

file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2018-035, and should be submitted on or before June 11, 2018.

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

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83240; File No. SR-CboeEDGX-2018-014]

Self-Regulatory Organizations; Cboe EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on Cboe EDGX Exchange, Inc.

May 15, 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 May 1, 2018, Cboe EDGX Exchange, Inc. (the

"Exchange" or "EDGX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change 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 amend the fee schedule applicable to Members⁵ and non-Members of the Exchange pursuant to EDGX Rules 15.1(a) and (c).

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

The Exchange proposes to amend its fee schedule applicable to its equities trading platform ("EDGX Equities") to (i) eliminate Mega Tier 2, (ii) eliminate the Step-Up Tier, (iii) modify Tape B Tier 1 and eliminate Tape B Tier 2 and (iv) increase the fee for orders that yield fee code D, effective May 1, 2018.

The Exchange first proposes to eliminate Mega Tier 2. Mega Tier 2 currently provides Members a rebate of \$0.0032 per share where a Member (i) adds or routes a combined ADV⁶ greater than or equal to 4,000,000 shares prior to 9:30 a.m. or after 4:00 p.m. and (ii) adds an ADV greater than or equal to 0.65% of the TCV,⁷ including during both market hours and pre and post-trading hours. The Exchange no longer wishes to maintain this tier level. As such, the Exchange proposes to eliminate Mega Tier 2 and rename Mega Tier 3 accordingly.

The Exchange next proposes to eliminate the Step-Up Tier, which provides a \$0.0032 per share rebate where a Member (i) adds an ADV greater than or equal to 0.40% of the TCV and (ii) has a Step-Up Add TCV from January 2017 greater than or equal to 0.10%. The Exchange no longer wishes to maintain this tier level and therefore proposes to delete it.

The Exchange also proposes to modify Tape B Tier 1. Currently, for orders that yield fee codes B and 4, the Exchange provides a rebate of \$0.0020 per share for orders that add liquidity for securities at or above \$1.00, and a rebate of \$0.00003 per share for orders that add liquidity for securities below \$1.00. Pursuant to Tape B Volume Tier 1, a Member will receive an enhanced rebate of \$0.0027 where a Member adds an ADV greater than or equal to 0.02% of the TCV in Tape B Securities. The Exchange proposes to increase the ADV requirement to greater than or equal to 0.03% of the TCV in Tape B securities. The Exchange believes the proposed change to the Tape B Volume Tier 1 criteria will encourage the entry of additional orders to the Exchange. The Exchange also no longer desires to maintain Tape B Volume Tier 2 and therefore proposes to delete it.

Lastly, the Exchange proposes to increase the fee for orders yielding fee code D, which results from an order routed to the New York Stock Exchange ("NYSE") or routed using the RDOT routing strategy. Particularly, NYSE recently implemented certain pricing changes related to Tapes B and C securities, including adopting a per tape fee of \$0.00280 per share to remove liquidity from the Exchange for member

⁶ ADV means average daily volume calculated as the number of shares added to, removed from, or routed by, the Exchange, or any combination or subset thereof, per day. ADV is calculated on a monthly basis. See Exchange's fee schedule.

⁷ TCV means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply. See Exchange's fee schedule.

¹⁶ 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)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

organizations with an Adding ADV of at least 50,000 shares for that respective Tape.⁸ Based on the changes in pricing at NYSE, the Exchange is proposing to increase its fee for orders executed at NYSE that yield fee code D from \$0.00275 to \$0.00280.

2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,⁹ in general, and furthers the objectives of Section 6(b)(4),¹⁰ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule changes reflect a competitive pricing structure designed to incentivize market participants to direct their order flow to the Exchange.

The Exchange believes that the proposal to eliminate the Mega Tier 2, Step-Up Tier and Tape B Tier 2 is reasonable, fair, and equitable because the current tiers are not providing the desired result of incentivizing Members to increase their participation in EDGX Equities. Therefore, eliminating these tiers will have a negligible effect on order flow and market behavior. The Exchange believes the proposed changes are not unfairly discriminatory because they will apply equally to all Members.

The Exchange next notes that volume-based discounts such as those currently maintained on the Exchange have been widely adopted by exchanges and are equitable and non-discriminatory because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value of an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. While the proposed modification to the existing Tape B Volume Tier 1 makes such tier slightly more difficult to attain, it is intended to incentivize Members to send additional volume to the Exchange

in an effort to qualify or continue to qualify for the enhanced rebate made available by the tier. As such, the Exchange also believes that the proposed changes are reasonable. The Exchange notes that increased volume on the Exchange provides greater trading opportunities for all market participants.

The Exchange lastly believes the proposed increase to orders yielding fee code D is reasonable because it reflects a pass-through of the pricing increase by NYSE noted above. The Exchange further believes the proposed fee change is equitable and non-discriminatory because it applies uniformly to all Members.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange believes the proposed amendments to its fee schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and paragraph (f) of Rule 19b-4 thereunder.¹² At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of

investors, or otherwise in furtherance of the purposes of the Act.

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-CboeEDGX-2018-014 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-CboeEDGX-2018-014. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeEDGX-2018-014 and should be submitted on or before June 11, 2018.

⁸ See NYSE Trader Update, NYSE—Fees for Trading Tapes B and C securities, dated April 2, 2018, available at https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Fee_Change_BandC_April2018.pdf.

