

quotation and transaction infrastructure. The Exchange's proposed twelve-month Pilot Program will allow for both the Exchange and the Commission to continue monitoring the potential for adverse market effects of p.m.-settlement on the market, including the underlying cash equities markets, at the expiration of these options.

The Commission notes that the Exchange will provide the Commission with the annual report analyzing volume and open interest of EOMs and Weekly Expirations that will also contain information and analysis of EOMs and Weekly Expirations trading patterns and index price volatility and share trading activity for series that exceed minimum parameters. This information should be useful to the Commission as it evaluates whether allowing p.m.-settlement for EOMs and Weekly Expirations has resulted in increased market and price volatility in the underlying component stocks, particularly at expiration. The Pilot Program information should help the Commission and the Exchange assess the impact on the markets and determine whether changes to these programs are necessary or appropriate. Furthermore, the Exchange's ongoing analysis of the Pilot Program should help it monitor any potential risks from large p.m.-settled positions and take appropriate action, if warranted.

#### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>11</sup> that the proposed rule change (SR-ISE-2017-111) be approved for a pilot period of twelve months.

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

**Eduardo A. Aleman,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82611; File No. SR-Phlx-2017-103]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Order Approving a Proposed Rule Change To Expand the Short Term Option Series Program To Allow Monday Expirations for SPY Options

February 1, 2018.

#### I. Introduction

On December 6, 2017, the Nasdaq PHLX LLC ("Phlx" or "Exchange") 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 amend Rule 1000 and Commentary .11 to Rule 1012 to expand the Short Term Option Series Program to permit listing and trading of options on the SPDR S&P 500 ETF Trust ("SPY") with Monday expirations. The proposed rule change was published for comment in the **Federal Register** on December 26, 2017.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

Under the terms of the current Short Term Option Series Program, after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on each of the next five Fridays, provided that such Friday is not a Friday in which monthly options series or Quarterly Options Series expire.<sup>4</sup> In addition, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on SPY to expire on up to five consecutive Wednesdays, provided that each such Wednesday is a business day and is not a Wednesday in which Quarterly Options Series expire.<sup>5</sup>

The Exchange proposes to expand the Short Term Option Series to permit Phlx to open for trading, on any Monday or Friday that is a business day, series of options on SPY that expire on any Monday of the month that is a business day and is not a Monday in which

Quarterly Options Series expires ("Monday SPY Expirations").<sup>6</sup> In the case of a series that is listed on a Friday and expires on a Monday, it must be listed one business week and one business day prior to that Monday expiration.<sup>7</sup> If the Monday SPY Expirations falls on a Monday that is not a business day, the series shall expire on the first business day immediately following that Monday.<sup>8</sup> The Exchange also proposes to amend Commentary .11 to Phlx Rule 1012 state that it may list up to five consecutive Monday SPY Expirations at one time, and may have no more than a total of five Monday SPY Expirations (in addition to a maximum of five Short Term Option Series for SPY expiring on Friday and five Wednesday SPY Expirations). In addition, like Wednesday SPY Expirations and unlike other option series in the Short Term Option Series program, Monday SPY Expirations could expire in the same week in which monthly option series in the same class expire.<sup>9</sup> Otherwise, Monday SPY Expirations are subject to the same rules as standard Short Term Option Series.<sup>10</sup>

#### III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>11</sup> Specifically, the Commission finds that the proposal is consistent with the requirements of Sections 6(b)(5) of the Act,<sup>12</sup> which requires, among other things, that a national securities exchange have rules 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

<sup>6</sup> Under the proposal, the Exchange would expand the definition of "Short Term Option Series" in Phlx Rule 1044(b)(44) and add a description of Monday SPY Expirations to Commentary .11 to Phlx Rule 1012. See Notice, *supra* note 3, at 61048.

<sup>7</sup> See proposed Commentary .11 to Phlx Rule 1012.

<sup>8</sup> See proposed Phlx Rule 1000(b)(44).

<sup>9</sup> See proposed Commentary .11 to Phlx Rule 1012.

<sup>10</sup> For example, Monday SPY Expirations would be subject to the same series limitations and strike interval rules as standard Short Term Option Series. See Notice, *supra* note 3, at 61048.

<sup>11</sup> 15 U.S.C. 78f. In approving this proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<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. 82363 (December 19, 2017), 82 FR 61047 (December 26, 2017) ("Notice").

<sup>4</sup> See Commentary .11 to Phlx Rule 1012.

<sup>5</sup> See *id.*

<sup>11</sup> 15 U.S.C. 78s(b)(2).

<sup>12</sup> 17 CFR 200.30-3(a)(12).

regulating, clearing, settling, processing information with respect to, and 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 Commission believes that the proposed rule change may provide the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in SPY options, thus allowing them to better manage their risk exposure.

