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system, and, in general, to protect investors and the public interest.

The Commission believes that the proposed rule change is designed to remove impediments to and perfect the mechanism of a free and open market and national market system by providing TPHs with a more efficient means to submit to the Exchange instructions to prevent an order from routing to a PAR or OMT on the floor of the Exchange. Currently, a TPH that seeks to avoid manual handling of a specific order and obtain a solely electronic execution must inform its OMT operator or PAR broker of this instruction. The Exchange's new electronic-only order type will avoid the need for a TPH to take this additional step and will allow the TPH to submit such order instructions directly to the Exchange when it submits its order.[10] The Commission notes that Cboe Options represents that the new electronic-only order type will not materially change how orders are handled or processed on the Exchange, but rather will streamline how TPHs can indicate their instructions that a particular order avoid manual handling on the Exchange's floor.[11] For the reasons noted above, the Commission believes that the proposal to create an electronic-only order type is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[12] that the proposed rule change (SR–CBOE–2017–064) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–26317 Filed 12–6–17; 8:45 am]

BILLING CODE 8011–01–P

[10] *See* Notice, *supra* note 3, at 48551.

[11] *See id.*

[12] 15 U.S.C. 78s(b)(2).

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82193; File No. SR–NSCC–2017–019]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change To Enhance the Process for Submitting and Accepting ETF Creations and Redemptions

December 1, 2017.

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 November 29, 2017, National Securities Clearing Corporation (''NSCC'') 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 clearing agency. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to the Rules & Procedures (''Rules'') [3] of NSCC to introduce two additional cycles (referred to herein as the ''intraday cycle'' and the ''supplemental cycle'') during which exchange-traded fund (''ETF'') agents [4] could submit creation and redemption instructions, as described in greater detail below. The intraday cycle would span from 12:30 a.m. ET to 2:00 p.m. ET. The supplemental cycle would span from 9:00 p.m. ET to 11:30 p.m. ET. The introduction of the intraday cycle would enable NSCC to receive, on an intraday basis, creation and redemption instructions that are marked as-of a prior trade date. Furthermore, with the introduction of the intraday cycle, NSCC would be able to receive creation and redemption instructions for same-day settlement until the designated cut-off time of 11:30 a.m. ET. The introduction of the supplemental cycle would enable ETF agents to submit any creation and redemption instructions later than the current established cut-off time designated by NSCC of 8:00 p.m. ET. With the introduction of the additional cycles, NSCC would also revise the current input file and output files to include additional information, such as a reversal/correction indicator and the time of the transaction, as further described below.

In addition, NSCC proposes to make a technical correction to clarify that next-day settling creation and redemption instructions are no longer processed differently than other instructions when they are submitted to NSCC, as further described below.

NSCC also proposes to introduce an automated threshold value reasonability check that would pend submissions of creation and redemption instructions on clearing-eligible ETFs that exceed certain thresholds versus the most recent closing price, as further described below.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Capitalized terms not defined herein are defined in the Rules, *available at http://www.dtcc.com/~/media/Files/Downloads/legal/rules/nscc_rules.pdf.*

[4] ETF agents are referred to as ''Index Receipt Agents'' in the Rules. Section 4 of Rule 7 states that, for purposes of the Rules, an Index Receipt Agent shall be a Member which has entered into an Index Receipt Authorization Agreement as required by NSCC from time to time. *See* Rule 1 and Rule 7, Sec. 4, *supra* note 3.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

(i) Current Processes

Outside of NSCC, ETF sponsors [5] have processes and/or technology platforms that allow them to bilaterally agree to create or redeem ETF shares with ETF authorized participants [6] intraday and these results are recorded by ETF agents on the ETF agents' technology platforms. These processes are not uniformly automated and may involve users manually entering data that is eventually submitted to NSCC within the standardized create-and-redeem input file. As is the case with any manually entered data, there is the risk

[5] ETF sponsors are issuers of ETFs.

[6] ETF authorized participants are (1) broker/dealers that have authorized participant agreements with ETF sponsors and/or (2) broker/dealers that are full-service Members pursuant to Rule 2 with an established ETF trading relationship with an ETF agent that is representing the ETF. *See* Rule 2, *supra* note 3.

that incorrectly calculated figures may be entered into the transaction fields. Furthermore, errors made in certain ETF eligibility reference data (*e.g.,* creation unit size) could also result in incorrectly valued contracts if the incorrect ETF eligibility reference data was used to calculate the creation or redemption orders. As such, if there are incorrect values in certain ETF eligibility reference data or if there are incorrect figures in the transaction fields, then NSCC members (''Members'') may be impacted as their Clearing Fund requirement is calculated using these mis-valued transactions.

Currently, there is one cycle during which ETF agents can submit the input file to NSCC. This cycle is known as the primary cycle and it spans from 2:00 p.m. ET until 8:00 p.m. ET. Errors that are made within an ETF sponsor's or ETF agent's processes and subsequently submitted to NSCC each business evening (by the cut-off time designated by NSCC of 8:00 p.m. ET) may pass undetected by NSCC's ETF processes. As a result, the Universal Trade Capture system [7] will record a contract value to settle versus the ETF shares that may be materially different than the value upon which the ETF sponsor and ETF authorized participant had intended to settle. Upon receipt of the order instruction to create and redeem shares each evening, NSCC risk management's systems will calculate a mark-to-market charge for both the ETF agent's and the ETF authorized participant's daily Clearing Fund requirement.[8] All debit mark-to-market charges must be satisfied in accordance with the process outlined below.

