Routing Attributes assigned to them). The proposed changes will streamline the handling of such Orders, thereby reducing the potential for confusion about the Exchange's practice for holding these Order Types in these circumstances. The Exchange proposes to maintain its existing practice of holding Market Pegged MOO Orders with Routing Attributes and LOO Orders with Routing Attributes [36] entered near the time of the Opening Cross because the Exchange is not yet prepared to handle such Orders similarly to how it proposes to handle such Orders without Routing Attributes, although it contemplates submitting a rule filing proposal to do so in the near future. Moreover, any impact of the proposed changes is expected to be minimal, as very few MOO and LOO Orders have historically been subject to holding.

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 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 [37] and Rule 19b–4(f)(6) thereunder.[38]

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–NASDAQ–2021–044 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–2021–044. 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–2021–044, and should be submitted on or before July 15, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[39]

J. Matthew DeLesDernier,

Assistant Secretary.

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[36] The Exchange's proposal to add the word ''Routing'' to the rule text will merely clarify that the existing holding practice will continue for certain MOO and LOO Orders.

[37] 15 U.S.C. 78s(b)(3)(A).

[38] 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.

[39] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–92203; File No. SR–CBOE–2021–025]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Cboe Rules 5.37 and 5.38 in Connection With Allocations at the Conclusion of the Exchange's Automated Improvement Mechanism (''AIM'') and Complex AIM (''C–AIM'') Auctions

June 17, 2021.

I. Introduction

On April 14, 2021, Cboe Exchange, Inc. (the ''Exchange'' or ''Cboe Options'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to adopt a Priority Order Plus status in connection with the allocation of exclusively listed index option classes at the conclusion of the Exchange's Automated Improvement Mechanism (''AIM'' or ''AIM Auction'') and Complex AIM (''C–AIM'' or ''C–AIM Auction'') auctions. The proposed rule change was published for comment in the **Federal Register** on May 3, 2021.[3] The Commission received no comments regarding the proposal. On June 8, 2021, the Exchange submitted Amendment No. 1 to the proposed rule change.[4] The Commission is approving the proposed rule change.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 91689 (April 27, 2021), 86 FR 23453 (''Notice'').

[4] In Amendment No. 1, the Exchange updated Exhibit 5 of the proposed rule change to reflect another proposed rule change unrelated to this proposed rule change. Because Amendment No. 1 is a technical amendment that does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, it is not subject to notice and comment. Amendment No. 1 to the proposed rule change is available on the Commission's website at: *https://www.sec.gov/rules/sro/cboe.htm#SR-CBOE-2021-025.*

II. Description of the Proposed Rule Change

The AIM and C–AIM are electronic auctions intended to provide an Agency Order with the opportunity to receive price improvement (over the National Best Bid or Offer (''NBBO'') in AIM, or the synthetic best bid or offer (''SBBO'') on the Exchange in C–AIM).[5] Upon submitting an Agency Order into one of these auctions, the initiating Trading Permit Holder (''Initiating TPH'') must also submit a contra-side second order (''Initiating Order'') for the same size as the Agency Order. The Initiating Order guarantees that the Agency Order will receive an execution. Upon commencement of an auction, market participants may submit responses to trade against the agency order. At the conclusion of the auction, the System [6] allocates the Agency Order, taking into account all auction responses, unrelated orders, and quotes.[7] Depending on the contra-side interest available, the Initiating Order may be allocated a certain percentage of the Agency Order.[8] Any execution prices at the conclusion of an AIM Auction must be at or better than both sides of the BBO existing at the conclusion of the AIM Auction and at or better than both sides of the Initial NBBO,[9] and any execution prices at the conclusion of a C–AIM Auction must be at or between the SBBO and the best prices of any complex orders resting on each side of the Complex Order Book (''COB'') at the conclusion of the C–AIM Auction.

Currently, the Exchange may offer Priority Order [10] status to Users [11] for allocations at the conclusion of an AIM Auction. If the Exchange designates a class as eligible for Priority Order status, then at the conclusion of an AIM Auction, Users with Priority Orders receive executions against the Agency Order after Priority Customers [12] and the Initiating TPH have received their Agency Order allocations.[13] Priority Order status is only valid for the duration of the particular AIM Auction.[14]

The Exchange proposes to adopt a new Priority Order Plus status in connection with the allocation of exclusively listed index option classes at the conclusion of the Exchange's AIM and C–AIM auctions. An ''exclusively listed option'' is an option that trades exclusively on an exchange because the exchange has an exclusive license to list and trade the option or has the proprietary rights in the interest underlying the option.[15]

A. Priority Order Plus and Priority Order Status in AIM

Proposed Rule 5.37(e)(4) would provide that the Exchange may designate any exclusively listed index option class as eligible for Priority Order Plus status and any class as eligible for Priority Order status. A class designated as eligible for one status would not be eligible for the other status.[16] If the Exchange designates a class as eligible for Priority Order Plus or Priority Order status, Users would have priority for their contra-side interest Priority Orders up to their size in the Initial NBBO at each price level at or better than the Initial NBBO.[17] Each status is only valid for the duration of the particular AIM Auction.[18]

The proposed rule change amends Rule 5.37(e)(1)(B), which describes the allocation priority where the AIM results in no price improvement to the Agency Order, to provide that Users with Priority Order Plus status may be allocated directly following Priority Customer allocations but prior to Initiating TPH allocations. The proposed rule change also amends Rule 5.37(e)(2)(B), which sets forth the allocation priority where the AIM results in price improvement and the Initiating TPH has selected a single-price submission, to provide that Users with Priority Order status or Priority Order Plus status (as designated by the Exchange) may be allocated directly following Priority Customer allocations.

