period in the rules. As proposed, this relief would extend the 120-day period that certain individuals can function as principals through December 31, 2020. The Exchange has also stated that if it requires temporary relief from the rule requirements identified in this proposal beyond December 31, 2020, it may submit a separate rule filing to extend the effectiveness of the temporary relief under these rules.\(^\text{24}\) 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.\(^\text{25}\) Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.\(^\text{26}\)

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 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);
  - Send an email to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2020–073 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–2020–073. 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, on business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street NE, Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of Nasdaq. 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–2020–073 and should be submitted on or before December 3, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^\text{27}\)

J. Matthew DeLdniernier,
Assistant Secretary.

[FR Doc. 2020–24967 Filed 11–10–20; 8:45 am]

**BILLING CODE 8011–01–P**

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**SECURITIES AND EXCHANGE COMMISSION**


**Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule To Eliminate the Listing Fee Waiver for Issuers of Certain ETPs**

November 5, 2020.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)\(^\text{1}\) and Rule 19b–4 thereunder,\(^\text{2}\) notice is hereby given that on November 4, 2020, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “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 proposing to amend Rule 14.13(b)(2)(C) related to the listing of exchange traded products (“ETPs”)\(^\text{3}\) on the Exchange. Specifically, the Exchange is proposing to eliminate Rule 14.13(b)(2)(C)(ii) related to Auction Fee Listings, as defined below, and to make several other corresponding amendments to Rule 14.13(b)(2)(C).

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

- **July 2020** 30–30(a)(12).
- As defined in Rule 11.8(e)(1)(A), the term “ETP” means any security listed pursuant to Exchange Rule 14.11.