Each morning (no later than 7:05 a.m. ET), the daily Clearing Fund requirement is calculated and distributed to Members. Members, including ETF agents and ETF authorized participants, must satisfy their daily Clearing Fund requirement deficits (if any) to NSCC by 10:00 a.m. ET. As described above, if erroneous transactions were submitted to NSCC the previous day, then the daily Clearing Fund requirement deficit (which is due the next morning) may be impacted by these erroneous transactions. The daily Clearing Fund requirement deficit may be impacted because, today, ETF agents can only submit instructions, including any instructions that are intended to correct erroneous instructions, during the primary cycle. In other words, ETF agents currently do not have an opportunity to submit correcting orders to NSCC until the next primary cycle (from 2:00 p.m. ET until 8:00 p.m. ET), which is after the time at which Members must satisfy their daily Clearing Fund requirement deficits. As such, today, a Member that is impacted by a mis-valued creation or redemption order is required to post its Clearing Fund requirement (which would be based on the mis-valued order) to NSCC prior to the point when ETF agents can submit an offsetting instruction to NSCC. This offsetting instruction would otherwise have relieved the Member of such requirement because it would have corrected the mis-valued order.

(ii) Overview of Proposal

As described in more detail below, NSCC is proposing to enhance the process for submitting and accepting ETF creations and redemptions. NSCC is proposing to introduce two cycles (the intraday cycle and the supplemental cycle) during which ETF agents would be able to submit creations and redemptions, including as-of instructions, reversals, and corrections.[9]

As described above, the intraday cycle would span from 12:30 a.m. ET to 2:00 p.m. ET. and the supplemental cycle would span from 9:00 p.m. ET to 11:30 p.m. ET. NSCC would inform Members by Important Notice of any changes to the times of any cycle. The introduction of the intraday cycle would enable NSCC, on an intraday basis, to receive creation and redemption instructions that are marked as-of a prior trade date. Furthermore, with the introduction of the intraday cycle, NSCC would be able to receive creation and redemption instructions for same-day settlement until the designated cut-off time of 11:30 a.m. ET. The introduction of the supplemental cycle would enable ETF agents to submit any creation and redemption instructions later than the current established cut-off time designated by NSCC of 8:00 p.m. ET. With the introduction of the additional cycles, NSCC would include additional information, such as a reversal/correction indicator and the time of transaction, within its existing input file and output files (clearing records and reports) identifying submissions processed during the two new cycles. As further described below, the additional cycles proposed herein would provide ETF sponsors and ETF agents with an opportunity and the flexibility to address mis-valued creation and redemption orders prior to the time by which Members would be required to satisfy any daily Clearing Fund requirement deficits.

In addition, NSCC proposes to make a technical correction to clarify that next-day settling instructions are no longer processed differently than other instructions when they are submitted to NSCC. The purpose of this technical correction is to remove repetitive language regarding next-day settling instructions. NSCC believes that simplifying this provision would help Members better understand the processing of next-day settling creates and redeems as well as enhance accuracy and clarity, as further described below.

NSCC also proposes to introduce an automated threshold value reasonability check that would pend submissions of creation and redemption instructions on clearing-eligible ETFs that exceed certain thresholds versus the most recent closing price. NSCC believes it would be beneficial for ETF agents to have an opportunity to review and confirm certain potentially mis-valued transactions that have been submitted to NSCC before such transactions are processed by NSCC (*i.e.,* before the potentially mis-valued transactions would be able to have an impact on Members' daily Clearing Fund requirements), as further described below.

Details regarding the foregoing proposed rule changes are included in sections (iii) to (v) below.

(iii) Additional Cycles

Currently, ETF agents are only able to submit ETF creation and redemption instructions in the standardized input file during one cycle (the primary cycle) each day. As described above, NSCC is proposing to add two cycles: (1) The

[7] *See* Rule 7 (Comparison and Trade Recording Operation) and Procedure II (Trade Comparison and Recording Service), *supra* note 3.

[8] NSCC's Clearing Fund addresses potential Member exposure through a number of risk-based component charges (such as margin) calculated and assessed daily. Each of the component charges collectively constitute a Member's Required Deposit. The objective of the Required Deposit is to mitigate potential losses to NSCC associated with liquidation of the Member's portfolio in the event that NSCC ceases to act for a Member (hereinafter referred to as a ''default''). The aggregate of all Members' Required Deposits constitutes the Clearing Fund, which NSCC would be able to access should a defaulting Member's own Required Deposit be insufficient to satisfy losses to NSCC caused by the liquidation of that Member's portfolio.

[9] An as-of instruction is an instruction that is submitted with a trade date as of an earlier trade date. As-of reversal instructions and as-of corrections are types of as-of instructions. An as-of reversal instruction is an instruction that is submitted with a trade date as of an earlier trade date that reverses an instruction that has already been processed by NSCC. Reversals and corrections are submitted on the same business day as the incorrect instruction whereas as-of reversal instructions and as-of correction instructions are submitted on a business day after the date on which the incorrect instruction was submitted (but they would have the same trade date as the incorrect instruction).

intraday cycle, which would span from 12:30 a.m. ET to 2:00 p.m. ET and (2) the supplemental cycle, which would span from 9:00 p.m. ET to 11:30 p.m. ET. With the introduction of the additional cycles, NSCC would continue to maintain its current deadline of 8:00 p.m. ET for the submission of the input file during the primary cycle on trade date. NSCC believes that maintaining the same deadline that it does today would help ensure that the existing end of day reconciliation processes conducted by ETF agents and ETF authorized participants continue to be conducted in a timely manner and would also help prevent unnecessary delays to the end of day reconciliation processes. Any late instructions that are submitted to NSCC between 8:00 p.m. ET and 9:00 p.m. ET would be held until 9:00 p.m. ET and then processed at 9:00 p.m. ET (during the supplemental cycle). Therefore, upon implementation, NSCC's ETF primary market clearing process could receive any type of creation and redemption instructions (such as reversals, corrections, and as-of instructions) in the standardized input file from ETF agents from 12:30 a.m. ET to 11:30 p.m. ET each business day. Furthermore, Members would have the option, but would not be required, to submit creation and redemption instructions in the standardized input file during the two additional cycles.