Additionally, proposed Rule 5.37(e)(1)(B) would provide that Priority Orders eligible for Priority Order Plus status are allocated in a pro-rata manner. Likewise, the proposed rule change updates Rules 5.37(e)(1)(C) and (D) and (e)(2)(B), (C) and (D) to reflect that Priority Orders, all other contra-side interest (including AIM responses and orders and quotes on the Book) and non-Priority Customer non-displayed Reserve Quantity pursuant to these Rules are allocated in a pro-rata manner.[19]

B. Priority Complex Order Plus Status in C–AIM

With respect to allocation priority in C–AIM, the proposed Rule 5.38(e)(4) would permit the Exchange to designate any exclusively listed index option class as eligible for Priority Complex Order Plus status, pursuant to which proposed Priority Complex Orders may receive Agency Order executions after Priority Customers at the conclusion of a C–AIM Auction. Specifically, proposed Rule 5.38(e)(4) provides that, if the Exchange designates a class as eligible for Priority Complex Order Plus status, Users with contra-side complex interest at the conclusion of the C–AIM Auction and displayed resting quotes and orders that were at a price equal to the BBO on the opposite side of the market from any of the components of the Agency Order at the time the C–AIM Auction commenced (''Priority Complex Orders''), have priority in their contra-side complex interest up to their largest size in a BBO in a pro-rata manner (after Priority Customers have received allocations, as set forth in subparagraphs (e)(1) through (3) above). Priority Complex Order Plus status is only valid for the duration of the particular C–AIM Auction.[20] The proposed change also adopts new Rules 5.38(e)(1)(B) and 5.38(e)(2)(B),[21] which provide for the allocation of Priority

[5] *See* Rules 5.38 (AIM) and 5.38 (C–AIM).

[6] The term ''System'' means the Exchange's hybrid trading platform that integrates electronic and open outcry trading of option contracts on the Exchange, and includes any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. *See* Rule 1.1.

[7] *See* Rules 5.37(e) and 5.38(e).

[8] *Id.*

[9] The term ''Initial NBBO'' means the national best bid or national best offer at the time an Auction is initiated. *See* Rule 5.37.

[10] The term ''Priority Order'' refers to displayed resting quotes and orders that were at a price equal to the Initial NBBO on the opposite side of the market form the Agency Order. *See* Rule 5.37(e)(4). *See also* Securities Exchange Release No. 87972 (September 24, 2019), 84 FR 51673, 51678 (September 30, 2019) (defining the term ''Priority Order'' and providing that these orders will have priority at each price level).

[11] The term ''User'' means any TPH or Sponsored User who is authorized to obtain access to the System pursuant to Rule 5.5. *See* Rule 1.1.

[12] The term ''Priority Customer'' means a person or entity that is a Public Customer and is not a Professional. *See* Rule 1.1.

[13] Priority Orders receive priority pursuant to the order of allocation as set forth in Rule 5.37(e)(1) (if the Auction results in no price improvement), Rule 5.37(e)(2) (if the Auction results in price improvement for the Agency Order and the Initiating TPH selected a single-price submission) or Rule 5.37(e)(3) (if the Auction results in price improvement for the Agency Order and the Initiating TPH selected auto-match).

[14] The Exchange states that Priority Order status is currently activated for numerous classes in AIM.

[15] *See* Notice, *supra* note 3, at 23453, n.3. The Exchange states that an exclusively listed option is different than a ''singly listed option,'' which is an option that is not an ''exclusively listed option'' but that is listed by one exchange and not by any other national securities exchange. *See id.*

[16] *See* Proposed Rule 5.37(e)(4).

[17] *See id.*

[18] *See id.*

[19] The proposed rule change also updates Rule 5.39(e)(2)(C), which provides for generally similar order of allocations at the conclusion of a Solicitation Auction Mechanism (''SAM'' or ''SAM Auction''), to likewise reflect that non-Priority Customer non-displayed Reserve Quantity is allocated in a pro-rata manner.

[20] *See* proposed Rule 5.38(e)(4).

[21] The proposed rule change also updates the numbering of current Rule 5.38(e)(1)(B) through (e)(1)(D) and current Rule 5.38(e)(2)(B) to reflect the addition of new Rules 5.38(e)(1)(B) and (e)(2)(B).

