

assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, and to protect investors and the public interest;

- Rule 17Ad-22(e)(13) under the Act,³⁹ which requires, in general, a covered clearing agency, such as FICC, to establish, implement, maintain and enforce written policies and procedures reasonably designed to ensure the covered clearing agency has the authority and operational capacity to take timely action to contain losses and liquidity demands and continue to meet its obligations.

- Rule 17Ad-22(e)(23)(i) under the Act,⁴⁰ which requires a covered clearing agency, such as FICC, to establish, implement, maintain and enforce written policies and procedures reasonably designed to publicly disclose all relevant rules and material procedures, including key aspects of its default rules and procedures.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the Proposed Rule Change. In particular, the Commission invites the written views of interested persons concerning whether the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Act,⁴¹ Rule 17Ad-22(e)(13) under the Act,⁴² Rule 17Ad-22(e)(23)(i) under the Act,⁴³ or any other provision of the Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4(g) under the Act,⁴⁴ any request for an opportunity to make an oral presentation.⁴⁵

Interested persons are invited to submit written data, views, and arguments regarding whether the

Proposed Rule Change should be approved or disapproved by April 16, 2018. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by April 30, 2018.

The Commission asks that commenters address the sufficiency of FICC's statements in support of the Proposed Rule Change, which are set forth in the Notice,⁴⁶ in addition to any other comments they may wish to submit about the Proposed Rule Change.

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-FICC-2017-022 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-FICC-2017-022. 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 FICC and on The Depository Trust & Clearing Corporation's website (<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-FICC-2017-022 and should be submitted on or before April 16, 2018. Rebuttal comments should be submitted by April 30, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁷

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82906; File No. SR-CboeBZX-2017-012]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 2, To List and Trade Shares of the LHA Market State[®] Tactical U.S. Equity ETF, a Series of the ETF Series Solutions, Under Rule 14.11(i), Managed Fund Shares

March 20, 2018.

I. Introduction

On December 7, 2017, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade the shares ("Shares") of the LHA Market State[®] Tactical U.S. Equity ETF ("Fund"), a Series of the ETF Series Solutions ("Trust"). The proposed rule change was published for comment in the **Federal Register** on December 28, 2017.³ On January 31, 2018, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ On February 6, 2018, pursuant to Section 19(b)(2) of the Exchange Act,⁵ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed

³⁹ 17 CFR 240.17Ad-22(e)(13).

⁴⁰ 17 CFR 240.17Ad-22(e)(23)(i).

⁴¹ 15 U.S.C. 78q-1(b)(3)(F).

⁴² 17 CFR 240.17Ad-22(e)(13).

⁴³ 17 CFR 240.17Ad-22(e)(23)(i).

⁴⁴ 17 CFR 240.19b-4(g).

⁴⁵ Section 19(b)(2) of the Act grants to the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

⁴⁶ See Notice, *supra* note 4.

⁴⁷ 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 82379 (Dec. 21, 2017), 82 FR 61608.

⁴ Amendment No. 1, which amended and replaced the proposed rule change in its entirety, is available on the Commission's website at: <https://www.sec.gov/comments/sr-cboebzx-2017-012/cboebzx2017012-3002921-161895.pdf>.

⁵ 15 U.S.C. 78s(b)(2).

rule change.⁶ On February 13, 2018, the Exchange filed Amendment No. 2 to the proposed rule change.⁷ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment No. 2.