As described above, the introduction of the intraday cycle would enable NSCC to receive, on an intraday basis, creation and redemption instructions that are marked as-of a prior trade date. Furthermore, with the introduction of the intraday cycle, NSCC would be able to receive creation and redemption instructions for same-day settlement until the designated cut-off time of 11:30 a.m. ET. Today, if an ETF agent submits a creation and redemption instruction for same-day settlement during the existing primary cycle to NSCC, it would be rejected because NSCC is unable to process such instructions; there is no functionality today to support this. The cut-off time of 11:30 a.m. ET would align the deadline for same-day settling creation and redemption instructions with the 11:30 a.m. ET deadline for other same-day settling non-ETF activity.[10] NSCC believes aligning these deadlines would streamline the processing of same-day settling items for NSCC and its Members. ETF agents and ETF sponsors (and any third party service providers they use) may have to make coding changes in order for an ETF agent to submit a same-day settling instruction, and these potential coding changes would be different than the coding changes related to the enhanced input and output files described below. Under the proposal, NSCC would reject any creation and redemption instructions for same-day settlement that are not received by NSCC by the designated cut-off time instead of assigning them a new settlement date. This would preserve the option to settle such same-day settling creation and redemption instructions outside of NSCC, which is an option that ETF agents currently have.

In addition, as described above, the introduction of the supplemental cycle would allow late submissions (*i.e.,* instructions received by NSCC after the designated deadline of 8:00 p.m. ET for the primary cycle) to be processed without delaying the existing ETF agents' and ETF authorized participants' end-of-day reconciliation processes. Furthermore, today, any extensions for the submission of late instructions are done manually. The introduction of the supplemental cycle would remove the need for manual extensions to the existing deadline of 8:00 p.m. ET for the primary cycle because instructions received by NSCC after such deadline of 8:00 p.m. ET would be held and processed during the proposed supplemental cycle, which would begin at 9:00 p.m. ET.

NSCC believes the introduction of the intraday cycle and the supplemental cycle would provide ETF agents with the flexibility and opportunity to submit (i) creation and redemption instructions that would either reverse or correct erroneous creation and redemption instructions that have been previously processed by NSCC (*i.e.,* reversals and corrections) or (ii) as-of instructions (*e.g.,* as-of reversal instructions and as-of correction instructions) that would be intended to correct erroneous creation and redemption instructions that have been previously processed by NSCC, in both cases, earlier than they are able to today.[11] Specifically, ETF agents would have an opportunity to submit these reversals, corrections, and as-of instructions prior to the time by which Members would be required to satisfy any Clearing Fund requirement deficits. This would help ensure that their Clearing Fund requirement has been calculated based on transactions that they intended to submit.

For example, assume an ETF agent submits a creation and redemption instruction today (on trade date (''T'')) with a settlement date in 2 days (''T+2'') and this instruction has been accepted by NSCC. Assume that, on the next day (''T+1''), the ETF agent realizes the creation and redemption instruction that it submitted on T is incorrect. With this proposal, generally, the ETF agent would be able to submit an as-of reversal instruction on T+1, during the intraday cycle, prior to the point when the Members would be required to post margin. As described above, Members must satisfy their daily Clearing Fund requirement deficits (if any) to NSCC by 10:00 a.m. ET. Because this as-of reversal instruction was received by NSCC during the intraday cycle on T+1 by the designated cut-off time in this scenario, it would offset the incorrect instruction submitted on T, and thus the incorrect instruction would no longer have an impact on Members' daily Clearing Fund requirement. Furthermore, this as-of reversal would have a trade date of T (not T+1). As such, Members would avoid posting margin that would have been inclusive of the erroneous transaction because they would now have an earlier opportunity to correct such erroneous transactions. The ETF agent could then also submit on T+1 an as-of correction instruction (which would also have a trade date as of T rather than T+1) in order for NSCC to receive the correct instruction that the ETF agent had intended to submit on T.

NSCC believes that subdividing the day into multiple cycles (*i.e.,* the intraday cycle, the primary cycle, and the supplemental cycle), as proposed, would prevent unnecessary coding changes to the existing standardized input file that ETF agents submit to NSCC and the output files distributed by NSCC to ETF agents and ETF authorized participants. ETF agents currently submit creation and redemption instructions to NSCC using a standardized electronic input file. As described above, NSCC would add additional information, such as the reversal/correction indicator and the time of transaction, to the input file. The format of the input file would be revised to accommodate the additional information. Because the format of the input file would be changed, ETF agents, ETF sponsors and any third party service providers they may use would be required to make coding changes to their systems to submit the standardized input file during any of the cycles. Although ETF agents would not be required to submit input files during all of the cycles, they would still be required to make coding changes to

[10] For example, same-day settling corporate bond trades and transactions in municipal securities are subject to the 11:30 a.m. ET deadline.

[11] *Supra* note 9.

their systems because one standardized input file would be submitted to NSCC.

To avoid changing the format of the output files (and thereby minimizing the coding changes that ETF agents, ETF authorized participants and any third service providers that they use may have to make to their systems), the additional information that would be included in the output files, such as the reversal/correction indicator and the time of transaction, would either be appended to the output files or would appear in fields in the output files that are currently reserved and do not contain any information. NSCC expects that the coding changes (if any) would be minimal. ETF agents would be responsible for communicating these changes to their clients (ETF sponsors) or any third party service providers that they utilize. Furthermore, NSCC would continue to distribute all existing output files during the primary cycle and would also distribute output files during the additional cycles. NSCC believes this proposal would enhance efficiency because NSCC would be able to distribute the output files multiple times per day and Members would have the option to submit the input file multiple times per day.

