

have an affiliate are likely to be small entities and are likely to have smaller and less complex operations, with a correspondingly smaller set of safeguard policies and procedures to document, compared to other larger existing institutions with multiple affiliates. We estimate that it will take a typical newly registered unaffiliated institution approximately 60 hours to review, identify, and document their safeguard policies and procedures, for a total of 36,420 hours for all newly registered unaffiliated entities. We expect that half of this time would be incurred by inside counsel at an hourly rate of \$401, and half would be by a compliance officer at an hourly rate of \$352, for a total cost of \$13,712,130.

Therefore, we estimate that the total annual hourly burden associated with the safeguards rule is 47,565 hours at a total hourly cost of \$17,908,223. We also estimate that all covered institutions will be respondents each year, for a total of 21,251 respondents.

These estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid control number. The safeguard rule does not require the reporting of any information or the filing of any documents with the Commission. The collection of information required by the safeguard rule is mandatory.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to Lindsay.M.Abate@omb.eop.gov; and (ii) Charles Riddle, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Candace Kenner, 100 F Street NE, Washington, DC 20549, or send an email to PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: June 18, 2019.

Vanessa A. Countryman,
Acting Secretary.

[FR Doc. 2019-13298 Filed 6-21-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86137; File No. SR-BX-2019-020]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Chapter VI, Section 5 (Minimum Increments), To Extend Through December 31, 2019

June 18, 2019.

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 14, 2019, Nasdaq BX, Inc. (“BX” 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 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 amend Chapter VI, Section 5 (Minimum Increments),³ to extend through December 31, 2019 or the date of permanent approval, if earlier, the Penny Pilot Program in options classes in certain issues (“Penny Pilot” or “Pilot”). The text of the proposed rule change is available on the Exchange’s website at <http://nasdaqbx.cchwallstreet.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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ References herein to Chapter and Series refer to rules of the BX Options Market (“BX Options”), unless otherwise noted.

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

1. Purpose

The purpose of this filing is to amend Chapter VI, Section 5, to extend the Penny Pilot through December 31, 2019 or the date of permanent approval, if earlier.⁴ The Exchange believes that extending the Penny Pilot will allow for further analysis of the Penny Pilot and a determination of how the program should be structured in the future.

Under the Penny Pilot, the minimum price variation for all participating options classes, except for the Nasdaq-100 Index Tracking Stock (“QQQQ”), the SPDR S&P 500 Exchange Traded Fund (“SPY”) and the iShares Russell 2000 Index Fund (“IWM”), is \$0.01 for all quotations in options series that are quoted at less than \$3 per contract and \$0.05 for all quotations in options series that are quoted at \$3 per contract or greater. QQQQ, SPY and IWM are quoted in \$0.01 increments for all options series. The Penny Pilot is currently scheduled to expire on June 30, 2019.⁵ The Exchange now proposes to extend the time period of the Penny Pilot through December 31, 2019 or the date of permanent approval, if earlier.

This filing does not propose any substantive changes to the Penny Pilot Program; all classes currently participating in the Penny Pilot will remain the same and all minimum increments will remain unchanged. The Exchange believes the benefits to public customers and other market participants who will be able to express their true prices to buy and sell options have been demonstrated to outweigh the potential increase in quote traffic.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁷ in particular, in that 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, and to remove

⁴ The options exchanges in the U.S. that have pilot programs similar to the Penny Pilot (together “pilot programs”) are currently working on a proposal for permanent approval of the respective pilot programs.

⁵ See Securities Exchange Act Release No. 84952 (December 26, 2018), 84 FR 871 (January 31, 2019) (SR-BX-2018-067).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

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.

In particular, the proposed rule change, which extends the Penny Pilot for an additional six months through December 31, 2019 or the date of permanent approval, if earlier, will enable public customers and other market participants to express their true prices to buy and sell options for the benefit of all market participants. This is consistent with the Act.

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. To the contrary, this proposal is pro-competitive because it allows Penny Pilot issues to continue trading on the Exchange.

Moreover, the Exchange believes that the proposed rule change will allow for further analysis of the Pilot and a determination of how the Pilot should be structured in the future; and will serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

The Pilot is an industry-wide initiative supported by all other option exchanges. The Exchange believes that extending the Pilot will allow for continued competition between market participants on the Exchange trading similar products as their counterparts on other exchanges, while at the same time allowing the Exchange to continue to compete for order flow with other exchanges in option issues trading as part of the Pilot.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹ 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁰ and Rule 19b-4(f)(6)(iii) thereunder.¹¹

A proposed rule change filed under Rule 19b-4(f)(6)¹² normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹³ 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 proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion of the Pilot Program.¹⁴ Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.¹⁵

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.

change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6)(iii).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ See Securities Exchange Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR-NYSEARCA-2009-44).

¹⁵ 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).

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-BX-2019-020 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-BX-2019-020. 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 submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-BX-2019-020 and should be submitted on or before July 15, 2019.

¹⁶ 17 CFR 200.30-3(a)(12).