II. Exchange's Description of the Proposal, as Modified by Amendment No. 2

The Exchange proposes to list and trade the Shares under BZX Rule 14.11(i), which governs the listing and trading of Managed Fund Shares on the Exchange. The Exchange represents that the Fund will be an actively managed exchange-traded fund that seeks to provide investment results that exceed the total return performance of the broader U.S. equity market on a risk-adjusted basis. The Exchange has submitted this proposal in order to allow the Fund to hold listed derivatives, in particular S&P 500 futures, in a manner that would exceed the limitations of BZX Rule 14.11(i)(4)(C)(iv)(b), which prevents, among other things, a series of Managed Fund Shares from holding listed derivatives based on any single underlying reference asset in excess of 30 percent of the weight of its portfolio (including gross notional exposures) ("30% Limitation").⁸ Otherwise, the

⁶ See Securities Exchange Act Release No. 82643, 83 FR 6071 (Feb. 12, 2018). The Commission designated March 28, 2018, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁷ In Amendment No. 2, which amended and replaced the proposed rule change, as modified by Amendment No. 1, in its entirety, the Exchange: (a) Supplemented the description of the Fund's relative exposures to the U.S. equity and S&P 500 futures markets; (b) made conforming informational and rule reference corrections to maintain internal consistency; (c) updated the status of the registration statement for the Fund; (d) clarified the use of certain defined terms; and (e) made other technical and non-substantive changes. Because Amendment No. 2 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, it is not subject to notice and comment. Amendment No. 2 is available on the Commission's website at: <https://www.sec.gov/comments/sr-cboebzx-2017-012/cboebzx2017012-3033817-161904.pdf>.

⁸ BZX Rule 14.11(i)(4)(C)(iv)(b) requires that the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets to not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset to not exceed 30% of the weight of the portfolio (including gross notional exposures). The Exchange states that the proposal is to allow the Fund to exceed the specific requirement of BZX Rule 14.11(i)(4)(C)(iv)(b) that prevents the aggregate gross notional value of listed derivatives based on any single underlying reference asset from exceeding 30% of the weight of the portfolio (including gross notional exposures). According to

Fund will comply with all other listing requirements of BZX Rule 14.11(i), including BZX Rule 14.11(i)(4)(C), on an initial and continued listing basis.

The Shares will be offered by the Trust, which is registered with the Commission as an open-end investment company.⁹ The Fund's adviser, Little Harbor Advisors, LLC ("Adviser"), is not registered as a broker-dealer and is not affiliated with a broker-dealer. Adviser personnel who make decisions regarding the Fund's portfolio are subject to procedures designed to prevent the use and dissemination of material, nonpublic information regarding the Fund's portfolio. In the event that (a) the Adviser becomes registered as a broker-dealer or newly affiliated with a broker-dealer; or (b) any new adviser or sub-adviser is a registered broker-dealer or becomes affiliated with a broker-dealer; it will implement a fire wall with respect to its relevant personnel or such broker-dealer affiliate, as applicable, regarding access to information concerning the composition of, or changes to, the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material, nonpublic information regarding such portfolio.

In order to achieve its investment objective, under Normal Market Conditions,¹⁰ the Fund will invest approximately 80% of its net assets at the time of investment in U.S. exchange-listed exchange-traded funds that principally invest in U.S. equity securities ("U.S. ETFs")¹¹ or the constituent stock holdings of a U.S. ETF

the Exchange, the Fund will meet the other requirement of BZX Rule 14.11(i)(4)(C)(iv)(b).

⁹ The Exchange represents that the Trust has filed a post-effective amendment to its registration statement ("Registration Statement") on December 18, 2017. See Registration Statement on Form N-1A for the Trust (File Nos. 333-179562 and 811-22668). The Commission has not yet issued an order granting exemptive relief to the Trust under the Investment Company Act of 1940 applicable to the activities of the Fund, but the Exchange further represents that the Fund Shares will not be listed on the Exchange until such an order is issued and any conditions contained therein are satisfied.

¹⁰ As defined in BZX Rule 14.11(i)(3)(E), the term "Normal Market Conditions" includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues causing dissemination of inaccurate market information or system failures; or force majeure type events, such as natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.

¹¹ The Exchange states that, for purposes of the proposal, the term "U.S. ETFs" means Portfolio Depositary Receipts, Index Fund Shares, and Managed Fund Shares as defined in BZX Rules 14.11(b), 14.11(c), and 14.11(i), respectively, and their equivalents on other national securities exchanges.