As described above, while these proposed changes to the input file would require that ETF agents and ETF sponsors (and any third party service providers that they utilize) make coding changes to their systems and the proposed changes to the output files may require ETF agents and ETF authorized participants (and any third party service providers that they utilize) to make some coding changes, NSCC believes that the changes to the input file and output files would be beneficial to ETF agents and ETF authorized participants. As described above, the current standardized input file does not contain a field that would indicate whether an instruction is a reversal or a correction. In addition, the output files that NSCC distributes to ETF agents and ETF authorized participants do not indicate whether an instruction is a reversal or a correction. ETF authorized participants are locked in to the creation or redemption order by the submitting ETF agent upon receipt and validation by NSCC. While the ETF authorized participant will have agreed to the creation or redemption on trade date, the submitting ETF agent may issue a reversal and/or correction automatically in certain circumstances, thereby locking the ETF authorized participant into the reversal and/or correction. ETF authorized participants have requested that they have the ability to differentiate new orders from reversals or corrections in the output files that they receive from NSCC. With this proposal, as described above, NSCC would provide the functionality to enable the submitting ETF agent to indicate whether an instruction is a reversal or correction as well as the time of the transaction in the input file and this additional information would appear in the output files distributed by NSCC. NSCC believes the additional information that would be provided in these files could help Members and any of their third party service providers with reconciliation of their transactions by enabling ETF agents and ETF authorized participants to easily understand if an instruction is a new instruction, a reversal or a correction.

To implement the proposed changes described above, NSCC proposes to revise Section F.2 of Procedure II (Trade Comparison and Recording Service) of the Rules. Section F.2 of Procedure II (Trade Comparison and Recording Service) of the Rules currently provides that, on trade date, by such time as established by NSCC from time to time, an ETF agent may submit index creation and redemption instructions along with other specified information. To enhance clarity, NSCC would add ''during the additional cycles'' to the provision stating that, on T, by such time as established by NSCC from time to time, an Index Receipt agent may submit to NSCC, index receipt creation and redemption instructions and their scheduled settlement date. Furthermore, NSCC would add that from time to time, NSCC will inform Members of the time period for each cycle (the intraday cycle, the primary cycle, and the supplemental cycle) applicable to creation/redemption input.

NSCC would inform Members of the designated cut-off times by Important Notice. Under the proposed rule change, Section F.2 of Procedure II (Trade Comparison and Recording Service) of the Rules would be revised to state that an ETF agent may submit as-of index creation and redemption instructions, but only if such as-of data is received (instead of submitted) by the cut-off time designated by NSCC from time to time. As described above, the introduction of the intraday cycle would enable NSCC to receive, on an intraday basis, creation and redemption instructions that are marked as-of a prior trade date. Furthermore, Section F.2 of Procedure II (Trade Comparison and Recording Service) of the Rules would be revised to state that same-day settling creates and redeems are required to be received by such cut-off time on Settlement Date. In addition, Section F.2 of Procedure II (Trade Comparison and Recording Service) of the Rules would be revised to specifically include that as-of index creation and redemption instructions for same-day settlement received by NSCC after the cut-off time, designated by NSCC from time to time, will be rejected. As described above, creation and redemption instructions for same-day settlement must be received by NSCC by the designated cut-off time of 11:30 a.m. ET.

In addition, NSCC is proposing to revise Section G of Procedure II (Trade Recording and Comparison Service) and Section B of Procedure VII (CNS Accounting Operation) of the Rules to expressly state that any Index Receipts for same-day settlement that are received by NSCC after the applicable cut-off time will not be assigned a new settlement date and will be rejected. Section G of Procedure II (Trade Recording and Comparison Service) and Section B of Procedure VII (CNS Accounting Operation) of the Rules currently provide that trades that are received after the established cut-off time will be assigned a new settlement date. As such, NSCC believes these proposed rule changes would clarify that, in the case of Index Receipts for same-day settlement, any creation and redemption instructions for same-day settlement that are received after the applicable cut-off time will not be assigned a new settlement date and will be rejected.

(iv) Technical Correction for ETF Next-Day Settling Create and Redeems

NSCC is also proposing to make a technical correction to clarify that next-day settling instructions are no longer processed differently when they are submitted to NSCC, as further described below. The purpose of this technical correction is to remove repetitive language regarding next-day settling instructions. NSCC believes that simplifying this provision would help Members better understand the processing of next-day settling creates and redeems as well as enhance accuracy and clarity.

Today, post-implementation of the accelerated trade guaranty,[12] NSCC no longer processes next-day settling instructions differently than other instructions when they are submitted to NSCC.[13] The accelerated trade guaranty rule filing, among other things, accelerated NSCC's trade guaranty from midnight of T+1 to the point of trade

[12] *See* Securities Exchange Act Release No. 79598 (December 19, 2016), 81 FR 94462 (December 23, 2016) (SR–NSCC–2016–005).

[13] *Id.*

comparison and validation for bilateral submissions or to the point of trade validation for locked-in submissions. In addition, it also removed language that permitted NSCC to delay processing and reporting of next day settling index receipts until the applicable margin on these transactions is paid. The risk associated with next-day settling index receipts (*i.e.,* NSCC attaches a guaranty to them at the time of validation, prior to the collection of margin reflecting such trades), which was previously mitigated with the delay in processing, is now, with the approval of the accelerated trade guaranty rule filing, mitigated by the addition of certain components to NSCC's Clearing Fund formula (as described in greater detail in the accelerated trade guaranty rule filing).[14] As such, with the implementation of the accelerated trade guaranty, next-day settling index receipts (with a Settlement Date of T+1) are no longer treated differently than regular-way instructions (*i.e.,* those with a Settlement Date of T+2), and therefore, NSCC believes the language stating ''next day settling creates and redeems required to be submitted by such cut-off time on T'' in Section F.2 of Procedure II of the Rules is repetitive and proposes to delete it. NSCC believes this proposed change to remove repetitive language regarding next-day settling creates and redeems would enhance clarity and accuracy as well as help Members better understand the processing of next-day settling creates and redeems.

