

SECURITIES AND EXCHANGE COMMISSION

[Release No 34–87012; File No. SR–NASDAQ–2019–060]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change To Amend Rules 4120 and 4753

September 19, 2019.

On July 18, 2019, The Nasdaq Stock Market LLC (“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 Rules 4120 and 4753 to permit the Exchange to declare a regulatory halt in a security that traded in the over-the-counter market prior to its initial pricing on the Exchange and to allow for the initial pricing of such securities through the IPO Cross. The proposed rule change was published for comment in the **Federal Register** on August 6, 2019.³ The Commission has received no comments on the proposal.

Section 19(b)(2) of the Act⁴ 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 for this filing is September 20, 2019.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. 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, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designates November 4, 2019, 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 No. SR–NASDAQ–2019–060).

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

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87013; File No. SR–CBOE–2019–048]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Adopt Rule 6.49C

September 19, 2019.

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 September 6, 2019, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (“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

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to adopt Rule 6.49C. The text of the proposed rule change is provided below. (additions are *italicized*; deletions are [bracketed])

* * * * *
Rules of Cboe Exchange, Inc.
* * * * *

Rule 6.49C. In-Kind Exchange of Options Positions and ETF Shares

Notwithstanding the prohibition set forth in Rule 6.49, positions in options listed on the Exchange may be transferred off the Exchange by a Trading Permit Holder in connection with transactions to purchase or redeem creation units of ETF shares between an authorized participant and the issuer of such ETF shares, which transfer occurs at a price related to the net asset value of such ETF shares. For purposes of this Rule:

¹ 15 U.S.C. 78s(b)(2).
² 17 CFR 200.30–3(a)(31).
³ 15 U.S.C. 78s(b)(1).
⁴ 15 U.S.C. 78s(b)(2).
⁵ 15 U.S.C. 78s(b)(2).

(a) an “authorized participant” is an entity that has a written agreement with the issuer of ETF shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (i.e., specified numbers of ETF shares); and

(b) an “issuer of ETF shares” is an entity registered with the Commission as an open-end management investment company under the Investment Company Act of 1940.

* * * * *

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 adopt Rule 6.49C to add a new exception to the Exchange’s general requirement that transfers of options contracts listed on the Exchange be effected on an exchange, as set forth in Rule 6.49.³ Rule 6.49A specifies the circumstances under which Trading Permit Holders may currently effect transfers of positions off the trading floor, notwithstanding the prohibition in Rule 6.49.

Background

As discussed further below, the ability to effect “in kind” transfers is a key component of the operational structure of an exchange-traded fund

³ Rule 6.49(a) (Transactions Off the Exchange) generally requires transactions of option contracts listed on the Exchange for a premium in excess of \$1.00 to be effected on the floor of the Exchange or on another exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 86537 (July 31, 2019), 84 FR 38321.

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).