(together with U.S. ETFs, collectively, "U.S. Equities"). The Fund generally will invest in U.S. Equities in order to gain exposure to large cap U.S. equity securities.

As noted above, BZX Rule 14.11(i)(4)(C)(iv)(b) imposes a 30% Limitation. The Exchange is proposing to allow the Fund to hold up to 60% of the weight of its portfolio at the time of investment (including gross notional exposures) in S&P 500 futures contracts traded on the Chicago Mercantile Exchange ("S&P 500 Futures"). The Fund will utilize short or long S&P 500 Futures to the extent needed to reduce or augment, respectively, the Fund's exposure relative to the exposure resulting from investments in the U.S. Equities in order to achieve the desired net exposure. The Exchange represents that S&P 500 Futures are an efficient means of reducing or augmenting exposure to U.S. Equities, as described above. According to the Exchange, allowing the Fund to hold a greater portion of its portfolio in S&P 500 Futures would mitigate the Fund's dependency on holding over-the-counter ("OTC") instruments, which would reduce the Fund's operational burden by allowing the Fund to primarily use listed futures contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. The Exchange notes that the Fund may also hold certain fixed income securities and cash and cash equivalents in compliance with BZX Rules 14.11(i)(4)(C)(ii) and (iii) in order to collateralize its S&P 500 Futures positions.

As noted above, the Fund's investment in U.S. ETFs or the constituent stocks of a U.S. ETF will constitute approximately 80% of the Fund's net assets at the time of investment and under Normal Market Conditions, and such holdings will meet the requirements for U.S. Component Stocks in BZX Rule 14.11(i)(4)(C)(i)(a). The Fund may hold approximately 20% of its net assets at the time of investment in fixed income securities, cash, cash equivalents, and the cash value of futures positions¹² under Normal Market Conditions. The combination of U.S. ETFs, constituent stocks of U.S. ETFs, fixed income securities, cash, cash equivalents, and the cash value of futures positions will constitute the entirety of the Fund's holdings and the cash value of these holdings will be

¹² The Exchange states that cash value of futures positions is based on the value of the Fund's daily margin account with the applicable futures exchange(s).

used to form the basis for these calculations. The Exchange notes that this is different than the calculation used to measure the Fund's holdings in S&P 500 Futures (as it relates to the Fund holding up to 60% of the weight of its portfolio), which, as noted above, is calculated using gross notional exposures gained through the S&P 500 Futures in both the numerator and denominator, and which is consistent with the derivatives exposure calculation under BZX Rule 14.11(i)(4)(C)(iv). The Exchange represents that, except for the 30% Limitation, the Fund's proposed investments will satisfy, on an initial and continued listing basis, all of the generic listing standards under BZX Rule 14.11(i)(4)(C) and all other applicable requirements for Managed Fund Shares under BZX Rule 14.11(i).

III. Discussion and Commission Findings

After careful review, the Commission finds that the Exchange's proposal to list and trade the Shares, as modified by Amendment No. 2, is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange.¹³ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act,¹⁴ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, 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.

The Commission notes that, according to the Exchange, the Shares will meet each of the initial and continued listing criteria in BZX Rule 14.11(i), including BZX Rule 14.11(i)(4)(C), with the exception of the 30% Limitation. According to the Exchange, the liquidity in the S&P 500 Futures markets mitigates the concerns that BZX Rule 14.11(i)(4)(C)(iv)(b) is intended to address and that such liquidity would prevent the Shares from being susceptible to manipulation.¹⁵

¹³ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁴ 15 U.S.C. 78f(b)(5).

