

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–83247; File No. SR–CboeBZX–2018–035]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 2.12 To Add References to Cboe Options and C2

May 15, 2018.

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 May 14, 2018, Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b–4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. 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 filed a proposal to amend Rule 2.12 to add references to Cboe Exchange, Inc. (“Cboe Options”) and Cboe C2 Exchange, Inc. (“C2”). The Exchange does not propose to amend the requirements of this rule.

(additions are *italicized*; deletions are [bracketed])

* * * * *

Cboe BZX Exchange, Inc.

Rules

* * * * *

Rule 2.12. Cboe Trading, Inc. as Inbound Router

(a) For so long as the Exchange is affiliated with *Cboe Exchange, Inc., Cboe C2 Exchange, Inc., Cboe BYX Exchange, Inc., Cboe EDGA Exchange, Inc. or Cboe EDGX Exchange, Inc.* (each, a “Cboe [Bats] Exchange”), and Cboe Trading, Inc. in its capacity as a facility of each Cboe [Bats] Exchange is utilized for the routing of orders from each Cboe [Bats] Exchange to the Exchange, (such

function of Cboe Trading, Inc. is referred to as the “Inbound Router”), the Exchange undertakes as follows:

(1)–(4) No change.

(b) Provided the above conditions are complied with, and provided further that Cboe Trading, Inc. operates as an outbound router on behalf of each Cboe [Bats] Exchange on the same terms and conditions as it does for the Exchange, and in accordance with the Rules of each Cboe [Bats] Exchange, Cboe Trading, Inc. may provide inbound routing services to the Exchange from each Cboe [Bats] Exchange.

* * * * *

The text of the proposed rule change is available at the Exchange’s website at *www.markets.cboe.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 parts of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In December 2016, the Exchange and its affiliates⁵ received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Bats Global Markets, Inc. with CBOE Holdings, Inc. (now known as Cboe Global Markets, Inc.), the parent company of Cboe Options and C2.⁶ Hereinafter, the Exchange, BYX, EDGA, EDGX, Cboe Options, and C2 will be collectively referred to as the “Cboe Affiliated Exchanges.”

In connection with the Merger, the Cboe Affiliated Exchanges are working

⁵ As of December 2016, the Exchange’s affiliates included Cboe BYX Exchange, Inc. (formerly Bats BYX Exchange, Inc.) (“BYX”), Cboe EDGA Exchange, Inc. (formerly Bats EDGA Exchange, Inc.) (“EDGA”), and Cboe EDGX Exchange, Inc. (formerly Bats EDGX Exchange, Inc.) (“EDGX”).

⁶ See Securities Exchange Act Release No. 79585 (December 16, 2016), 81 FR 93988 (December 22, 2016) (SR–BatsBZX–2016–68; SR–BatsBYX–2016–29; SR–BatsEDGA–2016–24; SR–BatsEDGX–2016–60).

to migrate Cboe Options and C2 onto the Bats technology platform, and align certain system functionality, retaining only intended differences between the Cboe Affiliated Exchanges.⁷ The Exchange proposes to amend Rule 2.12 to reflect that Cboe Options and C2 are affiliated with the Exchange and that upon completion of the migration, Cboe Trading, Inc. (“Cboe Trading”) may also act as the inbound router for routing orders from Cboe Options and C2 to the Exchange. The Exchange also proposes to amend Rule 2.12 to update the defined term “Cboe Bats Exchange” to “Cboe Exchange” to reflect that all Cboe Affiliated Exchanges, not just BYX, EDGA, and EDGX, are included in the definition. The Exchange previously implemented limitations and conditions on Cboe Trading’s affiliation with the Exchange in order to permit the Exchange to accept inbound orders that Cboe Trading routes in its capacity as a facility of the Exchange, BYX, EDGA, and EDGX.⁸ Those same conditions and limitations will apply to any inbound orders that Cboe Trading routes in its capacity as a facility of Cboe Options and C2.

Cboe Trading currently provides Members of the Exchange, BYX, EDGA, and EDGX with optional routing services to other market centers. In certain circumstances, Cboe Trading provides inbound routing from BYX, EDGA, or EDGX to the Exchange. Exchange Rule 2.12 governs this inbound routing of orders by Cboe Trading to the Exchange in Cboe Trading’s capacity as a facility of the Exchange. The Exchange proposes to amend Rule 2.12 to reflect that Cboe Options and C2 are affiliated with the Exchange and that Cboe Trading may also act as the inbound router for routing orders from Cboe Options and C2 to the Exchange upon migration of Cboe Options and C2 onto the Bats technology platform. The Exchange does not propose to amend the requirements of this rule. Therefore, the conditions and limitations set forth in Exchange Rule 2.12(a) will remain the same. The Exchange believes that Rule 2.12 will continue to adequately manage the potential for conflicts of interest that could arise from Cboe Trading routing orders to the Exchange.

⁷ It is anticipated that the C2 migration onto the Bats technology platform will be completed on May 14, 2018, and the Cboe Options migration onto the Bats technology platform will be completed on October 7, 2019.

