amount of ''liquid net assets funded by equity'' as such term is used in the Rule because the Capital Management Policy provides that OCC must set the Target Capital Requirement at a level sufficient to maintain LNAFBE equal to the amounts described above and LNAFBE, in turn, must be supported by the overall amount of Equity that OCC holds.

Further, OCC proposes to require OCC Management to notify OCC's Board promptly if Equity were to fall below the Early Warning threshold and to recommend to the Board whether to implement a fee increase in an amount that the Board determines necessary and appropriate to raise additional Equity. The requirement to notify the Board, and recommend appropriate action, would help to ensure that OCC continues to hold sufficient resources to meet the Target Capital Requirement. The Commission believes, therefore, that the proposal would be designed to ensure that OCC holds Equity sufficient to support the amount of LNAFBE equal to the Target Capital Requirement, which requirement would correspond to the amounts specified under Rule 17Ad–22(e)(15)(ii).

The Commission also believes that the proposed rules concerning the form of OCC's LNAFBE and manner in which it would be held are consistent with the requirements of Rule 17Ad–22(e)(15)(ii). OCC proposes to define LNAFBE such that it would consist of only cash and cash equivalents. OCC's LNAFBE must, therefore, be liquid by definition. Further, OCC proposes to adopt rules requiring that OCC hold Equity equal to 110 percent of the Target Capital Requirement separate from OCC's resources to cover participant defaults.

Rule 17Ad–22(e)(15)(iii) under the Exchange Act requires that the policies and procedures described under Rule 17Ad–22(e)(15) include maintaining a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should a covered clearing agency's equity fall close to or below the amount required under Rule 17Ad–22(e)(15)(ii).[75]

As described above, the proposed Replenishment Plan would govern OCC's process for replenishing its capital in the event that Equity were to fall close to or below the Target Capital Requirement. The proposed Replenishment Plan would require OCC's Management to monitor changes in Equity and to notify OCC's Board of a Trigger Event. Under the proposed Replenishment Plan, OCC would be required, in response to a Trigger Event, to replenish its capital first through the contribution of the EDCP Unvested Balance. If OCC were to determine that further replenishment were necessary following the contribution of the entire EDCP Unvested Balance, OCC would be required to charge the Operational Loss Fee described above. Under the proposal, OCC's Management would be obligated to recommend that the Board approve or, as appropriate, modify the proposed Replenishment Plan annually. In turn, OCC's Board would be obligated to approve or, as appropriate, modify the proposed Replenishment Plan annually based on Management's recommendation. The Commission believes, therefore, that adoption of these aspects of the proposed Capital Management Policy and supporting rule changes are consistent with Exchange Act Rule 17Ad–22(e)(15).[76]

[75] 17 CFR 240.17Ad–22(e)(15)(iii).

[76] 17 CFR 240.17Ad–22(e)(15).

VI. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act, that the Commission *does not object* to Advance Notice (SR–OCC–2019–805) and that OCC is *authorized* to implement the proposed change as of the date of this notice or the date of an order by the Commission approving proposed rule change SR–OCC–2019–007, as modified by Partial Amendment No. 1, whichever is later.

By the Commission.

Vanessa A. Countryman,

Secretary.

[FR Doc. 2019–22392 Filed 10–11–19; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87254; File No. SR–CBOE–2019–078]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Amending Its Fees Schedule

October 8, 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 October 1, 2019, 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.

[1] 15 U.S.C. 78s(b)(1).

[2] 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 its Fees Schedule. The text of the proposed rule change is provided in Exhibit 5.

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

In 2016, the Exchange's parent company, Cboe Global Markets, Inc. (formerly named CBOE Holdings, Inc.) (''Cboe Global''), which is also the parent company of Cboe C2 Exchange, Inc. (''C2''), acquired Cboe EDGA Exchange, Inc. (''EDGA''), Cboe EDGX Exchange, Inc. (''EDGX'' or ''EDGX Options''), Cboe BZX Exchange, Inc. (''BZX'' or ''BZX Options''), and Cboe BYX Exchange, Inc. (''BYX'' and, together with Cboe Options, C2, EDGX, EDGA, and BZX, the ''Cboe Affiliated Exchanges''). Cboe Options intends to migrate its trading platform to the same system used by the Cboe Affiliated Exchanges, which the Exchange expects to complete on October 7, 2019 (the ''migration''). The upcoming migration will also include a migration of the Exchange's billing system. Accordingly, in connection with the migration and in an effort to more closely align the Exchange's fees with the corresponding

fees at its Affiliated Exchanges, the Exchange proposes to amend its Marketing Fee Program, effective October 1, 2019.

By way of background the Marketing Fee is assessed on certain transactions of Market-Makers resulting from customer orders. The funds collected via this Marketing Fee are then put into pools controlled by a ''Designed Primary Market Maker'' under Cboe Options Rule 8.80, a ''Preferred Market-Maker'' under Cboe Options Rule 8.13 or a ''Lead Market-Maker'' under Cboe Options Rule 8.15 (collectively ''Preferenced Market-Maker''). The Preferenced Market-Maker controlling a certain pool of funds can then determine the order flow provider(s) to which the funds should be directed in order to encourage such order flow provider(s) to send orders to the Exchange. The Exchange proposes a number of amendments to its Marketing Fee program to simplify the program and harmonize the program with the program available at its affiliated exchange, EDGX Options.