¹⁵ According to the Exchange, as of December 7, 2017, the average daily notional volume for S&P 500 Futures was more than \$180 billion over the previous thirty trading days. The Exchange represents that allowing the Fund to hold a greater portion of its portfolio in S&P 500 Futures would mitigate the Fund's dependency on holding OTC

In addition, the Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. The Exchange further represents that all of the futures contracts and U.S. ETFs held by the Fund will trade on markets that are members of the Intermarket Surveillance Group ("ISG") or affiliated with a member of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement. Moreover, the Exchange represents that it may obtain information regarding trading in the Shares and the underlying futures contracts and U.S. ETFs held by the Fund via the ISG from other exchanges who are members of the ISG or with which the Exchange has entered into a comprehensive surveillance sharing agreement.¹⁶ The Commission also notes that, according to the Exchange, the Fund's investment in U.S. ETFs or the constituent stocks of a U.S. ETF will meet the requirements for U.S. Component Stocks in BZX Rule 14.11(i)(4)(C)(i)(a). BZX Rule 14.11(i)(4)(C)(i)(a) provides that equity securities in the portfolio shall be listed on a national securities exchange, except that no more than 10% of the equity weight of the portfolio may be non-exchange traded ADRs. As all national securities exchanges are ISG members, the Commission notes that no less than 90% of constituent stocks of a U.S. ETF that the Fund will hold will be traded on markets that are members of ISG. In addition, the Exchange also represents that the Shares of the Fund will comply with all requirements applicable to Managed Fund Shares, including, but not limited to, requirements relating to the dissemination of key information such

instruments, which would reduce the Fund's operational burden by allowing the Fund to primarily use listed futures contracts to achieve its investment objective and would further reduce counter-party risk associated with holding OTC instruments. Moreover, the Exchange represents that the diversity, liquidity, and market capitalization of the securities underlying the S&P 500 Index are sufficient to protect against market manipulation of both the Fund's holdings and the Shares as it relates to the S&P 500 Futures holdings.

¹⁶ As stated above, S&P 500 Futures are traded on the Chicago Mercantile Exchange. The Commission notes that the Chicago Mercantile Exchange represents a significant market in S&P 500 Futures, is a regulated futures and options market, and is a member of ISG. See *supra* note 16. For a list of the current members and affiliate members of ISG, see www.isgportal.com. The Exchange notes that not all components of the Disclosed Portfolio for the Fund may trade on markets that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement.

as the Disclosed Portfolio,¹⁷ net asset value,¹⁸ and the Intraday Indicative Value,¹⁹ suspension of trading or removal,²⁰ trading halts,²¹ surveillance,²² minimum price variation for quoting and order entry,²³ the information circular,²⁴ and firewalls²⁵ as set forth in Exchange rules applicable to Managed Fund Shares. Likewise, the Exchange represents that all statements and representations made in this filing regarding (a) the description of the portfolio or reference assets, (b) limitations on portfolio holdings or reference assets, (c) dissemination and availability of reference asset and intraday indicative values, (d) or the applicability of Exchange listing rules specified in this filing shall constitute continued listing requirements for listing the Shares on the Exchange. Moreover, according to the Exchange, the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund or Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements.²⁶ If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under BZX Rule 14.12.

This approval order is based on all of the Exchange's representations and description of the Fund, including those set forth above and in Amendment No. 2 to the proposed rule change.

For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Exchange Act²⁷ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,²⁸

¹⁷ See BZX Rules 14.11(i)(4)(A)(ii) and 14.11(i)(4)(B)(ii).

¹⁸ See BZX Rule 14.11(i)(4)(A)(ii).

¹⁹ See BZX Rule 14.11(i)(4)(B)(i).

²⁰ See BZX Rule 14.11(i)(4)(B)(iii).

²¹ See BZX Rule 14.11(i)(4)(B)(iv).

²² See BZX Rule 14.11(i)(2)(C).

²³ See BZX Rule 14.11(i)(2)(B).

²⁴ See BZX Rule 14.11(i)(6).

²⁵ See BZX Rule 14.11(i)(7).

²⁶ The Exchange represents that FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange further represents that it is responsible for FINRA's performance under this regulatory services agreement.

