

proposed to amend its short charge to account for the P&L impact of a credit event on the reference obligations of a constituent of the underlying index CDS has on a CDS Option. Furthermore, LCH SA also proposed other amendments, described in greater detail in section II.e.2, above and in the Notices, to incorporate at-the-money volatility data, account for the non-linearity of CDS Options by considering the combined P&L impacts of simultaneous defaults, and to consider the impact of option expiry. LCH SA also proposed to amend its interest rate margin to calculate the P&L impact on CDS Options due to changes in interest rates, and proposed to introduce a new margin component, vega margin, to capture the risks associated with skew and volatility of volatility that specifically affect CDS Options. Similarly, LCH SA proposed amendments to its liquidity risk margin to account for the costs associated with vega hedging a portfolio of CDS Options, proposed changes to the accrued coupon liquidation risk margin to account for exposures to CDS Options during the 5-day liquidation period, and proposed changes to its credit event margin to account for different maturities separately and to consider combinations of upward, downward or flat recovery rate moves.

Based on these proposed changes, the Commission believes that LCH SA will have rules that are designed to collect and maintain financial resources intended to cover the risks to which LCH SA is exposed in connection with offering clearing services for CDS Options. As a result, the Commission believes that LCH SA will be able to minimize the risk that the losses associated with the default of a participant (or participants) in the clearing service for CDS Options will extend to other participants in the service or negatively affect the U.S. financial system as a whole. Consequently, the Commission believes that the proposed rule changes will provide for rules that permit LCH SA to be able to safeguard the securities and funds which are in its custody or control or for which it is responsible, and to be able to protect investors and the public interest. Accordingly, the Commission finds that the proposed rule changes are consistent with the requirements of Section 17A(b)(3)(F).

Moreover, considering these proposed changes as a whole, the Commission believes that the proposed rule changes will ensure that LCH SA uses margin requirements to limit its credit exposures to Clearing Members participating in the CDS Option clearing service. The Commission also believes

that by changing its margin framework to add the new vega margin and revise existing individual margin components as described above, LCH SA reasonably considers the risks specific to CDS Options (including consideration of risks associated with skew and volatility of volatility, among others), and establishes an appropriate method for measuring its credit exposures to Clearing Members participating in the CDS Option clearing service. As a result, the Commission finds that the proposed rule changes are consistent with the requirements of Rules 17Ad-22(b)(2) and (e)(6)(i) and (v).

## 2. Default Fund Methodology

LCH SA also proposed to amend its existing Default Fund Methodology to address the additional risks associated with clearing CDS Options. As described above, the Default Fund Methodology is designed to identify stress scenarios that impose extreme but plausible market moves in order to calculate stress losses in excess of margin. These losses are then used to size LCH SA's Default Fund. Among other things, LCH SA proposed to amend its Default Fund Methodology to take into account the new vega margin by adding a stressed vega margin, new Volatility Scenarios, and adopt a new method for calculating the stressed spread margin that would take into account at-the-money implied volatility moves for CDS Options in the stress scenarios used to size the CDSClear default fund. Based on these amendments, the Commission believes that LCH SA appropriately extends its existing Default Fund Methodology to address the clearing of CDS Options, and as a result will be able to maintain financial resources adequate to cover the risks associated with clearing CDS Options, including sufficient resources to enable LCH SA cover its credit exposure to each participant fully with a high degree of confidence and to cover the default of the two participant families to which LCH SA has exposures in extreme but plausible market conditions. Accordingly, the Commission finds that the proposed rule changes amending LCH SA's Default Fund Methodology are consistent with the requirements of Rule 17Ad-22(b)(3) and (e)(4)(i) and (ii).

## IV. Conclusion

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act that the proposed rule changes (SR-LCH SA-

2017-006 and SR-LCH SA-2017-007) be, and hereby are, approved.<sup>47</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>48</sup>

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

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BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82131; File No. SR-GEMX-2017-52]

### Self-Regulatory Organizations; Nasdaq GEMX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Remove Directed Order Functionality

November 20, 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 November 16, 2017, Nasdaq GEMX, LLC ("GEMX" 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 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 remove Directed Order<sup>3</sup> functionality on GEMX.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqgemx.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

<sup>47</sup> In approving the proposed rule changes, the Commission considered the proposals' impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>48</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> A "Directed Order" is an order routed from an Electronic Access Member to an Exchange market maker through the Exchange's System.

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

Last year the Exchange filed to delay the implementation of the Directed Order functionality in conjunction with a replatform to INET.<sup>4</sup> INET is the proprietary core technology utilized across Nasdaq's global markets and utilized on The Nasdaq Options Market LLC ("NOM"), Nasdaq PHLX LLC ("Phlx") and Nasdaq BX, Inc. ("BX") (collectively, "Nasdaq Exchanges"). GEMX was migrated to INET technology in 2017. With the migration, GEMX delayed the implementation of the Directed Order functionality to stage the re-platform to provide maximum benefit to its Members while also ensuring a successful rollout. At that time, the Exchange noted that the Exchange will introduce the Directed Order functionality within one year from the date of this filing, otherwise the Exchange will file a rule proposal with the Commission to remove these rules. The Exchange filed the initial rule change on December 16, 2016.<sup>5</sup> The Exchange has determined at this time not to offer Directed Order functionality.<sup>6</sup> If the Exchange determines to offer this functionality at a later date, a rule proposal will be filed at that time.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> in particular, in that it is designed 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 because the Exchange will remove rule text related to functionality which will not be offered on GEMX. The current

rule text indicates the functionality is not offered today. The Exchange believes that removing Rule 811 from the Rulebook will avoid confusion as to whether this functionality will be enabled in the future.

