

public regarding the Exchange's Rules. It is in the public interest for rules to be accurate and concise so as to eliminate the potential for confusion.

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

MIAX Options does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will have no impact on competition as it is not designed to address any competitive issues but rather is designed to add additional clarity to existing rules and to make a non-substantive change by relocating the rules to a different chapter in the Exchange's rulebook.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition as the Rules apply equally to all Exchange Members.

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

Written comments were neither solicited nor received.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>10</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>11</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked

associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

the Commission to waive the 30-day operative delay so that the Exchange may relocate these rules immediately so as to improve the organization of its rulebook and to avoid confusion for market participants reading the rules of the Exchange's affiliate, MIAX PEARL. The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>12</sup>

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. 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](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2018-32 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-MIAX-2018-32. 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

<sup>12</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-MIAX-2018-32 and should be submitted on or before December 10, 2018.

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

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

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-84577; File No. SR-CBOE-2018-068]

### **Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend the Volume Incentive Program**

November 13, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 1, 2018, Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") 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.

<sup>13</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.

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

Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") proposes to amend the Volume Incentive Program.

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 Exchange proposes to amend the Volume Incentive Program ("VIP").<sup>3</sup> By way of background, under the Volume Incentive Program ("VIP"), the Exchange credits each Trading Permit Holder ("TPH") the per contract amount set forth in the VIP table for Public Customer orders ("C" origin code) transmitted by that TPH (with certain exceptions) which is executed electronically on the Exchange, provided the TPH meets certain volume thresholds in a month.<sup>4</sup> VIP offers both rates for Complex and Simple orders. VIP provides however, that a TPH will only receive the Complex credit rates for both its Complex AIM and Non-AIM volume if at least 40% of that TPH's qualifying VIP volume (in both AIM and Non-AIM) in the previous month was comprised of Simple volume. If the TPH's previous month's volume does not meet the 40% Simple volume threshold, then the TPH's Customer (C) Complex volume will receive credits at

<sup>3</sup> The proposed VIP amendment will be effective November 1, 2018 (*i.e.*, November discounts will be based on October 2018 volume using the proposed threshold change).

<sup>4</sup> See Cboe Options Fees Schedule, Volume Incentive Program.

the Simple rate only (*i.e.*, all volume, both Simple and Complex, will receive credits at the applicable Simple rate). The Exchange proposes to reduce the 40% threshold to 38%. The purpose of the proposed change is to make it slightly easier for TPHs to obtain the Complex credits. The Exchange believes the proposed change will still encourage TPHs to continue to send both Simple and Complex volume to the Exchange.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>5</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>6</sup> requirements that the rules of an 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 regulating, clearing, settling, processing information with respect to, and 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. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>7</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes the proposed amendment to VIP is reasonable because it makes it slightly easier for TPHs to meet the qualifying criteria to receive the Complex credits and notes that no credit amounts are changing. The Exchange notes that VIP will continue to provide an incremental incentive for TPHs to strive for the highest tier level, which provides increasingly higher credits, for both Complex and Simple volume. The Exchange believes the proposed change is equitable and not unfairly discriminatory because the proposed applies to all TPHs uniformly.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78f(b)(4).

necessary or appropriate in furtherance of the purposes of the Act. In particular, the Exchange believes the proposed change does not impose a burden on intramarket competition because it applies uniformly to all TPHs and continues to incentivize the sending of more simple and complex orders to the Exchange, which provides greater liquidity and trading opportunities.

The Exchange believes that the proposed rule change will not cause an unnecessary burden on intermarket competition because the proposed rule change only affects trading on the Exchange. To the extent that the proposed changes make the Exchange a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become Cboe Options market participants.

### 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 Act<sup>8</sup> and paragraph (f) of Rule 19b-4<sup>9</sup> thereunder. 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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change 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/submit/sro.shtml>); or

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f).

• Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2018-068 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-CBOE-2018-068. 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-CBOE-2018-068 and should be submitted on or before December 10, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84575; File No. SR-NASDAQ-2018-070]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Amendment Nos. 1, 2, and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3, to List and Trade Corporate Non-Convertible Bonds on Nasdaq

November 13, 2018.