First, the Exchange proposes to eliminate the exclusion of transactions resulting from any of the strategies identified and/or defined in footnote 13 of this Fees Schedule from the Marketing Fee. Currently, in order for such transactions to be excluded, TPHs must submit a rebate request with supporting documentation within 3 business days of the transaction. The Exchange notes that post-migration, it will no longer support the intake of various rebate forms. Moreover, the Exchange has not received a request for such a rebate in over two years. As such, the Exchange believes the impact of the proposed change to be de minimis.

The Exchange next proposes to eliminate the Rebate/Carryover Process set forth in Footnote 6 of the Fees Schedule. Currently, the Fees Schedule provides that if less than 80% of the marketing fee funds collected in a given month is paid out by the DPM or Preferenced Market-Maker in a given month, then the Exchange would refund such surplus at the end of the month on a pro rata basis based upon contributions made by the Market-Makers in that month. If 80% or more of the funds collected in a given month is paid out by the DPM or Preferenced Market-Maker, there will not be a rebate for that month unless the DPM or Preferenced Market-Maker elects to have funds rebated. In the absence of such election, any excess funds are included in an Excess Pool of funds to be used by the DPM or Preferenced Market-Maker in subsequent months. The total balance of the Excess Pool of funds for a DPM or a Preferenced Market-Maker cannot exceed $100,000. If in any month the Excess Pool balance were to exceed $100,000, the funds in excess of $100,000 would be refunded on a pro rata basis based upon contributions made by the Market-Makers in that month. In addition, in any month, a DPM or a Preferenced Market-Maker can elect to have any funds in its Excess Pool refunded on a pro rata basis based upon contributions made by the Market-Makers in that month. In lieu of this process, the Exchange proposes to adopt the process that its affiliate EDGX Options utilizes. Particularly, the Exchange proposes to provide that the total balance of any undispersed marketing fees for a Preferenced Market-Maker/DPM pool cannot exceed $250,000.[3] Each month, undisbursed marketing fees in excess of $250,000 will be reimbursed to the Market-Makers that contributed to the pool based upon a one month look back and their pro-rata portion of the entire amount of marketing fee collected during that month. The Exchange notes that in the past year, no Market-Maker has distributed less than 80% of the funds collected. Similarly, no Market-Maker has reached the $100,000 Excess Pool cap. As such, the Exchange believes the proposed change to have a de minimis impact.

The Exchange lastly proposes to eliminate the administrative fee. Currently, the Exchange assesses an administrative fee of .45% on the total amount of the funds collected each month; provided, however, that no Market-Maker would contribute more than 15% of the total amount of funds raised by the .45% administrative. The Exchange no longer wishes to assess this fee and therefore proposes to eliminate it from the Fees Schedule. The Exchange notes it is not required to assess such fee and notes EDGX Options also does not assess such fee.

While the Exchange has no way of predicting with certainty how the rule change will impact Trading Permit Holders, as noted above, the Exchange anticipates the impact of the proposed changes to be de minimis for all TPHs. Moreover, the Exchange believes the proposed change will also provide for more streamlined administration of the Marketing Fee program. Lastly, the proposed amendments to the Marketing Fee program will further harmonize the program with the corresponding Marketing Fee program of its affiliate exchange, Cboe EDGX Exchange, Inc., (''Cboe EDGX'').[4]

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act, in general, and furthers the objectives of Section 6(b)(4), in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with the objectives of Section 6(b)(5) 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, and, particularly, is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes the proposed rule changes to the Marketing Fee program are reasonable as it further harmonizes the program to that of its affiliate, EDGX Options. The Exchange notes that the Marketing Fee amounts themselves are not changing with this proposed rule change. Rather, the proposed rule changes result in the simplification of the Marketing Fee program by eliminating an unused rebate process and rebate forms and provides for further harmonization of the program to that on EDGX Options by increasing the Excess Pool fee cap and eliminating the administrative fee. Additionally, the Exchange believes eliminating the administrative fee is reasonable because Market-Makers will no longer be subject to fee. As discussed above, the Exchange believes the proposed changes will not have a significant impact and will apply uniformly to all TPHs.

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

[3] The Exchange notes that the undisbursed market fee cap of $250,000 would apply to a single pool. For example, any Marketing Fees generated from (1) orders for which a DPM was preferenced and (2) orders that were not preferenced, but in that DPM's class, would be deposited into the same single pool for that Market-Maker, which pool would have an overall cap of $250,000.

[4] *See e.g.*, Cboe EDGX Options Exchange Fee Schedule, Marketing Fees.

necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange does not believe that the proposed change will impose any burden on intramarket competitions that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes will be applied equally to all Market-Makers.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes to the Marketing Fee program closely align the program to how its affiliate Cboe EDGX administers its respective marketing fee program. The Exchange also notes the proposed changes apply to all TPHs uniformly and are not expected to have a significant impact. The Exchange lastly notes that the proposed rule change is not intended as a competitive pricing change, but rather as a change to streamline and simplify its marketing fee program in connection with the upcoming migration.

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 [5] and paragraph (f) of Rule 19b–4 [6] 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/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–CBOE–2019–078 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–2019–078. 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–2019–078 and should be submitted on or before November 5, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[7]

Eduardo A. Aleman,

Deputy Secretary.

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[5] 15 U.S.C. 78s(b)(3)(A).

[6] 17 CFR 240.19b–4(f).

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87249; File No. SR–CBOE–2019–076]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Amending Its Fees Schedule

October 8, 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 October 1, 2019, 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.

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

The Exchange proposes to amend its fees schedule. The text of the proposed rule change is provided in Exhibit 5.

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.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.