*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. The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition because the Exchange is not offering this functionality today and believes there is no interest among Members for this functionality.

*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>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<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-GEMX-2017-52 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-GEMX-2017-52. 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-GEMX-2017-52 and should be submitted on or before December 15, 2017.

<sup>4</sup> See Securities Exchange Act Release No. 80011 (February 10, 2017), 82 FR 10927 (February 16, 2017) (SR-ISEGemini-2016-17).

<sup>5</sup> *Id.*

<sup>6</sup> This functionality was turned off on February 21, 2017. See MIC-2017-07.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 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 change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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

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

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-25475 Filed 11-22-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60-day notice and request for comments.

**SUMMARY:** The Paperwork Reduction Act (PRA) of 1995, requires federal agencies to publish a notice in the **Federal Register** to solicit public comments on each collection of information before submitting it to OMB for approval, and to allow 60 days for the public to provide comments. This notice complies with such requirements and announces SBA's proposal to conduct a survey of the small business owners or potential owners who receive counseling and training through SBA's Women's Business Center (WBC) program.

**DATES:** Submit comments on or before January 23, 2018.

**ADDRESSES:** Send all comments to Scott Henry, Director, Office of Performance Management, Small Business Administration, 409 3rd Street SW., Room 6010, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Scott Henry, Director, Office of Performance Management 202-205-6474, [wbcsurvey@sba.gov](mailto:wbcsurvey@sba.gov) or Curtis B. Rich, Management Analyst, 202-205-7030 [curtis.rich@sba.gov](mailto:curtis.rich@sba.gov).

**SUPPLEMENTARY INFORMATION:** The SBA's Women's Business Centers represent a national network of nearly 100 educational centers designed to assist women start and grow small businesses. WBCs operate with the mission to "level the playing field" for women entrepreneurs, who still face unique obstacles in the world of business. Through the management and technical assistance provided by the WBCs, entrepreneurs (especially women who are economically or socially disadvantaged) are offered comprehensive training and counseling on a variety of topics in many languages to help them start and grow their own businesses. The SBA plans to conduct a web-based survey to understand to what degree the Agency's WBC programs and services help entrepreneurs start, manage and grow businesses. The survey will help determine customer

satisfaction and the outcomes of the delivered business assistance services. Surveys will be completed by a sample of clients who received business assistance services at least one year ago. A minimum one year lag is desired to allow the business outcomes of the services to be observed. Because Women's Business Center offer both training and counseling services, clients who received either service will be included.

### Solicitation of Public Comments

SBA is requesting comments on (a) whether the collection of information is necessary for the agency to properly perform its functions; (b) whether the burden estimates are accurate; (c) whether there are ways to minimize the burden, including through the use of automated techniques or other forms of information technology; and (d) whether there are ways to enhance the quality, utility, and clarity of the information.

### Summary of Information Collection

*Title:* SBA's Women's Business Center (WBC) Client Survey.

*Description of Respondents:* WBC clients who received entrepreneurship counseling and/or training services.

*Estimated Number of Respondents:* 1,145.

*Estimated Annual Hour Burden:* 1,496.

**Curtis Rich,**

*Management Analyst.*

[FR Doc. 2017-25388 Filed 11-22-17; 8:45 am]

**BILLING CODE 8025-01-P**

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60-day notice and request for comments.

**SUMMARY:** The Small Business Administration (SBA) intends to request approval, from the Office of Management and Budget (OMB) for the collection of information described below. The Paperwork Reduction Act (PRA) of 1995, requires federal agencies to publish a notice in the **Federal Register** concerning each proposed collection of information before submission to OMB, and to allow 60 days for public comment in response to the notice. This notice complies with that requirement.

**DATES:** Submit comments on or before January 23, 2018.

**ADDRESSES:** Send all comments to Dolores Rowen, Associate Director, Office of Policy and Research, National

Women's Business Council Small Business Administration, 409 3rd Street, 5th Floor, Washington, DC 20416.

**FOR FURTHER INFORMATION CONTACT:** Dolores Rowen, Associate Director, Office of Policy and Research, National Women's Business Council Small Business Administration, [Dolores.rowen@sba.gov](mailto:Dolores.rowen@sba.gov) 202-205-9974, or Curtis B. Rich, Management Analyst, 202-205-7030, [curtis.rich@sba.gov](mailto:curtis.rich@sba.gov).

**SUPPLEMENTARY INFORMATION:** The National Women's Business Council will examine women's participation in business incubation and acceleration programs to understand the characteristics of incubators and accelerators that affect the business outcomes of women business owners. NWBC will also gain insights into factors that affect women's participation in these programs. Respondents will be managers of incubators and accelerators, women business owners who graduated from the programs, and a sample of women business owners from the general population.

### Summary of Information Collection

*Title:* Women's Participation in Incubators and Acceleration.

*Description of Respondents:* Managers of incubators and accelerators, women business owners who graduated from the programs, and a sample of women business owners from the general population.

*Form Number:* N/A.

*Total Estimated Annual Responses:* 500.

*Total Estimated Annual Hour Burden:* 123.

**Curtis B. Rich,**

*Management Analyst.*

[FR Doc. 2017-25387 Filed 11-22-17; 8:45 am]

**BILLING CODE 8025-01-P**

## SMALL BUSINESS ADMINISTRATION

### Data Collection Available for Public Comments

**ACTION:** 60-day notice and request for comments.

**SUMMARY:** The Small Business Administration (SBA) intends to request approval, from the Office of Management and Budget (OMB) for the collection of information described below. The Paperwork Reduction Act (PRA) of 1995, 44 U.S.C. Chapter 35 requires federal agencies to publish a notice in the **Federal Register** concerning each proposed collection of information before submission to OMB, and to allow 60 days for public