

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-GEMX-2018-16 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-GEMX-2018-16. 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-GEMX-2018-16 and should be submitted on or before June 13, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83278; File No. SR-ISE-2018-16]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Introduce the ATR Protection for Orders That Are Routed to Away Markets

May 17, 2018.

I. Introduction

On February 23, 2018, Nasdaq ISE, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend Exchange Rule 714 regarding the Acceptable Trade Range ("ATR") functionality for orders that are routed to away markets. The proposed rule change was published for comment in the *Federal Register* on March 14, 2018.³ On April 20, 2018, the Exchange submitted Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety.⁴ On April 26, 2018, the

¹⁴ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 82846 (March 9, 2018), 83 FR 11254 ("Notice").

⁴ See Letter to Brent J. Fields, Secretary, Commission, from Adrian Griffiths, Senior Associate General Counsel, Nasdaq, Inc., dated April 20, 2018 ("Amendment No. 1"). Amendment No. 1 revises the proposed rule change to: (i) Provide further discussion of the current application of the ATR to orders routed away; (ii) modify the proposed rule text regarding the recalculation of the ATR for orders routed away pursuant to Supplementary Material to Exchange Rule 1901, if the applicable National Best Bid ("NBB") or the National Best Offer ("NBO") price is improved at the time of routing; (iii) expand the discussion and justification for recalculating the

Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change to June 22, 2018.⁵ The Commission received no comments on the proposed rule change. The Commission is publishing this notice to solicit comment on Amendment No. 1 to the proposed rule change from interested persons and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Proposed Rule Change, as Modified by Amendment No. 1⁶

The ATR is a functionality designed to prevent the Exchange's System⁷ from experiencing dramatic price swings by preventing the execution of orders beyond set thresholds.⁸ Pursuant to Exchange Rule 714(b)(1), the System calculates an ATR to limit the range of prices at which an order or quote will be allowed to execute.⁹ Upon receipt of a new order or quote, the ATR is calculated by taking the reference price, plus or minus a value to be determined by the Exchange, where the reference price is the NBB for sell orders/quotes and the NBO for buy orders/quotes.¹⁰ Accordingly, the ATR is: The reference price - (x) for sell orders/quotes; and the reference price + (x) for buy orders.¹¹ If an order or quote reaches the outer limit of the ATR without being fully executed, then any unexecuted balance will be cancelled.¹²

ATR for such orders; and (iv) make other amendments to the proposed rule text to improve the understandability of the current ATR calculation. Amendment No. 1 was also submitted as a comment to the proposed rule change. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-ise-2018-16/ise201816-3483594-162248.pdf>.

⁵ See Securities Exchange Act Release No. 83119 (April 26, 2018), 83 FR 19367 (May 2, 2018).

⁶ For a more detailed description of the proposal, see Notice, *supra* note 3; Amendment No. 1, *supra* note 4.

⁷ The term "System" means the electronic system operated by the Exchange that receives and disseminates quotes, executes orders and reports transactions. See Exchange Rule 100(a)(53).

⁸ See Amendment No. 1, *supra* note 4.

⁹ See Exchange Rule 714(b)(1).

¹⁰ See Notice, *supra* note 3, at 11254-55. For purposes of determining the value that will be added or subtracted from the reference price, there are three categories of options for the ATR: (1) Penny Pilot Options trading in one-cent increments for options trading at less than \$3.00 and increments of five cents for options trading at \$3.00 or more, (2) Penny Pilot Options trading in one-cent increments for all prices, and (3) Non-Penny Pilot Options. See *id.*

¹¹ See Exchange Rule 714(b)(1)(i).

¹² See Exchange Rule 714(b)(1)(ii). The ATR is not available for All-or-None Orders or Complex Orders

The Exchange states that, currently, the System calculates a reference price for an incoming order or quote only when that order or quote rests or trades on the regular order book.¹³ Accordingly, orders that route to away exchanges do not always receive the ATR. Orders that first trade on the Exchange prior to being routed away receive the ATR, but orders that are routed away upon entry (or otherwise do not rest or trade on the regular order book) are not currently subject to the ATR.¹⁴

The Exchange now proposes to amend the ATR to modify how it applies to orders that are routed by the Exchange. First, the Exchange proposes to apply the ATR to orders that are routed to away markets without first trading on the Exchange.¹⁵ This means that, unlike today, the System will calculate an ATR for orders even if the order does not rest or trade on the regular order book prior to being routed.¹⁶

In addition, the Exchange proposes that, for orders routed to away markets pursuant to the Supplementary Material to Exchange Rule 1901,¹⁷ if the applicable NBB or NBO price is improved at the time the order is routed, a new ATR would be calculated based on the reference price at that time.¹⁸ The Exchange notes that the NBB or NBO price for a security may change during the “Flash” auction process described in Supplementary Material .02 to Rule 1901, and the proposed rule change would provide additional protection if the reference price was improved at the time the order is routed.¹⁹ Similarly, the Exchange represents that other routable orders not subject to the “Flash” auction

that leg into the regular order book. See Notice, *supra* note 3, at 11254, n.3.

