

The Exchange is obligated to ensure that the amount of regulatory revenue collected from the ORF, in combination with its other regulatory fees and fines, does not exceed regulatory costs.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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 Act¹³ and paragraph (f) of Rule 19b-4 thereunder.¹⁴ 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 No. SR-CboeEDGX-2018-033 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 No. SR-CboeEDGX-2018-033. 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 No. SR-CboeEDGX-2018-033, and should be submitted on or before September 13, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83887]

Order Granting Applications by Nasdaq ISE, LLC, Nasdaq GEMX, LLC, and Nasdaq MRX, LLC for Exemption Pursuant to Section 36(a) of the Exchange Act From the Rule Filing Requirements of Section 19(b) of the Exchange Act With Respect to Certain Rules Incorporated by Reference

August 20, 2018.

Nasdaq ISE, LLC ("ISE"), Nasdaq GEMX, LLC ("GEMX"), and Nasdaq MRX, LLC ("MRX") (each, a "Nasdaq Exchange," and collectively, the "Nasdaq Exchanges") have filed with the Securities and Exchange Commission ("Commission") an application for an exemption under Section 36(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ from the rule filing requirements of Section 19(b) of the Exchange Act² with respect to certain rules of Nasdaq BX, Inc. ("BX"), an affiliate of the

Nasdaq Exchanges, that the Nasdaq Exchanges seek to incorporate by reference.³ Section 36 of the Exchange Act authorizes the Commission to conditionally or unconditionally exempt any person, security, or transaction, or any class thereof, from any provision of the Exchange Act or rule thereunder, if necessary or appropriate in the public interest and consistent with the protection of investors.

Recently, the Nasdaq Exchanges each filed a proposed rule change⁴ under Section 19(b) of the Exchange Act to largely replace their existing investigatory, disciplinary, and adjudicatory rules with those contained in the BX Rule 8000 and 9000 Series, as such rules may be in effect from time to time. In the proposed rule changes, the Nasdaq Exchanges proposed to incorporate by reference the BX Rule 8000 and 9000 Series into new Chapters 80 and 90 of their respective rulebooks, and thus make these BX Rules applicable to their members, associated persons, and other persons subject to their jurisdiction. When the proposed rule changes become operative, Nasdaq Exchange members, associated persons, and other persons subject to the jurisdiction of the Nasdaq Exchanges will be required to comply with the BX Rule 8000 and 9000 Series as though such rules are fully set forth within each of the Nasdaq Exchange's rulebooks.

The Nasdaq Exchanges have requested, pursuant to Rule 0-12 under the Exchange Act,⁵ that the Commission grant the Nasdaq Exchanges an exemption from the rule filing requirements of Section 19(b) of the Exchange Act for changes to each of the Nasdaq Exchange's rules that are effected solely by virtue of a change to the BX Rule 8000 and 9000 Series that are incorporated by reference. Specifically, the Nasdaq Exchanges request that they be permitted to incorporate by reference changes made to the BX Rule 8000 and 9000 Series that are cross-referenced in each of the Nasdaq Exchange's rules, without the need for each Nasdaq Exchange to file separately the same proposed rule changes pursuant to Section 19(b) of the Exchange Act.⁶

³ See Letter from Brett M. Kitt, Senior Associate General Counsel, Nasdaq Inc., to Brent Fields, Secretary, Commission, dated July 16, 2018 ("Exemptive Request").

⁴ See Securities Exchange Act Release Nos. 83703 (July 25, 2018) (SR-ISE-2018-59); 83704 (July 25, 2018) (SR-GEMX-2018-24); and 83705 (July 25, 2018) (SR-MRX-2018-23).

⁵ 17 CFR 240.0-12.

⁶ See Exemptive Request, *supra* note 3, at 2.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78mm(a)(1).

² 15 U.S.C. 78s(b).

The Nasdaq Exchanges represent that the BX Rule 8000 and 9000 Series are not trading rules. Moreover, the Nasdaq Exchanges state that in each instance, the Nasdaq Exchanges propose to incorporate by reference categories of rules (rather than individual rules within a category) that are regulatory in nature. The Nasdaq Exchanges will, as a condition of this exemption, provide written notice to their members whenever BX proposes a change to its Rule 8000 and 9000 Series.⁷ Such notice will alert the members of each Nasdaq Exchange to the proposed rule change and give them an opportunity to comment on the proposal. The Nasdaq Exchanges state that they will also inform members in writing when the Commission approves any such proposed changes.⁸

The Nasdaq Exchanges believe this exemption is necessary and appropriate, because it will result in the Nasdaq Exchanges' rules being consistent with the relevant cross-referenced BX rules at all times, thus ensuring that the Nasdaq Exchanges and BX maintain a harmonious system of investigating, disciplining, and adjudicating the rights of their respective members, associated persons, and other persons subject to their jurisdiction. Without such an exemption, members of the Nasdaq Exchanges and BX could become subject to different standards for investigations and disciplinary actions.⁹

