

to the Commission's issuance of the Phase Three Extension Order, FIF and SIFMA requested a permanent exemption or alternatively a five year deferment of the compliance date for Phase Three.<sup>53</sup> In the Phase Three Extension Order, the Commission provided a two year exemption, until November 1, 2017. At that time, the Commission stated its belief that "two years will give the Commission enough time to evaluate future developments, including any investment in or progress on a CAT." Further, FIF and SIFMA now have requested a permanent exemption, or alternatively a three or five year deferment of the compliance date for Phase Three.<sup>54</sup> The Commission believes at this time that an extension to November 15, 2018 responds to requests from FIF and SIFMA to extend the Phase Three compliance date, but having a short exemption instead will allow broker-dealers to focus on implementing the CAT in the near term and will allow the Commission to revisit the implementation of Phase Three as it evaluates future developments during this period, including progress in implementing the CAT.<sup>55</sup> During that time, the Commission will consider progress in implementing the CAT as it determines implementation of Phase Three.

Accordingly, the Commission finds that it is consistent with the purposes of the Exchange Act to extend the compliance date for Phase Three by temporarily exempting broker-dealers until November 15, 2018 from compliance with specified provisions of the Rule. Thus, the Recordkeeping and Reporting Responsibilities under Rule 13h-1 will continue to apply with respect to: (1) The clearing broker-dealer for a large trader, with respect to (a) proprietary transactions by a large trader broker-dealer; (b) transactions effected pursuant to a "sponsored access" arrangement; and (c) transactions effected pursuant to a "direct market access" arrangement; and (2) broker-dealers that carry an account for a large

trader for Transaction Data other than execution time.

#### IV. Conclusion

*It is hereby ordered*, pursuant to Section 13(h)(6) of the Exchange Act and Rule 13h-1(g) thereunder, that broker-dealers are exempted temporarily until November 15, 2018 from the recordkeeping and reporting requirements of Rule 13h-1(d) and (e) except for: (1) Clearing broker-dealers for large traders with respect to (a) proprietary transactions by a large trader broker-dealer, (b) transactions effected pursuant to a "sponsored access" arrangement, and (c) transactions effected pursuant to a "direct market access" arrangement; and, for other types of transactions, (2) broker-dealers that carry an account for a large trader for Transaction Data other than execution time.

By the Commission.

**Jill M. Peterson,**

*Assistant Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81986; File No. SR-NASDAQ-2017-088]

##### **Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Amend Rule 4703(a) To Allow Members To Designate When an Order With a RTFY or SCAN Routing Order Attribute Will Be Activated**

October 31, 2017.

On August 30, 2017, The Nasdaq Stock Market LLC ("Nasdaq") 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 Nasdaq Rule 4703(a) to allow members to designate when an Order with a RTFY or SCAN routing Order Attribute will be activated. The proposed rule change was published for comment in the **Federal Register** on September 18, 2017.<sup>3</sup> The Commission has received no comment letters on the proposed rule change.

<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. 81579 (September 12, 2017), 82 FR 43584.

Section 19(b)(2) of the Act<sup>4</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is November 2, 2017. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates December 17, 2017, as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-NASDAQ-2017-088).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81991; File No. SR-ISE-2017-96]

##### **Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 1614**

October 31, 2017.

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> notice is hereby given that on October 27, 2017, Nasdaq ISE, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 17 CFR 200.30-3(a)(31).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>53</sup> See Phase Three Extension Order at note 62 (citing Letter from Mary Lou VonKaenel, Managing Director, FIF, to Stephen Luparello, Director, Division, Commission, dated March 27, 2015, available at <http://www.sec.gov/comments/s7-10-10/s71010.shtml> and Letter from Theodore R. Lazo, Managing Director and Associate General Counsel, SIFMA to Stephen Luparello, Director, Division, Commission, dated April 9, 2015, available at <http://www.sec.gov/comments/s7-10-10/s71010.shtml>).

<sup>54</sup> See *supra* note 7 (citing to the SIFMA and FIF letters).

<sup>55</sup> The Commission notes that November 15, 2018 currently is the date by which large industry SRO members are required to begin reporting to the CAT central repository. See CAT NMS Plan Order, *supra* note 8, at Ex. A, Sec. 6.7(a)(v), 81 FR at 84963.

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 the Substance of the Proposed Rule Change**

The Exchange proposes to amend Rule 1614, entitled "Imposition of Fines for Minor Rule Violations," to make a non-substantive, clarifying change to the rule. [sic]

The text of the proposed rule change is available on the Exchange's Web site at [www.ise.com](http://www.ise.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 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 is proposing to amend Rule 1614, entitled "Imposition of Fines for Minor Rule Violations," to make a non-substantive, clarifying change to the rule.<sup>3</sup> [sic] Rule 1614(d)(2) currently sets forth the fine schedule for the failure to file annual Financial and Operational Combined Uniform Single ("FOCUS") Reports on Form X-17A-5 in accordance with Rule 17a-10<sup>4</sup> under the Act. The existing schedule in the Rule does not clearly reflect how a FOCUS Report that is received on the ninetieth day would be handled for purposes of assessing a fine. The Exchange therefore proposes to clarify in Rule 1614(d)(2) that FOCUS Reports received by the Exchange over ninety calendar days late will subject the member to formal disciplinary action. As such, the Exchange is proposing to

change the reference to "90 or more" days in the sanction schedule to "over 90" days.

