

OCC to a matched book quickly, thereby containing its losses.

The Commission believes that these tools are designed to provide greater certainty to Clearing Members seeking to estimate the potential risks and losses arising from their use of OCC, while enabling OCC to promptly return to a matched book. The Commission believes that returning to a matched book pursuant to these provisions in the context of OCC's default management and recovery facilitates OCC's operational capacity to timely contain losses and liquidity demands while continuing to meet its obligations. Thus, the Commission believes that the proposed changes are consistent with Rule 17Ad-22(e)(13).<sup>46</sup>

#### 5. Public Disclosure of Key Aspects of Default Rules

Rules 17Ad-22(e)(23)(i) and (ii) require, in relevant part, that OCC establish, implement, maintain, and enforce written policies and procedures reasonably designed to provide for the public disclosure of all relevant rules and material procedures, including key aspects of default rules and procedures, as well as sufficient information to enable participants to identify and evaluate the risks, fees and other material costs they incur by participating in OCC.<sup>47</sup> The Commission believes that the proposed changes address key aspects of OCC's default rules and procedures, thereby providing Clearing Members with a better understanding of the potential risks and costs they might face in an extreme event where OCC may use its proposed recovery tools, including the potential use of the Special Charge. Accordingly, the Commission believes that OCC has disclosed these key aspects of its default rules and procedures, consistent with Rule 17Ad-22(e)(23)(i) and (ii).<sup>48</sup>

#### IV. Conclusion

On the basis of the foregoing, the Commission finds that the Amended Proposed Rule Change is consistent with the requirements of the Exchange Act, and in particular, with the requirements of Section 17A of the Exchange Act<sup>49</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,<sup>50</sup>

that the Proposed Rule Change (SR-OCC-2017-020), as modified by Amendment No. 2, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>51</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83919; File No. SR-CboeBZX-2018-044]

#### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change Regarding BZX Rule 14.11(c) (Index Fund Shares)

August 23, 2018.

On June 21, 2018, Cboe BZX Exchange, Inc. ("BZX") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to allow the quantitative requirements of BZX Rule 14.11(c)(3), (4), and (5) to be satisfied by either the underlying index or the fund's portfolio. The proposed rule change was published for comment in the **Federal Register** on July 11, 2018.<sup>3</sup> The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act<sup>4</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is August 25, 2018. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates October 9, 2018, as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-CboeBZX-2018-044).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

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### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-83927; File No. SR-OCC-2017-809]

#### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection to Advance Notice, as Modified by Amendment No. 2, Concerning Enhanced and New Tools for Recovery Scenarios

August 23, 2018.

#### I. Introduction

On December 8, 2017, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-OCC-2017-809 ("Advance Notice") pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled Payment, Clearing and Settlement Supervision Act of 2010 ("Clearing Supervision Act")<sup>1</sup> and Rule 19b-4(n)(1)(i)<sup>2</sup> under the Securities Exchange Act of 1934 ("Exchange Act")<sup>3</sup> to propose changes to OCC's Rules and By-Laws to enhance OCC's existing tools to address the risks of liquidity shortfalls and credit losses and to establish new tools by which OCC could re-establish a matched book and, if necessary, allocate uncovered losses following a default as well as provide for additional financial resources. The Advance Notice was published for public comment in the **Federal Register**

<sup>46</sup> *Id.*

<sup>47</sup> 17 CFR 240.17Ad-22(e)(23)(i) and (ii).

<sup>48</sup> *Id.*

<sup>49</sup> In approving this Amended 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).

<sup>50</sup> 15 U.S.C. 78s(b)(2).

<sup>51</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 83594 (July 5, 2018), 83 FR 32158.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 200.30-3(a)(31).

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> 15 U.S.C. 78a *et seq.*