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ 15 U.S.C. 78s(b)(2).

that the proposed rule change (SR–CboeBZX–2017–012), as modified by Amendment No. 2, be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁹

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–82904; File No. SR–CboeEDGA–2018–004]

Self-Regulatory Organizations; Cboe EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Expand an Offering Known as Cboe Connect To Provide Connectivity to Single-Dealer Platforms Connected to the Exchange's Network and To Propose a Per Share Executed Fee for Such Service

March 20, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on March 14, 2018, Cboe EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b–4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange filed a proposal to expand an offering known as Cboe Connect to provide connectivity to single-dealer platforms connected to the Exchange's network and to propose a per share executed fee for such service.

The text of the proposed rule change is available at the Exchange's website at www.markets.cboe.com, at the principal

office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Cboe Connect is an optional communication service that provides Members⁵ an additional means to receive market data from and route orders to any destination connected to the Exchange's network.⁶ Cboe Connect is offered by the Exchange on a voluntary basis in a capacity similar to a vendor. The servers of the participant need not be located in the same facilities as the Exchange in order to subscribe to Cboe Connect. Participants may also seek to utilize Cboe Connect in the event of a market disruption where other alternative connection methods become unavailable.

Today, market participants are able to send orders directly to broker-dealers that operate single-dealer platforms, where broker-dealers would execute orders received on a principal basis or return the unexecuted order (or portion thereof) back to their customers. To connect to a single-dealer platform, the broker-dealer's customer must purchase connectivity and perform the necessary infrastructure work to be able to send orders to that single-dealer platform. Cboe Connect allows participants to send orders to other exchanges and market centers that are connected to the

⁵ The term “Member” is defined as “any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

⁶ See Exchange Rule 13.9. See also Securities Exchange Act Release Nos. 75112 (June 5, 2015), 80 FR 33316 (June 11, 2015) (SR–EDGA–2015–20) (proposal adopting Cboe Connect (f/k/a Bats Connect); and 34753 (June 11, 2015), 80 FR 34753 (June 17, 2015) (SR–EDGA–2015–24) (proposal adopting fees for Cboe Connect).

Exchange's network. Market centers on the Exchange's network include Alternative Trading Systems operated by broker-dealers, but do not currently include single-dealer platforms. The Exchange proposes to expand Cboe Connect to now provide optional connectivity by which market participant may send orders to these single-dealer trading platforms connected to the Exchange's network. The exchange proposes to refer to this connectivity option under Cboe Connect as C–LNK.

Orders routed via Cboe Connect to a single-dealer platform would be treated the same as orders routed today via Cboe Connect to an exchange or market center connected to the Exchange's network. Cboe Connect does not effect trade executions and would not report trades to the relevant Securities Information Processor and the Exchange does not propose to do so for orders sent to single-dealer platforms. An order sent via the service to a single-dealer platform would be handled by the Exchange's affiliated broker-dealer, Cboe Trading, Inc., and bypass the EDGA Book before going to a market center outside of the Exchange (*i.e.*, a participant could choose to route an order directly to any single-dealer platform on the Exchange's network). A participant would be responsible for identifying the single-dealer platform for any orders sent through the service and for ensuring that it had authority to access the selected destination; the Exchange would merely provide the connectivity by which orders (and associated messages) could be sent by a participant to the single-dealer platform and from the destination back to the participant.

The Exchange notes that Users sending orders to single-dealer platforms via the C–LNK connectivity service would be subject to any transaction related rates applied by the single-dealer platform executing their order.⁷ This is not unique to C–LNK or Cboe Connect as market participants who chose another method to connect to a single-dealer platform would also be required to pay any transaction related fees directly to that single-dealer platform. In addition, market participants who send orders through Cboe Connect are subject to separate per transaction rates (fees/rebates) provided directly by the other exchanges and

⁷ Like alternative trading systems, single-dealer platforms are operated by broker-dealers and any transaction related rates are presumed to be similarly pre-negotiated between the broker-dealer and their customer.

²⁹ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(6)(iii).