⁸ 15 U.S.C. 78s(b)(3)(A)(iii).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule

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

Vanessa A. Countryman,
Acting Secretary.

[FR Doc. 2019-13306 Filed 6-21-19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-86131; File No. SR-NYSE-2019-25]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Change of Amendments To Define “Net Position Information in DMM Securities” in NYSE Rule 98(c)(5) and the “the Position of the DMM Unit” in NYSE Rule 104(g)(1)(B)

June 18, 2019.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (“Act”) ² and Rule 19b-4 thereunder, ³ notice is hereby given that on June 7, 2019, New York Stock Exchange LLC (“NYSE” or “Exchange”) 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 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

The Exchange proposes amendments to define “net position information in DMM securities” in Rule 98(c)(5) and the “the position of the DMM unit” in Rule 104(g)(1)(B). The proposed change is available on the Exchange’s website at www.nyse.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 those 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes amendments to define “net position information in DMM securities” in Rule 98(c)(5) and “the position of the DMM unit” in Rule 104(g)(1)(B).

Background

The Exchange recently amended Rules 98(c)(5) and 104(g),⁴ and the amended rules will be implemented when the Exchange transitions trading in NYSE-listed securities to its Pillar trading platform.⁵ As amended, Rule 104(g) provides that transactions on the Exchange by a DMM for the DMM’s account must be effected in a reasonable and orderly manner in relation to the condition of the general market and the market in the particular stock. More particularly, amended Rule 104(g)(1)(B) prohibits DMM transactions in the last ten minutes of trading if the transaction is an “Aggressing Transaction,” *i.e.*, the DMM reaches across the market, and, as a result, creates a new high/low price for the security on the Exchange for the day at the time of the DMM’s transaction, unless the DMM’s Aggressing Transaction:

- Matches another market’s better bid or offer price;
- brings the price of a security into parity with an underlying or related security or asset; or
- liquidates or decreases the position of the DMM unit.

As amended, Rule 98(c)(5) provides that a member organization operating a DMM unit must daily provide the Exchange with “net position information in DMM securities by the DMM unit and any independent trading unit of which it is part at such times and in the manner prescribed by the Exchange.” This requirement enables the Exchange to effectively monitor for compliance with the third exception in Rule 104(g)(1)(B) by utilizing DMM position information provided on a

same-day basis for its automated surveillances.

The phrase “net position information in DMM securities” in Rule 98(c)(5) and “the position of the DMM unit” in Rule 104(g)(1)(B) are not defined in the Exchange’s rules.

Proposed Rule Change

The Exchange proposes to define references to DMM position information in the amended versions of Rules 98(c)(5) and 104(g) that would be implemented concurrent with the implementation of these amended rules.

First, the Exchange proposes to add a new subsection (A) to Rule 98(c)(5) that would provide that the phrase “net position information in DMM securities” in Rule 98(c)(5) means the DMM unit’s inventory of securities exclusive of pending, unexecuted orders. The proposed subsection would also make clear that, as used in Rule 98(c)(5), the phrase “net position information in DMM securities” is independent of any reference to position information in connection with an interpretation of Rule 7.16 (Short Sales) or Regulation SHO.⁶ Finally, the proposed subsection would state that, consistent with Rule 7.16(c), a member organization must mark all sell orders as “long,” “short” or “short exempt” in accordance with the provisions of Rule 200 of Regulation SHO and related SEC FAQs 2.5, 2.5A, 2.5B, 2.5C and 2.6.

Second, the Exchange proposes a new subsection (i) to Rule 104(g)(1)(B) that would state that the phrase “the position of the DMM unit” in Rule 104(g)(1)(B) means the DMM unit’s inventory of securities exclusive of pending, unexecuted orders and has the same meaning as “net position information in DMM securities” in Rule 98(c)(5).

As noted, under the amended rules, the sole reason DMM position information will be relevant is for when a DMM would seek to avail itself of the third exception under amended Rule 104(g)(1)(B) for Aggressing Transactions in the last ten minutes of trading that would liquidate or decrease the DMM unit’s position. The primary purpose of amended Rule 98(c)(5) is for DMMs to provide net position information to the Exchange to facilitate the Exchange’s automated surveillance of amended Rule 104(g)(1)(B).⁷ In order to assess whether a transaction is liquidating or decreasing a position for purposes of

⁴ See Securities Exchange Act Release No. 85637 (April 12, 2019), 84 FR 16079, 16083 (April 17, 2019) (SR-NYSE-2018-34).

⁵ The transition of Exchange-listed securities to the Pillar trading system is currently anticipated to begin in the third quarter of 2019. See Securities Exchange Act Release No. 85637 (April 12, 2019), 84 FR 16079, 16083 (April 17, 2019) (SR-NYSE-2018-34) (Approval Order).

⁶ 17 CFR 242.200.

⁷ In connection with the implementation of these rules, the Exchange will publish regulatory guidance setting forth the requirement that DMMs provide net position on a daily basis but in no event later than trading day plus one (T+1).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.