¹³ See Notice, *supra* note 3, at 11255.

¹⁴ See Amendment No. 1, *supra* note 4.

¹⁵ See Notice, *supra* note 3, at 11255.

¹⁶ See Amendment No. 1, *supra* note 4.

¹⁷ This could occur: (1) If an order is routed to an away market pursuant to Supplementary Material .02 to Rule 1901 (the “Flash” auction) without first trading against any Exchange interest in the “Flash” auction; (2) if an order is a “Sweep Order” as defined in Rule 715(s) and processed pursuant to Supplementary Material .05 to Rule 1901 instead of the “Flash” auction; or (3) if a Non-Customer Order opts out of the “Flash” auction and is processed pursuant to Supplementary Material .04 to Rule 1901. See Amendment No. 1, *supra* note 4.

Supplementary Material .02 to Rule 1901 provides that orders to be routed to away markets may be eligible for a “Flash” auction wherein Exchange members are allowed the opportunity to enter responses to trade with the order prior to routing. See Notice, *supra* note 3, at 11255.

¹⁸ See Amendment No. 1, *supra* note 4; proposed Exchange Rule 714(b)(1)(ii). In the Notice, the Exchange provides examples of how the ATR will be applied to orders routed to away markets. See Notice, *supra* note 3, at 11255.

¹⁹ See Amendment No. 1, *supra* note 4.

process must still be processed by the System prior to routing, and during this processing time the market may have moved.²⁰ Under the proposed rule change, if the NBB or NBO price has not improved at the time an order is routed, the ATR that was applied to the order upon entry into the System would apply.²¹

The Exchange states that it intends to implement the ATR functionality described in the proposed rule change no later than October 31, 2018.²²

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.²³ In particular, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5) of the Act,²⁴ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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 believes that the ATR is reasonably designed to prevent executions of orders and quotes at prices that are significantly worse than the NBBO at the time of an order’s submission and may reduce the potential negative impacts of unanticipated volatility in individual options.²⁵ The Commission notes that the proposed rule change extends the

²⁰ See Amendment No. 1, *supra* note 4.

²¹ The Exchange states that the ATR is not again recalculated for orders after routing, so orders that are routed but not executed in full by an away market, and subsequently return to trade on the Exchange, would not receive a new ATR. See Amendment No. 1, *supra* note 4.

²² See Notice, *supra* note 3, at 11255. The Exchange further states that it will announce the implementation date of this functionality in an Options Trader Alert prior to the launch date. See *id.*

²³ 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).

²⁴ 15 U.S.C. 78f(b)(5).

²⁵ See Securities Exchange Act Release No. 80432 (April 11, 2017), 82 FR 18191, 18193–94 (April 17, 2018) (SR–ISE–2017–03) (Order approving, among other things, proposal to establish ATR).

application of the ATR to orders that route away immediately upon entry, thus offering these orders the same protections that the ATR provides to orders that first trade on the Exchange before being routed. The Commission also believes that recalculating the ATR for orders routed to away markets pursuant to the Supplementary Material to Rule 1901, if the applicable NBB or NBO price is improved at the time the order is routed, should help provide such orders with a price protection that better reflects the NBB or NBO. The Commission further believes that the proposed rule change will provide transparency and enhance investors’ understanding of the operation of the ATR. The Commission notes that the Exchange will continue to use the NBB or NBO as the reference price for the ATR. For these reasons, the Commission believes that the proposed rule change, as modified by Amendment No. 1, is consistent with the Act.

III. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 to the proposed rule change is consistent with the Exchange 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–ISE–2018–16 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–ISE–2018–16. 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-ISE-2018-16 and should be submitted on or before June 13, 2018.