In approving the proposal, the Commission notes that the Exchange has represented that it has an adequate surveillance program in place to detect manipulative trading in Monday SPY Expirations.<sup>13</sup> The Exchange further states that it has the necessary systems capacity to support the new options series.<sup>14</sup>

#### IV. Conclusion

*It is therefore ordered that pursuant to Section 19(b)(2) of the Act*<sup>15</sup> that the proposed rule change (SR-Phlx-2017-103) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82616; File No. SR-MSRB-2018-01]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing of a Proposed Rule Change Consisting of Amendments to Rule G-21, on Advertising, Proposed New Rule G-40, on Advertising by Municipal Advisors, and a Technical Amendment to Rule G-42, on Duties of Non-Solicitor Municipal Advisors

February 1, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Exchange Act” or “Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 24, 2018 the Municipal Securities Rulemaking Board

(the “MSRB” or “Board”) filed with the Securities and Exchange Commission (the “SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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 MSRB filed with the Commission a proposed rule consisting of amendments to MSRB Rule G-21, on advertising (“proposed amended Rule G-21”), proposed new MSRB Rule G-40, on advertising by municipal advisors (“proposed Rule G-40”), and a technical amendment to MSRB Rule G-42, on duties of non-solicitor municipal advisors (“proposed amended Rule G-42,” together with proposed amended Rule G-21 and proposed Rule G-40, the “proposed rule change”). The MSRB requests that the proposed rule change become effective nine months from the date of SEC approval.

The text of the proposed rule change is available on the MSRB’s website at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2018-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2018-Filings.aspx), at the MSRB’s 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 MSRB 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 MSRB 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

##### Background

##### A. Proposed Amended Rule G-21

Rule G-21 is a core fair practice rule of the MSRB. Rule G-21 applies to all advertisements by dealers, as defined by Rule G-21(a)(i).<sup>3</sup> Rule G-21 became

effective in 1978, and has been amended several times since then as the MSRB has enhanced its rule book. More recently, in 2012, the MSRB issued a request for comment on its entire rule book.<sup>4</sup> In response, two market participants requested that the MSRB harmonize its advertising rules with FINRA Rule 2210, on communications with the public.<sup>5</sup> Market participants echoed those requests more generally in their latest responses to a 2016 request for comment on the MSRB’s strategic priorities.<sup>6</sup> Further, and apart from the MSRB’s requests for comment, the MSRB solicited input about possible amendments to Rule G-21 from market participants, including industry groups that represent dealers.<sup>7</sup>

After considering the important suggestions made by market participants, the MSRB prepared proposed amended Rule G-21 to, among other things:

- Enhance the MSRB’s fair-dealing provisions by promoting regulatory consistency among Rule G-21 and the advertising rules of other financial regulators; and
- promote regulatory consistency between Rule G-21(a)(ii), the definition of “form letter,” and FINRA Rule 2210’s definition of “correspondence.”

Proposed amended Rule G-21 also makes a technical amendment in paragraph (e) to streamline the rule.

other public media, or any written or electronic promotional literature distributed or made generally available to customers or the public, including any notice, circular, report, market letter, form letter, telemarketing script, seminar text, press release concerning the products or services of the broker, dealer or municipal securities dealer, or reprint, or any excerpt of the foregoing or of a published article.

As such, Rule G-21 not only applies to print advertisements, but also applies to an advertisement “published or used in any electronic or other public media,” such as a social media post.

<sup>4</sup> MSRB Notice 2012-63, Request for Comment on MSRB Rules and Interpretive Guidance (Dec. 18, 2012).

<sup>5</sup> See Letter from David L. Cohen, Managing Director, Associate General Counsel, Securities Industry and Financial Markets Association, dated February 19, 2013, to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board; Letter from Gerald K. Mayfield, Senior Counsel, Wells Fargo & Company Law Department, dated February 19, 2013, to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board.

<sup>6</sup> MSRB Notice 2016-25, MSRB Seeks Input on Strategic Priorities (Oct. 12, 2016); see Letter from Michael Decker, Managing Director, Securities Industry and Financial Markets Association, dated November 11, 2016, to Ronald W. Smith, Secretary, Municipal Securities Rulemaking Board; Letter from Robert J. McCarthy, Director of Regulatory Policy, Wells Fargo Advisors, LLC, dated November 11, 2016, to Ronald W. Smith, Corporate Secretary, Municipal Securities Rulemaking Board.

<sup>7</sup> See MSRB Notice 2017-04, Request for Comment on Draft Amendments to MSRB Rule G-21, on Advertising, and on Draft Rule G-40, on Advertising by Municipal Advisors (Feb. 16, 2017).

<sup>13</sup> See Notice, *supra* note 3, at 61049.

<sup>14</sup> *Id.*

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

<sup>16</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> An advertisement, as defined by Rule G-21(a)(i):

Means any material (other than listings of offerings) published or used in any electronic or