

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–85946; File No. SR–NYSEArca–2019–04]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Amend NYSE Arca Rule 5.2–E(j)(3) and To Adopt Generic Listing Standards for Investment Company Units Based on an Index or Portfolio of Municipal Securities

#### Correction

In notice document 2019–11446 beginning on page 25599 in the issue of Monday, June 3, 2019, make the following correction:

On page 25602, in the third column, in the second paragraph, in the last line “June 24, 2019” should read “July 8, 2019”.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–86060; File No. SR–BX–2019–017]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Order Routing Rule in BX Chapter VI, Section 11

June 6, 2019.

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> notice is hereby given that on May 29, 2019, Nasdaq BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 Chapter VI, Section 11, titled “Order Routing”.

The text of the proposed rule change is available on the Exchange’s website at <http://nasdaqbx.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 Exchange proposes to amend BX Chapter VI, Section 11, titled “Order Routing” to conform the rule text of BX’s Chapter VI, Section 11, where applicable, to Phlx Rule 1093 where the routing behavior is identical. Further the Exchange is amending BX Chapter VI, Section 11 to add more clarity and correct the current Rule. The proposed changes will be discussed below in greater detail.

###### Universal Change

The Exchange proposes to amend the term “BX Options” to simply state “Exchange” throughout this rule.

###### Chapter VI, Section 11(a)

Nasdaq Phlx LLC recently amended its routing rule.<sup>3</sup> As stated above, BX proposes to conform the rule text of BX Chapter VI, Section 11, where applicable, to Phlx Rule 1093 where the routing behavior is identical. The Exchange notes that the amendments to BX Chapter VI, Section 11 reflect the current operation of the System. The purpose of the amendment is to align the rule to the specific operation of the routing functionality on BX.

The Exchange proposes to provide rule text within paragraph (a) to BX Chapter VI, Section 11<sup>4</sup> similar to Phlx

<sup>3</sup> See Securities Exchange Act Release No. 85519 (April 5, 2019), 70 FR 14686 (April 11, 2019) (SR–Phlx–2019–07).

<sup>4</sup> Proposed BX Chapter VI, Section 11(a) would provide, “BX offers two routing strategies, SEEK and SRCH. Each of these routing strategies will be explained in more detail below. An order may in the alternative be marked Do Not Route or “DNR”. The Exchange notes that for purposes of this rule the System will route SEEK and SRCH Orders with

Rule 1093(a). While Phlx offers a FIND and SRCH routing strategy, BX offers a SEEK and SRCH<sup>5</sup> routing strategy.<sup>6</sup> In addition, Phlx’s All-or-None<sup>7</sup> Order type differs from BX. The BX BBO is representative of the displayed orders on the BX Order Book. Finally, BX defines a Public Customer at Chapter I, Section 1(a)(50), while Phlx defines Public Customer within Rule 1093(a).<sup>8</sup>

The Exchange proposes a new second paragraph at BX Chapter VI, Section 11(a).<sup>9</sup> This paragraph does not conform to Phlx Rule 1093. The proposed rule

no other contingencies. Immediate or Cancel (“IOC”) Orders will be cancelled immediately if not executed, and will not be routed. The System checks the Order Book for available contracts for potential execution against the SEEK or SRCH Orders. After the System checks the Order Book for available contracts, orders are sent to other available market centers for potential execution. When checking the Order Book, the System will seek to execute at the price at which it would send the order to an away market. For purposes of this rule, a Route Timer shall not exceed one second and shall begin at the time orders are accepted into the System, and the System will consider whether an order can be routed at the conclusion of each Route Timer. Finally, for purposes of this rule, “exposure” or “exposing” an order shall mean a notification sent to participants with the price, size, and side of interest that is available for execution. Exposure notifications will be sent to participants in accordance with the routing procedures described in Section 11(c)(ii) below except if an incoming order is joining an already established BBO price when the ABBO is locked or crossed with the BBO, in which case such order will join the established BBO price and no exposure notification will be sent. An order exposure will be sent if the order size is modified. For purposes of this rule BX’s opening process is governed by Chapter VI, Section 8 and includes an opening after a trading halt (“Opening Process”).”

<sup>5</sup> The SRCH routing functionalities for Phlx and BX are different and therefore are not being conformed.

<sup>6</sup> BX does not have a FIND routing strategy similar to Phlx.

<sup>7</sup> See Phlx Rule 1078. Phlx’s All-or-None Order is non-displayed. This order type could cause Phlx’s Order Book to differ from the displayed PBBO. BX has no such non-displayed order type.

<sup>8</sup> BX Section 1(a)(50) provides, “The term “Public Customer” means a person that is not a broker or dealer in securities and is not a professional as defined within BX Rule at Chapter I, Section 1(a)(49).”

<sup>9</sup> The second paragraph of proposed BX Chapter VI, Section 11(a) would provide, “Routing options may be combined with all available order types and times-in-force, with the exception of order types and times-in-force whose terms are inconsistent with the terms of a particular routing option. The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. The Exchange reserves the right to maintain a different System routing table for different routing options and to modify the System routing table at any time without notice. The order routing process shall be available to Participants from 9:30 a.m. Eastern Time until market close and shall route orders as described below. Participants can designate orders as either available for routing or not available for routing. All routing of orders shall comply with Chapter XII, Options Order Protection and Locked and Crossed Market Rules.”

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

<sup>2</sup> 17 CFR 240.19b–4.