(v) Automated Threshold Value Reasonability Check

NSCC is proposing to introduce an automated threshold value reasonability check that would pend certain potentially mis-valued transactions (whether due to mistakes in manual entry or otherwise) that exceed thresholds established by NSCC. As described above, the additional cycles proposed herein would provide ETF sponsors and ETF agents with an opportunity and the flexibility to address mis-valued creation and redemption orders prior to the time by which Members would be required to satisfy any daily Clearing Fund requirement deficits. However, as further described below, NSCC believes it would also be beneficial for ETF agents to have an opportunity to review and confirm certain transactions that they have submitted to NSCC before such transactions are processed by NSCC (*i.e.,* before they are processed and therefore before they would be able to have an impact on Members' daily Clearing Fund requirements).

The proposal would introduce an automated threshold value reasonability check, which would enable NSCC to assign a status of pended to certain potentially mis-valued transactions while preserving them for reinstatement. If the automated threshold value reasonability check identifies an out-of-bound transaction (as described in detail below), it would assign the transaction a status of pended. NSCC would send notifications to the submitting ETF agent by email and through the output files on an automated basis. Internal NSCC operations would also be notified. If the submitting ETF agent would like the pended transaction to continue through NSCC processing, then the submitting ETF agent would be required to confirm that such transaction should be released. Such confirmation must be received by NSCC by a specified time (*i.e.,* by the end of the supplemental cycle). If the submitting ETF agent does not respond by the specified time or responds that the transaction should be rejected, then NSCC would reject the transaction and it would not continue through to processing.

This automated threshold value reasonability check would apply to all submissions of creation and redemption instructions on clearing-eligible ETFs. Automated threshold value reasonability checks would be performed using the most recently available closing price from the primary listing marketplace as compared to the per-share value for every individual creation or redemption instruction that is submitted. Per-share values that exceed established thresholds as compared to the most recently available closing price would be marked as pended by NSCC and would be assigned a pended status while awaiting confirmation for reinstatement (or rejection) by the submitting ETF agent.

NSCC believes this proposed enhancement to the ETF clearing process (in concert with existing controls[15] and expanded processing with respect to as-of instructions (including as-of reversal instructions and as-of correction instructions), reversals, and corrections) would mitigate the risks associated with potentially mis-valued transactions described above. As an example, assume an in-kind ETF creation instruction[16] is received by NSCC from an ETF agent versus a component-based basket at 8:00 p.m. on T. Currently, NSCC assigns contract values on the underlying components based on (1) the basket components previously provided on T–1 or intraday on T, (2) customized instructions received on the order instruction on T (if any), and (3) the closing market prices on the component securities. Then, NSCC takes the total settlement value of the underlying components and adds the cash component value specified on the order instruction (received on T). When added to the cash component, NSCC determines that the total settlement value of the ETF ''ABC'' equals $100,000,000 to settle versus 1,000,000 shares of ETF ticker ''ABC'' to be created. With this proposal, the automated threshold value reasonability check would determine that the derived price per share of this creation order on ''ABC'' equals $100 ($100,000,000/1,000,000 = $100). The reasonability check would compare this derived ''contract price'' to the most recently available closing market price from the primary listing marketplace for ''ABC'' for the trade date specified on the instruction. It would determine that the last close for ''ABC'' was $48.50 per share.

The reasonability check would recognize that the creation order derived ''contract price'' represents a greater than 100% variance from the most recent market close. The reasonability check would flag the order instruction prior to any contracts being generated, segregating it from all of the other orders received by the submitting ETF agent. This order would be assigned a status of pended. The submitting ETF agent would be notified by NSCC of the pended status via email notification and outputs generated by the ETF process. The email notification would be sent to the designated contact(s) specified in the ETF application by the submitting ETF agent and would provide explicit instructions of what has occurred, what actions must be taken, and what would occur if no action is taken. NSCC anticipates that one of the following scenarios would then ensue: (1) The submitting ETF agent would do nothing and allow the instruction to be rejected

[14] *Id.*

[15] For example, one of the existing controls will reject an order if the total settlement value is negative.

[16] As used herein, in-kind creation or redemption instruction refers to an ETF create or redeem order that is placed versus a component-based basket rather than a cash-based basket. An instruction on a component-based basket results in contracts on the ETF as well as the underlying securities (the underlying components) that comprise the basket. An instruction on a cash-based basket results in a contract on the ETF versus a cash settlement; the cash settlement represents the value of the underlying securities, and contracts are not issued on the underlying components.

by the end of the supplemental cycle, (2) the submitting ETF agent would formally instruct NSCC via email to reinstate the pended order instruction and allow it to continue processing, or (3) the submitting ETF agent would provide NSCC with instructions to reject the pended order instruction. If NSCC does not receive instructions from the submitting ETF agent by the end of the supplemental cycle (11:30 p.m. ET), then NSCC would permanently assign the order instruction a status of rejected. In any case, the submitting ETF agent would receive confirmation, on the final supplemental cycle ETF clearing outputs, that the order instruction has either been marked as accepted or rejected.

Regarding the automated threshold value reasonability check, NSCC proposes to establish the following threshold values initially:

- *For ETFs with a Current Market Price equal to or greater than $3.00:* ETF contract value/calculated effective price per share is greater than or equal to a 98% variance from the market closing price from the trade date provided on the order.
- *For ETFs with a Current Market Price less than $3.00:* ETF contract value/calculated effective price per share is greater than or equal to a 98% variance from the market closing price from the trade date provided on the order.