#### I. Introduction

On August 27, 2018, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) 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 list and trade corporate non-convertible bonds on the Exchange. The proposed rule change was published for comment in the **Federal Register** on September 6, 2018.<sup>3</sup> On October 12, 2018, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> On October 16, 2018, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> 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 rule change.<sup>6</sup> On November 7, 2018, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>7</sup> On November 8, 2018, the Exchange filed Amendment No. 3 to the proposed rule change.<sup>8</sup> The Commission

<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. 84001 (August 30, 2018), 83 FR 45289 (“Notice”).

<sup>4</sup> In Amendment No. 1, the Exchange made clarifying and technical revisions to the proposal, including to the proposed rule text. The amendment is available at: <https://www.sec.gov/comments/sr-nasdaq-2018-070/srnasdaq2018070-4514560-176013.pdf>.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> See Securities Exchange Act Release No. 84439, 83 FR 53339 (October 22, 2018). The Commission designated December 5, 2018, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>7</sup> In Amendment No. 2, the Exchange made additional clarifying and technical revisions to the proposal, including to the proposed rule text. The amendment is available at: <https://www.sec.gov/comments/sr-nasdaq-2018-070/srnasdaq2018070-4629939-176409.pdf>.

<sup>8</sup> In Amendment No. 3, the Exchange made two clarifying and technical revisions to the proposal, including to the proposed rule text. The amendment is available at: <https://www.sec.gov/comments/sr-nasdaq-2018-070/srnasdaq2018070-4630086-176412.pdf>.

received no comment letters on the proposed rule change. The Commission is publishing notice of the filing of Amendment Nos. 1, 2, and 3 to solicit comment from interested persons and is approving the proposed rule change, as modified by Amendment Nos. 1, 2, and 3 on an accelerated basis.

#### II. Description of the Proposal, as Modified by Amendment Nos. 1, 2, and 3

The Exchange proposes to amend its rules to permit the initial and continued listing of non-convertible corporate debt securities (“bonds” or “non-convertible bonds”) on Nasdaq and to establish fees for listing those bonds.<sup>9</sup> The Exchange also proposes to adopt rules to trade such listed non-convertible bonds.

##### A. Listing Rules

For the initial listing of a non-convertible bond, the Exchange proposes to require that the following conditions be satisfied: (1) The principal amount outstanding or market value must be at least \$5 million;<sup>10</sup> and (2) the issuer of the non-convertible bond must have one class of equity security that is listed on the Exchange, the New York Stock Exchange LLC (“NYSE”), or NYSE American LLC (“NYSE American”).<sup>11</sup>

The Exchange proposes the following requirements for the continued listing of a non-convertible bond: (1) The market value or principal amount of non-convertible bonds outstanding is at least \$400,000;<sup>12</sup> and (2) the issuer must be able to meet its obligations on the listed non-convertible bonds.<sup>13</sup>

The Exchange proposes to amend its current Rule 5810(c)(3) to provide that the failure of an issuer of a non-convertible bond to meet the \$400,000 public float requirement stipulated above for a period of 30 consecutive business days will constitute a deficiency. In such an event, the Exchange's Listings Qualifications Department will promptly notify the deficient issuer, and the issuer will have a period of 180 calendar days from such notification to regain compliance. Compliance will be deemed to be regained by meeting the \$400,000 public

<sup>9</sup> Nasdaq rules currently provide for the initial and continued listing of convertible bonds. See Nasdaq Rule 5515 and 5560.

<sup>10</sup> See proposed Rule 5702(a)(1).

<sup>11</sup> See proposed Rule 5702(a)(2). The Exchange anticipates that it will not be ready, prior to the second quarter of 2019, to list non-convertible bonds of issuers whose equity securities are listed on NYSE or NYSE American. The Exchange states that it will post a notification via a trader alert at least seven days prior to accepting applications from issuers to list such non-convertible bonds.

<sup>12</sup> See proposed Rule 5702(b)(1).

<sup>13</sup> See proposed Rule 5702(b)(2).

<sup>10</sup> 17 CFR 200.30-3(a)(12).