Complex Orders (in a pro-rata manner), if the Exchange has designated the class as eligible for Priority Complex Order Plus status, immediately following Priority Customer allocations and prior to any Initiating TPH allocations, pursuant to Rule 5.38(e)(1)(A) (if the C–AIM Auction results in no price improvement) and Rule 5.38(e)(2) (if the C–AIM Auction results in price improvement for the Agency Order and the Initiating TPH selected a single-price submission).

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, with Section 6(b) of the Act.[22] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[23] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest, and that the rules of a national securities exchange not be designed to permit unfair discrimination between customers, issuers, brokers or dealers. The Commission believes that the proposed new Priority Order Plus allocation status may encourage further competition in the AIM and C–AIM in exclusively listed classes, by encouraging aggressive quoting from Users. According to the Exchange, price improvement auctions have provided the market with benefits (such as providing an efficient manner of access to liquidity for customers), however, the options industry overall has observed that quoted liquidity on the book has decreased, quotes have widened, and options market makers have reduced their participation in the market, which the Exchange believes has impacted market quality.[24] By providing market participants, particularly Market-Makers and other liquidity providers, the opportunity to receive priority over the Initiating TPH in exclusively listed index classes if they post more aggressive markets, the Commission believes the potential for increased competition within an individual AIM or C–AIM auction may enhance displayed liquidity, provide for tighter markets, and ultimately provide better execution prices for all market participants in classes available exclusively for trading on the Exchange.

While the Commission recognizes that the loss of Initiating TPH priority to Users with Priority Order Plus status may potentially result in fewer auctions being initiated, the Commission believes that those individual auctions should be more competitive, as Users may be encouraged by the prospect of Priority Order Plus status to submit competitive orders/quotes. This may benefit the Agency Order by providing more opportunity for price improvement within an individual auction. The AIM Auction in particular should benefit from potentially increased competition, especially since the AIM Auction no longer provides guaranteed price improvement for smaller orders (except where the NBBO spread is $0.01).[25]

The Commission also believes that updating the allocation of Priority Orders and other contra-side interest (including non-Priority Customer non-displayed Reserve Quantity) to be pro-rata for all AIM- or SAM-eligible classes (as applicable), as opposed to price-time, may enhance competition by encouraging market participants to bring more liquidity into the auctions and provide competitive bids and offers throughout an auction. The Commission notes that pro-rata allocation is consistent with the manner in which other options exchanges allocate agency orders at the conclusion of comparable price improvement auctions[26] and solicitation auctions on those exchanges.[27] Further, the proposed pro-rata allocation for Priority Orders and all other contra-side interest at the conclusion of an AIM Auction is consistent with the manner in which the same orders currently receive allocations at the conclusion of an AIM auction on the Exchange's affiliated options exchange, Cboe EDGX Exchange, Inc. (''EDGX Options'').[28]

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[29] that the proposed rule change (SR–CBOE–2021–025), is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[30]

J. Matthew DeLesDernier,

Assistant Secretary.

[FR Doc. 2021–13244 Filed 6–23–21; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–92183; File No. SR–FINRA–2021–015]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend FINRA Rules 1210 (Registration Requirements) and 1240 (Continuing Education Requirements)

June 15, 2021.

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 June 3, 2021, the Financial Industry Regulatory Authority, Inc. (''FINRA'') 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 FINRA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[22] 15 U.S.C. 78f(b). In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[23] 15 U.S.C. 78f(b)(5).

[24] *See* Letter to Brett Redfearn, Director, Division of Trading & Markets, from Cboe Global Markets, Inc. the Listed Options Trading Committee of the Securities Industry and Financial Markets Association (''SIFMA''), and the Listed Options Committee of the Security Traders Association (''STA''), dated June 4, 2018, available at *http://cdn.batstrading.com/resources/comment_letters/Cboe-Joint-Letter-with-SIFMA-and-The-STA-on-Options-Market-Structure.pdf.*

[25] *See* Securities Exchange Act Release No. 91609 (April 19, 2021), 86 FR 21773 (April 23, 2021) (SR–CBOE–2021–024).

[26] *See* Nasdaq ISE Options 3, Section 13(d)(3), which governs allocations at the conclusion of ISE's price improvement mechanism and allocates an agency order across non-Priority Customer interest ''based upon the percentage of the total number of contracts available at the price that is represented by the size of such interest''; *and* MIAX Options Rule 515A(a)(2)(iii), which governs allocations at the conclusion of MIAX's price improvement mechanism and allocates an agency order across Professional interest on a pro-rata basis.

[27] *See* Nasdaq ISE Options 3, Section 11(d)(3), which governs the allocations at the conclusion of ISE's solicitation mechanism and allocates an agency order across non-Priority Customer interest ''based upon the percentage of the total number of contracts available at the best price that is represented by the size of the non-Priority Customer [interest]''.

[28] Pursuant to EDGX Options Rules 21.19(e)(1)(C)–(D) and (e)(2)(B)–(C), Priority Orders or all other contra-side interest, as applicable, are allocated pursuant to EDGX Options Rule 21.8(c), which provides that all option classes on EDGX Options have a pro-rata base algorithm for orders resting at the same best price.

[29] 15 U.S.C. 78s(b)(2).

[30] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.