##### **2. Statutory Basis**

The Exchange is proposing to amend Rule 1614, entitled "Imposition of Fines for Minor Rule Violations," to make a non-substantive, clarifying change to the rule.<sup>5</sup> [sic] Rule 1614(d)(2) currently sets forth the fine schedule for the failure to file annual Financial and Operational Combined Uniform Single ("FOCUS") Reports on Form X-17A-5 in accordance with Rule 17a-10<sup>6</sup> under the Act. The existing schedule in the Rule does not clearly reflect how a FOCUS Report that is received on the ninetieth day would be handled for purposes of assessing a fine. The Exchange therefore proposes to clarify in Rule 1614(d)(2) that FOCUS Reports received by the Exchange over ninety calendar days late will subject the member to formal disciplinary action. As such, the Exchange is proposing to change the reference to "90 or more" days in the sanction schedule to "over 90" days.

#### **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 not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the Exchange's proposal is a non-substantive, technical amendment to Rule 1614(d)(2), and is merely intended to add further clarification to the Exchange's rules and alleviate potential confusion.

#### **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 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)(iii) of the Act<sup>7</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>8</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative before 30 days from the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>9</sup> 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. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Clarification of how a FOCUS Report will be handled for purposes of assessing a fine that is 90 calendar days late will reduce confusion caused by the ambiguity of the Rule as written before the Exchange filed this proposed rule change. The Commission believes no purpose is served in delaying such clarification. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.<sup>10</sup>

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2017-96 on the subject line.

<sup>3</sup> The Exchange notes that Chapter 16 of the ISE Rulebook, including Rule 1614, is incorporated by reference into the rulebooks of Nasdaq GEMX ("GEMX") and Nasdaq MRX ("MRX"). As such, the amendment to ISE Rule 1614 as proposed herein will also impact GEMX and MRX Rules 1614.

<sup>4</sup> 17 CFR 240.17a-10.

<sup>5</sup> The Exchange notes that Chapter 16 of the ISE Rulebook, including Rule 1614, is incorporated by reference into the rulebooks of Nasdaq GEMX ("GEMX") and Nasdaq MRX ("MRX"). As such, the amendment to ISE Rule 1614 as proposed herein will also impact GEMX and MRX Rules 1614.

<sup>6</sup> 17 CFR 240.17a-10.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

<sup>9</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>10</sup> For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

*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-2017-96. 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 Web site (<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 Web site 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-ISE-2017-96, and should be submitted on or before November 27, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81988; File No. SR-IEX-2017-38]

**Self-Regulatory Organizations;  
Investors Exchange LLC; Notice of  
Filing and Immediate Effectiveness of  
Proposed Rule Change To Adopt New  
Rule 6.210 Related to Ex-Dates for  
Securities Listed or Traded on the  
Exchange**

October 31, 2017.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on October 27, 2017, the Investors Exchange LLC ("IEX" or "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 self-regulatory organization. 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**

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> Investors Exchange LLC ("IEX" or "Exchange") is filing with the Commission a proposed rule change to adopt new Rule 6.210 (Ex-Dividend or Ex-Right Dates) related to ex-dates for securities listed or traded on the Exchange. The Exchange has designated this proposal as "non-controversial" and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>6</sup>

The text of the proposed rule change is available at the Exchange's Web site at [www.iextrading.com](http://www.iextrading.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 self-regulatory organization 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 statement may be examined at the places specified in Item IV below. The self-regulatory organization 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 the  
Statutory Basis for, the Proposed Rule  
Change*

**1. Purpose**

On June 17, 2016 the Commission granted IEX's application for registration as a national securities exchange under Section 6 of the Act including approval of rules applicable to the qualification, listing and delisting of companies on the Exchange. The Exchange plans to begin a listing program in early 2018 and is proposing to adopt Rule 6.210 related to ex-dates for securities listed on IEX.

IEX Rule 2.160(c)(4) requires in substance that an Exchange Member must be a Member of a registered clearing agency registered with the Commission pursuant to Section 17A of the Act or clear transactions executed on the Exchange through another Member that is a Member of a registered clearing agency. In addition, IEX Rule 6.110(a) provides that every Exchange Member who is a Member of a registered clearing agency shall implement comparison and settlement procedures under the rules of such entity. Further, IEX Rule 11.250(a) provides that the Exchange maintains connectivity and access to the Universal Trade Capture of the National Securities Clearing Corporation ("NSCC") for the transmission of executed transactions. Pursuant to these provisions, all IEX Members are either Members of the NSCC or clear transactions executed on the Exchange through another Member that is a Member of NSCC. Thus, IEX Members must comply with NSCC comparison and settlement procedures for all transactions executed on the Exchange.

NSCC and other listing exchanges have rules related to securities settlement which specify the requirements and process for designation of so-called "ex-dates" in the event that the issuer of a security enters into certain types of corporate actions, including declaration of a dividend, and issuance of rights or warrants (*i.e.*, the corporate action consideration).<sup>7</sup> Generally, an issuer of securities will establish a record date to determine which security holders are entitled to the corporate action

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

<sup>6</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>7</sup> See, *e.g.*, NYSE Arca Equities Rule 7.4.

<sup>11</sup> 17 CFR 200.30-3(a)(12).