⁹ 15 U.S.C. 78f.

¹⁰ 15 U.S.C. 78f(b)(4).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

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

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83238; File No. SR-ISE-2018-44]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Supplementary Material to Rule 706 To Harmonize Its Sponsored Access Rules With Those of Its Affiliates

May 15, 2018.

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 May 9, 2018, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Supplementary Material to Rule 706 to harmonize its sponsored access rules with those of its affiliates, The Nasdaq Stock Market LLC (“NQX”), Nasdaq BX, Inc. (“BX”) and Nasdaq PHLX LLC (“PHLX,” and together with NQX and BX, “Nasdaq Exchanges”).

The text of the proposed rule change is available on the Exchange’s website at <http://ise.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these

statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to amend Supplementary Material to Rule 706, which contains the Exchange’s sponsored access rules, to harmonize these rules with those of the Nasdaq Exchanges.³ On March 9, 2016, the Exchange and its affiliates, ISE Gemini, LLC (now, Nasdaq GEMX, LLC) (“GEMX”) and ISE Mercury, LLC (now, Nasdaq MRX, LLC) (“MRX” and together with ISE and GEMX, “ISE Exchanges”), were acquired by Nasdaq, Inc. (“Acquisition”).⁴ In the context of the Acquisition, the ISE Exchanges have been working to align certain of its rules and processes with those of the Nasdaq Exchanges in order to provide consistent standards across the six exchanges owned and operated by Nasdaq, Inc. (collectively, “Affiliated Exchanges”). As part of this effort, the proposal set forth below harmonizes the Exchange’s sponsored access rules with the Nasdaq Sponsored Access Rules in order to provide uniform standards and requirements for users of the Affiliated Exchanges.⁵

In particular, the Exchange proposes to (1) define the term “Sponsored Access” and “Customer Agreement;” (2) specify the requirement to comply with Rule 15c3-5 under the Act (“Market Access Rule”); (3) remove the requirements that each Sponsored Customer and each Sponsoring Member enter into certain agreements with the Exchange; and (4) make a number of related, non-substantive changes. Each change is discussed in detail as follows.

Defining Sponsored Access

A Sponsored Customer is a non-member of the Exchange, such as an institutional investor, that gains access to the Exchange⁶ and trades under a

³ See NQX Rule 4615, BX Rule 4615 and PHLX Rule 1094 (collectively, “Nasdaq Sponsored Access Rules”).

⁴ See Securities Exchange Act Release No. 78119 (June 21, 2016), 81 FR 41611 (June 27, 2016) (SR-ISE-2016-11; SR-ISEGemini-2016-05; SR-ISEMercury-2016-10).

⁵ GEMX and MRX will each file similar rule change proposals with the Commission to harmonize their sponsored access rules with the Nasdaq Sponsored Access Rules.

⁶ For example, a broker-dealer may allow its customer—whether an institution such as a hedge

Sponsoring Member’s execution and clearing identity pursuant to a sponsorship arrangement between such non-member and Sponsoring Member, as set forth in Supplementary Material to Rule 706. The Exchange is proposing to define the term “Sponsored Access” to clarify the type of market access arrangement that is subject to this rule. Accordingly, the Exchange proposes to amend Supplementary Material .01(a) to Rule 706 to add the following definition: “Sponsored Access shall mean an arrangement whereby a Member permits its customers to enter orders into the System that bypass the Member’s trading system and are routed directly to the Exchange, including routing through a service bureau or other third party technology provider.” This definition mirrors the language set forth in the Nasdaq Sponsored Access Rules,⁷ and is derived from the Commission’s description of Sponsored Access used in the release approving the Market Access Rule.⁸ The Exchange believes that defining Sponsored Access in Supplementary Material .01(a) to Rule 706 will provide market participants with greater clarity regarding Sponsored Access and their obligations with respect to this type of access arrangement.

Defining Customer Agreement

The Exchange proposes to amend Supplementary Material .01(b)(1) to Rule 706 to define the agreement that Sponsored Customers must enter into and maintain with one or more Sponsoring Members to establish proper relationship(s) and account(s) through which the Sponsored Customer may trade on the Exchange, as a “Customer Agreement.”⁹

Market Access Rule

Pursuant to Supplementary Material .01(b)(2) to Rule 706, the Sponsoring Member is responsible for the activities

fund, mutual fund, bank or insurance company, an individual, or another broker-dealer—to use the broker-dealer’s MPID, account or other mechanism or mnemonic used to identify a market participant for the purposes of electronically accessing the Exchange.

⁷ See NQX Rule 4615(a), BX Rule 4615(a) and PHLX Rule 1094(a).

⁸ The Market Access Rule, among other things, requires broker-dealers providing others with access to an exchange or alternative trading system to establish, document, and maintain a system of risk management controls and supervisory procedures reasonably designed to manage the financial, regulatory, and other risks of providing such access. See Securities Exchange Act Release No. 63241 (November 3, 2010), 75 FR 69792 (November 15, 2010).

⁹ The Nasdaq Sponsored Access Rules also similarly define “Customer Agreement.” See NQX Rule 4615(b)(i), BX Rule 4615(b)(i) and PHLX Rule 1094(b)(i).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.