Initially, NSCC would set the same price range for the threshold band of equal to or greater than $3.00 and the threshold band of less than $3.00. NSCC is proposing to establish these initial threshold values as shown above because NSCC believes these initial threshold values would only flag the most extreme value differences, whether overvalued or undervalued, and therefore, would likely avoid excessive manual trade reconciliation efforts by ETF agents. NSCC believes that setting the initial threshold value at 98% would capture overvalued and undervalued transactions while not being an excessively narrow control. Setting controls that are excessively narrow versus the closing market price on the trade date that is specified on the instruction would likely result in excessive manual trade reconciliation efforts. In other words, NSCC believes that this would result in a greater number of transactions that would be pended and therefore would need to be confirmed by ETF agents. NSCC believes excessive manual trade reconciliation efforts would be undesirable, especially if many transactions were pended in the evening on trade date after the ETF agent trading applications have closed for the day. NSCC believes that it is likely that some ETF agents would have to escalate internally to determine whether the flagged transactions should be accepted or rejected.

NSCC would retain the flexibility and discretion to adjust the price range and the threshold values described above. NSCC may consider market conditions and feedback from Members and internal stakeholders when determining whether and what adjustments would be made. NSCC believes that adjustments to price ranges or threshold values may be needed in two cases: (1) If requested by Members and/or NSCC internal stakeholders and (2) in response to a future market event. In the first possible use case, NSCC may make such adjustments if Members and/or NSCC internal stakeholders request that the thresholds be re-established so that they are closer to the ETF's closing market price than the initial setting. Adjusting the thresholds to make them narrower versus the ETF's closing market price (so that the threshold check would be triggered at smaller value differences) may prevent unnecessary reversals and margining on orders that contain errors. Internal NSCC stakeholders consisting of product management, risk management and operations management would collectively determine if an adjustment to price ranges or threshold values is needed. NSCC product management would make the final decision as to whether and what adjustment would be made. Operations would effectuate the actual adjustments because they would have the entitlements to do so. In the second possible use case, NSCC may make such adjustments in response to a future market event that results in a significant number of ETFs trading at market prices below the initial price range setting of $3.00. This could result in the need to update the threshold setting. NSCC would notify Members of any adjustment via Important Notice. NSCC expects that changes to either setting would be rare.

NSCC proposes to revise Procedure II, Section F.2 of the Rules to reflect the introduction of this automated threshold value reasonability check. It would provide that NSCC would perform reasonability checks on creation and redemption transaction data submitted by ETF agents to NSCC on each business day and that any transaction data that exceeds thresholds established by NSCC would be pended. It would also provide that NSCC would notify ETF agents of any pended transactions. ETF agents would then be required to confirm if such pended transactions should be accepted and such confirmation must be provided in the form and within the timeframe required by NSCC. In addition, if ETF agents fail to provide such confirmation, the pended transaction data would be rejected. The proposed rule change would also provide that NSCC may, in its sole discretion, adjust the thresholds and that NSCC may consider feedback from Members and market conditions.

2. Statutory Basis

NSCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.[17] Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.[18] NSCC believes the proposed enhancements to the process for submitting and accepting ETF creation and redemption transactions (*i.e.,* introduction of the additional cycles, enabling NSCC to receive same-day settling creation and redemption instructions until the applicable cut-off time, and introduction of the automated threshold value reasonability check) would promote the prompt and accurate clearance and settlement of securities transactions by providing ETF agents with an opportunity to address transactions with errors prior to the point at which they would be required to post their Clearing Fund requirement, as further described below. In addition, NSCC believes that removing the repetitive language regarding next-day settling creates and redeems in Procedure II, Section F.2 of the Rules would also promote the prompt and accurate clearance and settlement of securities transactions by clarifying the Rules, which NSCC believes would enable stakeholders to better understand their rights and obligations regarding next-day settling creates and redeems, as further described below.

Specifically, with the introduction of the additional cycles, even in circumstances where an erroneous transaction proceeds through NSCC's processes, ETF agents would have an opportunity to address the erroneous transactions before Members would be required to satisfy any Clearing Fund requirement deficits that would be due to those erroneous transactions. Specifically, the introduction of the additional cycles would enable NSCC to receive offsetting corrections from ETF agents intraday that would relieve the Member of the related Clearing Fund requirement deficit, which is not

[17] 15 U.S.C. 78q–1(b)(3)(F).

[18] *Id.*

possible today. Today, there is only one cycle of submission of such activity (the primary cycle which runs from 2:00 p.m. ET until 8:00 p.m. ET) and Members are required to satisfy their daily Clearing Fund requirement by the next morning (10:00 a.m. ET). The proposed enhancements described above would enable ETF agents to confirm whether or not potentially erroneous transactions should proceed through NSCC's processes and NSCC to receive offsetting corrections intraday in circumstances where erroneous transactions have been submitted, thereby minimizing the potential impact that such erroneous transactions may have to Members' daily Clearing Fund requirement deficit. Therefore, NSCC believes the introduction of the additional cycles would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[19]

Furthermore, NSCC believes that the proposed change enabling NSCC to receive creation and redemption instructions for same-day settlement until the applicable cut-off time of 11:30 a.m. ET would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act [20] because it would allow transactions that cannot be processed by NSCC today to be processed. This proposed change would enable these same-day settling instructions to receive the benefits of NSCC processing. Specifically, NSCC would be able to receive same-day settling instructions by the designated cut-off time to correct an erroneous instruction that has already been processed. This would enable Members to receive the benefit of offsetting their erroneous transactions (which today, they would have to do outside of NSCC) and thereby address any potential impact to their Clearing Fund requirement prior to the time by which they would be required to satisfy any Clearing Fund requirement deficit. Furthermore, these same-day settling instructions, whether intended to be corrections or otherwise, would also receive the benefit of being guaranteed by NSCC. In addition, they would receive the benefit of netting reversals and corrections with other primary and secondary market activity. NSCC believes that by allowing the foregoing transactions that cannot be processed by NSCC today to be processed and thereby allowing Members to address erroneous transactions along with the other benefits of NSCC processing described above, the proposed change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[21]