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the **Federal Register**. As discussed above, Amendment No. 1 adds detail to the proposal and the proposed rule text regarding the operation of the ATR. Amendment No. 1 revises the proposed rule text to specify that for orders routed to away markets pursuant to the Supplementary Material to Rule 1901, if the applicable NBB or NBO price is improved at the time the order is routed, a new ATR will be calculated based on the reference price at that time. Amendment No. 1 also sets forth additional justification for the proposed rule change. The Commission believes that these revisions provide greater clarity with respect to the current and proposed application of the ATR for routed away orders. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,²⁶ to approve the proposed rule change, as modified by Amendment No. 1 on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,²⁷ that the proposed rule change (SR-ISE-2018-16), as modified by Amendment No. 1 thereto, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83289; File No. SR-NYSENAT-2018-02]

Self-Regulatory Organizations; NYSE National, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Amended by Amendment No. 1, To Support the Re-Launch of NYSE National, Inc. on the Pillar Trading Platform

May 17, 2018.

I. Introduction

On February 21, 2018, NYSE National, Inc. ("NYSE National" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change in connection with the re-launch of the Exchange on the Pillar trading platform. The proposed rule change was published for comment in the **Federal Register** on March 13, 2018.³ The Commission received no comments on the proposed rule change. On April 25, 2018, pursuant to Section 19(b)(2) of the Act,⁴ 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 approve or disapprove the proposed rule change.⁵ On May 16, 2018, the Exchange filed Amendment No. 1 to the proposed rule change, which supersedes and replaces the original filing in its entirety.⁶ The Commission is approving

²⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 82819 (March 7, 2018), 83 FR 11098 (March 13, 2018) ("Notice").

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 83100 (April 25, 2018), 83 FR 19127 (May 1, 2018).

⁶ In Amendment No. 1, the Exchange proposes, among other things, to: (i) Delete proposed Rule 8 and modify proposed Rule 5 to include only those rules that would support the trading on an unlisted trading privileges ("UTP") basis of all NMS Stocks and the trading on a UTP basis of UTP Exchange Traded Products; (ii) revise the proposed definition of the term "UTP Exchange Traded Product"; (iii) propose a grace period of 30 calendar days for ETP

the proposed rule change, as modified by Amendment No. 1, on an accelerated basis, and is soliciting comments on Amendment No. 1.

II. Description of the Proposal

On February 1, 2017, the Exchange ceased trading operations.⁷ The Exchange proposes to re-launch trading operations on Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. ("NYSE Arca"), NYSE American LLC ("NYSE American"), and New York Stock Exchange LLC ("NYSE").

Currently, NYSE Arca's cash equities market,⁸ NYSE American's cash equities market,⁹ and NYSE securities that trade on an unlisted trading privileges basis¹⁰ trade on Pillar. NYSE Arca, NYSE American, and NYSE have trading rules that are substantially similar and that are based on the rule numbering framework of NYSE Arca.¹¹

Holders that are eligible for the expedited process for reinstatement under the proposal to register their Associated Persons with the Exchange; (iv) commit to working with Commission staff to update its membership rules and to file a separate filing relating to its membership rules within 90 days of any approval of the instant proposal; (v) identify which of the proposed Rules are based on the rules of NYSE American, as opposed to those based on the rules of NYSE Arca; (vi) add provisions, based on rules of other self-regulatory organizations ("SROs"), that were not included in the original filing; (vii) add a rule relating to the requirements for listed securities issued by Intercontinental Exchange, Inc. ("ICE") or its affiliates; (viii) specifically incorporate by reference certain rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") that were only cited in the original version of the filing; (ix) add clarifying language to proposed rule text and the narrative describing the proposal; and (x) correct various technical errors. The proposed revisions of the proposal made in Amendment No. 1 are incorporated in the Description of the Proposal herein. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-nysenat-2018-02/nysenat201802-3653908-162416.pdf>.

⁷ See Securities Exchange Act Release No. 80018 (February 10, 2017), 82 FR 10947 (February 16, 2017) (SR-NSX-2017-04) ("Termination Filing"). On January 31, 2017, ICE, through its wholly-owned subsidiary, NYSE Group, acquired all of the outstanding capital stock of the Exchange (the "Acquisition"). See Securities Exchange Act Release No. 79902 (January 30, 2017), 82 FR 9258 (February 3, 2017) (SR-NSX-2016-16). Prior to the Acquisition, the Exchange was named "National Stock Exchange, Inc." and was referred to as "NSX."

⁸ For a history of the implementation of Pillar on NYSE Arca, see Notice, *supra* note 3, at footnote 6.

⁹ For a history of the implementation of Pillar on NYSE American, see Notice, *supra* note 3, at footnote 7.

¹⁰ For a history of the implementation of Pillar on NYSE, see Notice, *supra* note 3, at footnote 8.

¹¹ According to the Exchange, NYSE American and NYSE proposed specific differences to certain trading rules with respect to NYSE Arca to differentiate their respective trading models, noting,

²⁶ 15 U.S.C. 78s(b)(2).

²⁷ 15 U.S.C. 78s(b)(2).