The Commission has issued exemptions similar to the Nasdaq Exchanges' request.¹⁰ In granting one

such exemption in 2010, the Commission repeated a prior, 2004 Commission statement that it would consider similar future exemption requests from other self-regulatory organizations ("SROs"), provided that:

- An SRO wishing to incorporate rules of another SRO by reference has submitted a written request for an order exempting it from the requirement in Section 19(b) of the Exchange Act to file proposed rule changes relating to the rules incorporated by reference, has identified the applicable originating SRO(s), together with the rules it wants to incorporate by reference, and otherwise has complied with the procedural requirements set forth in the Commission's release governing procedures for requesting exemptive orders pursuant to Rule 0-12 under the Exchange Act;¹¹

- The incorporating SRO has requested incorporation of categories of rules (rather than individual rules within a category) that are not trading rules (e.g., the SRO has requested incorporation of rules such as margin, suitability, or arbitration); and

- The incorporating SRO has reasonable procedures in place to provide written notice to its members each time a change is proposed to the incorporated rules of another SRO.¹²

The Commission believes that the Nasdaq Exchanges have satisfied each of these conditions. The Commission also believes that granting the Nasdaq Exchanges an exemption from the rule filing requirements under Section 19(b) of the Exchange Act will promote efficient use of Commission and Nasdaq Exchange resources by avoiding duplicative rule filings based on simultaneous changes to identical rule text sought by more than one SRO.¹³ The Commission therefore finds it appropriate in the public interest and consistent with the protection of investors to exempt the Nasdaq Exchanges from the rule filing requirements under Section 19(b) of the Exchange Act with respect to the above-described rules they have incorporated by reference. This exemption is

conditioned upon the Nasdaq Exchanges promptly providing written notice to their members whenever the BX changes a rule that the Nasdaq Exchanges have incorporated by reference.

Accordingly, it is ordered, pursuant to Section 36 of the Exchange Act,¹⁴ that the Nasdaq Exchanges are exempt from the rule filing requirements of Section 19(b) of the Exchange Act solely with respect to changes to the rules identified in their request that incorporate by reference certain BX rules that are the result of changes to such BX rules, provided that the Nasdaq Exchanges promptly provide written notice to their members whenever the BX proposes to change a rule that the Nasdaq Exchanges have incorporated by reference.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83876; File No. SR-C2-2018-017]

Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Options Regulatory Fee

August 17, 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 August 9, 2018, Cboe C2 Exchange, Inc. (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its Fees Schedule relating to the Options Regulatory Fee.

The text of the proposed rule change is also available on the Exchange's

⁷ The Nasdaq Exchanges state that they will provide such notice on their websites in the same section they use to post their own proposed rule change filings pursuant to Rule 19b-4(I) within the timeframe required by such Rule. In addition, the Nasdaq Exchanges state that their website will also include a link to the BX website where the proposed rule change filings are located. *Id.* at 3.

⁸ *Id.*

⁹ *Id.* at 2.

¹⁰ See, e.g., Securities Exchange Act Release Nos. 80338 (March 29, 2017), 82 FR 16464 (April 4, 2017) (order granting exemptive request from MIAx PEARL, LLC relating to rules of Miami International Securities Exchange, LLC incorporated by reference); 72650 (July 22, 2014), 79 FR 44075 (July 29, 2014) (order granting exemptive requests from NASDAQ OMX BX, Inc. and the NASDAQ Stock Market LLC relating to rules of NASDAQ OMX PHLX LLC incorporated by reference); 67256 (June 26, 2012), 77 FR 39277, 39286 (July 2, 2012) (order approving SR-BX-2012-030 and granting exemptive request relating to rules incorporated by reference by the BX Options rules); 61534 (February 18, 2010), 75 FR 8760 (February 25, 2010) (order granting BATS Exchange, Inc.'s exemptive request relating to rules incorporated by reference by the BATS Exchange Options Market rules) ("BATS Options Market Order"); and 57478 (March 12, 2008), 73 FR 14521, 14539-40 (March 18, 2008) (order approving SR-NASDAQ-2007-004 and SR-NASDAQ-2007-080, and granting exemptive request relating to rules incorporated by reference by The NASDAQ Options Market).

¹¹ See 17 CFR 240.0-12 and Securities Exchange Act Release No. 39624 (February 5, 1998), 63 FR 8101 (February 18, 1998) ("Commission Procedures for Filing Applications for Orders for Exemptive Relief Pursuant to Section 36 of the Exchange Act; Final Rule").

¹² See BATS Options Market Order, *supra* note 10 (citing Securities Exchange Act Release No. 49260 (February 17, 2004), 69 FR 8500 (February 24, 2004) (order granting exemptive request relating to rules incorporated by reference by several SROs) ("2004 Order").

¹³ See BATS Options Market Order, *supra* note 10, 75 FR at 8761; see also 2004 Order, *supra* note 12, 69 FR at 8502.

¹⁴ 15 U.S.C. 78mm.

¹⁵ 17 CFR 200.30-3(a)(76).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.