In addition, NSCC believes that by pending potentially erroneous transactions with the automated threshold value reasonability check before they would be allowed to proceed through NSCC's processes, the potential impact to Members' daily Clearing Fund requirement deficit would be minimized. It would also help to ensure that Members are subject to Clearing Fund requirements for intended activity and not erroneous activity because Members would be required to confirm that such activity should proceed through the NSCC's systems. Therefore, NSCC believes the introduction of the automated threshold value reasonability check would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act.[22]

NSCC also believes the proposed change to remove the repetitive language regarding next-day settling creates and redeems in Procedure II, Section F.2 of the Rules would promote the prompt and accurate clearance and settlement of securities transactions, consistent with the requirements of Section 17A(b)(3)(F) of the Act [23] because it would ensure that the Rules remain accurate and clear. NSCC believes that maintaining accurate and clear Rules would enable all stakeholders to continue to readily understand their respective rights and obligations regarding NSCC's clearance and settlement of securities transactions. When stakeholders better understand their rights and obligations regarding NSCC's clearance and settlement of securities transactions, then they can act in accordance with the Rules, which NSCC believes would promote the prompt and accurate clearance and settlement of securities transactions by NSCC. Post-implementation of the accelerated trade guaranty,[24] NSCC no longer processes next-day settling instructions differently than other instructions when they are submitted to NSCC. As such, NSCC believes that simplifying Procedure II, Section F.2 of the Rules (by removing the repetitive language described above) would enable all stakeholders to better understand their respective rights and obligations regarding NSCC's clearance and settlement of securities transactions (specifically, of next-day settling creates and redeems) and thus would enable them to continue to act in accordance with the Rules. Therefore, NSCC believes this proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions by NSCC, consistent with the requirements Section 17A(b)(3)(F) of the Act.[25]

(B) Clearing Agency's Statement on Burden on Competition

NSCC believes that the proposed changes to introduce additional cycles (*i.e.,* the intraday cycle and the supplemental cycle) may impose a burden on competition by requiring ETF agents, ETF sponsors, and potentially, third party service providers utilized by ETF agents or ETF sponsors to make enhancements to their processes (*e.g.,* coding changes) in order to send the enhanced input file to NSCC during any of the cycles, including the current primary cycle. The format of the input file would be revised to incorporate additional information, namely, a reversal/correction indicator and the time of the transaction. The format of the output files would not change, but the output files would be revised to reflect this additional information (which would either be appended or appear in current fields that do not contain any information). ETF agents, ETF sponsors and any third party service providers might need to make some enhancements (*e.g.,* coding changes) to process the output files. However, NSCC believes that any burden on competition that may result from the proposed change to introduce additional cycles would not be significant and would be necessary and appropriate in furtherance of the purposes of the Act for the reasons described below.[26]

NSCC believes that any burden on competition that may result from the proposed change to introduce additional cycles is necessary in furtherance of the Act because it would enable Members to better manage mis-valued transactions due to operational errors and thereby minimize any potential impact to their daily Clearing Fund requirement. NSCC also believes that any related burden on competition would be necessary in furtherance of the Act because NSCC would be able to receive as-of instructions, reversals and corrections

[19] *Id.*

[20] *Id.*

[21] *Id.*

[22] *Id.*

[23] *Id.*

[24] *Supra* note 12.

[25] 15 U.S.C. 78q–1(b)(3)(F).

[26] 15 U.S.C. 78q–1(b)(3)(I).

during the additional cycles, thereby enabling ETF agents to address erroneous transactions prior to the point at which Members would be required to post their Clearing Fund requirement (which they are unable to do today). This would help ensure that Members would be subject to Clearing Fund requirements for intended activity and not erroneous activity. Furthermore, ETF agents would be able to provide additional information, such as whether a transaction is a reversal or a correction and the time of the transaction, in the enhanced input file. NSCC believes the enhancements to the input file are required because the format of the input file would be changed in order to incorporate additional information, such as the reversal/correction indicator. The enhanced output files would also contain this additional information. As such, NSCC believes that the enhanced input and output files would increase clarity and transparency and thus help with reconciliation of transactions because Members would have more details regarding their transactions.

NSCC believes that any related burden on competition from the introduction of the additional cycles would be appropriate in furtherance of the Act because subdividing the day into multiple cycles would minimize the functional changes to the existing input and output files. NSCC would revise the input file and the output files in a manner that would minimize the potential enhancements (*e.g.,* coding changes) that ETF agents, ETF authorized participants, ETF sponsors, and any third party service providers would be required to make. The additional information would be included in the output files—either by appending the information or having it appear in fields that are currently reserved and do not contain any information—which would prevent any unnecessary functional changes. NSCC believes the changes that would be made to the input file and output files described above would result in the least amount of coding changes or other enhancements that ETF agents, ETF authorized participants, ETF sponsors, and third service party providers would be required to make and therefore, any burden on competition from the introduction of the additional cycles would be appropriate in furtherance of the Act.

NSCC also believes that any related burden on competition from the introduction of the additional cycles would not be significant because any enhancements that would be required to submit the input file and the enhancements that may be needed to process the output files would be minimal, as further described above. As such, NSCC believes that any burden on competition derived from these proposed change to introduce additional cycles would be necessary and appropriate, as permitted by Section 17A(b)(3)(I) of the Act for the reasons described above.[27]