⁸ See Securities Exchange Act Release No. 62901 (September 13, 2010), 75 FR 57097 (September 17, 2010) (SR–BATS–2010–024) (notice of filing and immediate effectiveness of proposed rule change to adopt BATS Exchange, Inc. (currently named Cboe BZX Exchange, Inc.) Rule 2.12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(6)(iii).

Implementation Date

With respect to C2, the Exchange intends to implement the proposed rule change on or about May 14, 2018, which is the anticipated date upon which the migration of C2 onto the Bats technology platform will be complete. With respect to Cboe Options, the Exchange intends to implement the proposed rule change on or about October 7, 2019, which is the anticipated date upon which the migration of Cboe Options onto the Bats technology platform will be complete.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹⁰ requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹¹ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange does not propose to amend the requirements of the rule and the proposed rule change is intended only to reflect that Cboe Options and C2 are affiliated with the Exchange and that Cboe Trading may also route inbound orders from Cboe Options and C2 to the Exchange upon migration of Cboe Options and C2 onto the Bats technology platform. A consistent technology offering through the use of Cboe Trading by each of the Cboe Affiliated Exchanges will, in turn, simplify the technology implementation, changes, and maintenance by users of the Exchange that are also participants on BYX, EDGA, EDGX, Cboe Options, and C2. As such, the proposed rule change would foster cooperation and coordination

with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

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 reiterates that the proposed rule change is being proposed in the context of the technology integration of the Cboe Affiliated Exchanges. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is one of several changes necessary to achieve a consistent technology offering by the Cboe Affiliated Exchanges.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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 Act¹² and Rule 19b-4(f)(6) thereunder.¹³

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)¹⁴ 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 proposed rule change will become operative on filing. Waiver of the operative delay would allow the Exchange to implement the proposed rule change on May 14, 2018, which is same day as the anticipated date for the migration of C2 to the Bats technology platform. The Exchange stated that the proposed rule change promotes the protection of investors and the public interest because it would minimize the amount of disruption as C2 (and eventually Cboe Options) migrates to the Bats technology platform. Therefore, 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.¹⁵

At any time within 60 days of the filing of such 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-CboeBZX-2018-035 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-CboeBZX-2018-035. This

¹⁵ 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).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ *Id.*

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 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.

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

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-CboeBZX-2018-035, and should be submitted on or before June 11, 2018.

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

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-10712 Filed 5-18-18; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83240; File No. SR-CboeEDGX-2018-014]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on Cboe EDGX Exchange, Inc.

May 15, 2018.

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 May 1, 2018, Cboe EDGX Exchange, Inc. (the

"Exchange" or "EDGX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members⁵ and non-Members of the Exchange pursuant to EDGX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange's website at www.markets.cboe.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 parts 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 its fee schedule applicable to its equities trading platform ("EDGX Equities") to (i) eliminate Mega Tier 2, (ii) eliminate the Step-Up Tier, (iii) modify Tape B Tier 1 and eliminate Tape B Tier 2 and (iv) increase the fee for orders that yield fee code D, effective May 1, 2018.

The Exchange first proposes to eliminate Mega Tier 2. Mega Tier 2 currently provides Members a rebate of \$0.0032 per share where a Member (i) adds or routes a combined ADV⁶ greater than or equal to 4,000,000 shares prior to 9:30 a.m. or after 4:00 p.m. and (ii) adds an ADV greater than or equal to 0.65% of the TCV,⁷ including during both market hours and pre and post-trading hours. The Exchange no longer wishes to maintain this tier level. As such, the Exchange proposes to eliminate Mega Tier 2 and rename Mega Tier 3 accordingly.

The Exchange next proposes to eliminate the Step-Up Tier, which provides a \$0.0032 per share rebate where a Member (i) adds an ADV greater than or equal to 0.40% of the TCV and (ii) has a Step-Up Add TCV from January 2017 greater than or equal to 0.10%. The Exchange no longer wishes to maintain this tier level and therefore proposes to delete it.

The Exchange also proposes to modify Tape B Tier 1. Currently, for orders that yield fee codes B and 4, the Exchange provides a rebate of \$0.0020 per share for orders that add liquidity for securities at or above \$1.00, and a rebate of \$0.00003 per share for orders that add liquidity for securities below \$1.00. Pursuant to Tape B Volume Tier 1, a Member will receive an enhanced rebate of \$0.0027 where a Member adds an ADV greater than or equal to 0.02% of the TCV in Tape B Securities. The Exchange proposes to increase the ADV requirement to greater than or equal to 0.03% of the TCV in Tape B securities. The Exchange believes the proposed change to the Tape B Volume Tier 1 criteria will encourage the entry of additional orders to the Exchange. The Exchange also no longer desires to maintain Tape B Volume Tier 2 and therefore proposes to delete it.

Lastly, the Exchange proposes to increase the fee for orders yielding fee code D, which results from an order routed to the New York Stock Exchange ("NYSE") or routed using the RDOT routing strategy. Particularly, NYSE recently implemented certain pricing changes related to Tapes B and C securities, including adopting a per tape fee of \$0.00280 per share to remove liquidity from the Exchange for member

⁶ ADV means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis. See Exchange's fee schedule.

⁷ TCV means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. See Exchange's fee schedule.

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).