Similarly, NSCC believes the proposed change to introduce the automated threshold value reasonability check may impose a burden on competition by potentially adding an additional step for the submitting ETF agents once a transaction is submitted to NSCC for processing. Specifically, NSCC would pend certain potentially mis-valued transactions and then submitting ETF agents would have to confirm whether or not the pended transaction should be processed by NSCC. NSCC believes that any burden on competition that may result from the proposed change to introduce an automated threshold value reasonability check would not be significant and would be necessary and appropriate in furtherance of the Act. NSCC believes that any related burden on competition from the introduction of the automated threshold value reasonability check would not be significant because NSCC believes the burden of reconciliation described above would be minimal. Furthermore, as described above, the initial values of the automated threshold value reasonability check would be set to only flag the most extreme value differences and therefore, avoid excessive manual reconciliation efforts. NSCC believes that any related burden on competition is necessary in furtherance of the Act because the automated threshold reasonability check would help ensure that Members are subject to Clearing Fund requirements for intended activity and not erroneous activity by enabling NSCC to pend certain potentially mis-valued transactions that could have an impact on a Member's Clearing Fund requirement. NSCC believes any related burden on competition is appropriate in furtherance of the Act because NSCC would establish the initial threshold values so that NSCC would only flag the most extreme value differences, thereby avoiding excessive manual trade reconciliation. Furthermore, submitting ETF agents would have an opportunity to confirm whether or not any pended transactions should proceed to processing, and if they do not respond by the established deadline, then the pended transactions would be rejected. As such, NSCC believes that any burden on competition derived from the proposed change to introduce an automated threshold value reasonability check would not be significant and would be necessary and appropriate, as permitted by Section 17A(b)(3)(I) of the Act for the reasons described above.[28]

At the same time, NSCC also believes that the proposed changes to introduce additional cycles and the automated threshold value reasonability check may relieve any burden on, or otherwise promote competition, by providing Members with a more efficient system for discovering and addressing potentially erroneous transactions before such transactions can impact Members' Clearing Fund requirement. By discovering and addressing potentially mis-valued transactions earlier, Members may be able to avoid posting additional Clearing Fund for unintended transactions. Furthermore, the introduction of the additional cycles means that Members would have more opportunities than during the current primary cycle (from 2:00 p.m. ET to 8:00 p.m. ET) to enter into and submit create and redeem instructions to NSCC as well as submit reversals or corrections. NSCC believes these improvements may encourage Members to submit more instructions to NSCC for processing or submit instructions that they would have otherwise settled outside of NSCC. Therefore, NSCC believes that the proposed changes to introduce additional cycles and the automated threshold reasonability check may also relieve any burden on, or otherwise promote competition.

Similarly, NSCC believes that the proposed change to allow instructions for same-day settlement that are received by NSCC by the designated cut-off time may relieve any burden on, or otherwise promote competition by providing Members with a means to address erroneous transactions intraday, prior to the point where they would have to satisfy any Clearing Fund requirement deficits that may be due to such erroneous transactions. This proposed change would increase the efficiency of the systems for addressing erroneous transactions because it would allow NSCC to receive reversals or corrections earlier than NSCC is able to receive today. NSCC believes this improvement may also encourage Members to submit more instructions to NSCC for processing or submit instructions that they would have otherwise settled outside of NSCC. Furthermore, as described below, it would also allow NSCC to align the

[27] *Id.*

[28] *Id.*

deadline for same-day settling instructions with the deadline for other same-day settling non-ETF activity and streamline the processing of same-day settling items for NSCC and its Members.

At the same time, NSCC believes that allowing instructions for same-day settlement that are received by NSCC by the designated cut-off time may impose a burden on competition because ETF agents and ETF sponsors (and third party service providers they use) may have to make coding changes; these potential coding changes would be different than the coding changes related to the enhanced input and output files described above. However, NSCC believes that any burden on competition that may result from this proposed change would be necessary and appropriate in furtherance of the Act.[29] As described above, under the proposal, NSCC would be able to receive creation and redemption instructions for same-day settlement until the designated cut-off time of 11:30 a.m. ET. NSCC believes this proposed change would be necessary in furtherance of the Act because it would allow NSCC to align this deadline for same-day settling instructions with the deadline for other same-day settling non-ETF activity and would streamline the processing of same-day settling items for both NSCC and its Members.[30] Furthermore, NSCC believes this proposed change would be appropriate in furtherance of the Act because any same-day settling instructions that are not received by the designated cut-off time could still be settled outside of NSCC (which is what happens today). Because same-day settling instructions that are received after the deadline would not be assigned a new settlement date under the proposal, Members would still be able to settle these same-day settling instructions that day, outside of NSCC. Therefore, NSCC believes that any burden on competition derived from the proposed change to allow instructions for same-day settlement that are received by NSCC by the designated cut-off time would be necessary and appropriate as permitted by Section 17A(b)(3)(I) of the Act.[31]

In addition, regarding next-day settling creates and redeems, NSCC believes that the proposed technical correction to remove the language stating that next-day settling creates and redeems are required to be submitted by such cut-off time on T would not have any impact or impose any burden on competition. Post-implementation of the accelerated trade guaranty,[32] NSCC no longer processes next-day settling instructions differently than other instructions when they are submitted to NSCC. As such, NSCC believes that deleting this repetitive language would promote clarity and accuracy and enable Members to readily understand how such instructions are processed when submitted to NSCC.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. NSCC will notify the Commission of any written comments received by NSCC.

III. Date of Effectiveness of the Proposed Rule Change, and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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–NSCC–2017–019 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–NSCC–2017–019. 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 NSCC and on DTCC's Web site (*http://dtcc.com/legal/sec-rule-filings.aspx*). 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–NSCC–2017–019 and should be submitted on or before December 28, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[33]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–26319 Filed 12–6–17; 8:45 am]

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[29] 15 U.S.C. 78q–1(b)(3)(I).

[30] *Supra* note 10.

[31] 15 U.S.C. 78q–1(b)(3)(I).

[32] *Supra* note 12.

[33] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82197; File No. SR–PEARL–2017–37]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAX PEARL Rules 517A, Aggregate Risk Manager for EEMs (''ARM–E''), and 517B, Aggregate Risk Manager for Market Makers (''ARM–M'')

December 1, 2017.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4

[1] 15 U.S.C. 78s(b)(1).