

(1) The registrant or other person is relying on the Order;

(2) A description of the specific Exempted Provisions, as defined in the Order, the registrant or other person is unable to comply with and a statement of the reasons why, in good faith, the registrant or other person is unable to comply with such Exempted Provisions; and

(3) If a transfer agent knows or believes that it has been unable to maintain the books and records it is required to maintain pursuant to Section 17A and the rules thereunder, a complete and accurate description of the type of books and records that were not maintained, the names of the issuers for whom such books and records were not maintained, the extent of the failure to maintain such books and records, and the steps taken to ameliorate any such failure to maintain such books and records.

(b) As noted in the Order, the Exempted Provisions do not include, and neither the Order nor this extension of the Order provides relief from, Rule 17Ad-12 under the Exchange Act. Transfer agents affected by COVID-19 that have custody or possession of any security holder or issuer funds or securities shall continue to comply with the requirements of Rule 17Ad-12 under the Exchange Act. If a transfer agent's operations, facilities, or systems are significantly affected as a result of COVID-19 such that the transfer agent believes its compliance with Rule 17Ad-12 could be negatively affected, to the extent possible, all security holder or issuer funds that remain in the custody of the transfer agent should be maintained in a separate bank account held for the exclusive benefit of security holders until such funds are properly processed, transferred, or remitted.

The notification required under (a) above shall be emailed to:  
*tradingandmarkets@sec.gov*

The Commission encourages registered transfer agents and the issuers for whom they act to inform affected security holders whom they should contact concerning their accounts, their access to funds or securities, and other shareholder concerns. If feasible, issuers and their transfer agents should place a notice on their websites or provide toll free numbers to respond to inquiries.

The Commission is closely monitoring the impact of COVID-19 on investors, the securities markets, and

Provisions described in such prior written notification.

market participants and may extend the time period during which this relief applies, with any additional conditions the Commission deems appropriate, if the need for such relief persists. Transfer agents and other persons who are unable to meet a deadline as extended by this relief, or in need of additional assistance, should contact the Division of Trading and Markets at (202) 551-5777 or *tradingandmarkets@sec.gov*.

By the Commission.

**Vanessa A. Countryman,**  
*Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88938; File No. SR-BX-2020-009]

### Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate the BX Disciplinary Rules and Incorporate by Reference the Disciplinary Rules of The Nasdaq Stock Market LLC

May 26, 2020.

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 15, 2020, 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 (A) relocate the BX Series 8000 and 9000 Rules (the "Current BX 8000 Series," "Current BX 9000 Series," and, collectively, the "Disciplinary Rules") to the Exchange's rulebook's ("Rulebook") shell structure;<sup>3</sup> (B) the Exchange is also

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

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

<sup>3</sup> In 2017, the Exchange added a shell structure to its Rulebook with the purpose of improving efficiency and readability and to align its rules closer to those of its five sister exchanges, The Nasdaq Stock Market LLC; Nasdaq PHLX LLC;

proposing to simultaneously replace the text of the Disciplinary Rules with introductory paragraphs in each that incorporate by reference The Nasdaq Stock Market LLC's ("Nasdaq") Series 8000 and 9000 Rules, currently located under the General 5 title of the Nasdaq rulebook.<sup>4</sup>

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

###### A. Rule Relocation

The Exchange proposes to relocate the Disciplinary Rules under the General 5 title ("Discipline") in the Rulebook shell. The relocation and harmonization of these rules is part of the Exchange's continued effort to promote efficiency and conformity of its processes with those of its Affiliated Exchanges. The Exchange believes that the placement of the Disciplinary Rules into their new location in the shell will facilitate the use of the Rulebook by members, associated persons, or other persons subject to BX's jurisdiction.

Specifically, the Exchange proposes to relocate the Disciplinary Rules as follows:

Nasdaq ISE, LLC ("ISE"); Nasdaq GEMX, LLC ("GEMX"); and Nasdaq MRX, LLC ("MRX") (together, the "Affiliated Exchanges"). See Securities Exchange Act Release No. 82174 (November 29, 2017), 82 FR 57492 (December 5, 2017) (SR-BX-2017-054).

<sup>4</sup> See Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098).

General 5—Discipline: Proposed new rule No.	Current BX rule No.
Section 1 .....	8000. Investigations and Sanctions.
Section 2 .....	9000. Code of Procedure.

### B. Incorporation by Reference

The Exchange also proposes to simultaneously replace the current BX Series 8000 and 9000 Rules with introductory paragraphs to each that incorporate by reference the Nasdaq Series 8000 and 9000 Rules (located in General 5 Discipline), respectively, and state that such Nasdaq Rules shall be applicable to Exchange Members, associated persons, and other persons subject to the Exchange's jurisdiction.<sup>5</sup>

Except as noted below, the Nasdaq Series 8000 and 9000 Rules are substantially similar to BX's Disciplinary Rules. The proposed introductory paragraphs list instances in which cross-references in the Nasdaq Series 8000 and 9000 Rules to other Nasdaq rules shall be read to refer instead to the Exchange Rules, and references to Nasdaq terms (whether or not defined) shall be read to refer to the Exchange-related meanings of those terms. For instance, references in both the Nasdaq Series 8000 and 9000 Rules to the following terms shall be read to refer to the Exchange-specific meanings of those terms: The terms "Exchange" or "Nasdaq" shall be read to refer to BX; the terms "Rule," "Rules of Nasdaq," or "Nasdaq Rules" shall be read to refer to the BX Rules (also referenced in the Disciplinary Rules as "Equity Rules"); in Rules 9521(b)(2) and 9521(b)(3) the term "Nasdaq By-Laws" shall be read as a reference to BX's Rules; the terms "Board" or "Nasdaq Board" shall be read to refer to the BX Board of Directors; the terms "Member," "member firm," or "associated person" shall be read to refer to a BX Member, BX member firm, or BX associated person; the terms "Nasdaq Regulation" or "Nasdaq Regulation Department" shall be read to refer to the BX Regulation Department; the term "Nasdaq Options Market" shall be read to refer to the BX Options Market; and the term "Chief Regulatory Officer" shall be read to refer to BX's Chief Regulatory Officer.

<sup>5</sup> The Exchange notes that the proposed changes will not become operative unless and until the Commission approves the Exchange's request, to be filed pursuant to Section 36 of the Exchange Act and SEC Rule 0-12 thereunder, for an exemption from the rule filing requirements of Section 19(b) of the Exchange Act as to changes to the BX 8000 Series (New General 5, Section 1) and BX 9000 Series (New General 5, Section 2) that are effected solely by virtue of a change to the Nasdaq Series 8000 or 9000 Rules Series.

Additionally, the Exchange proposes that the references in the Nasdaq Rule 9000 Series to Equity 5, Sections 4 and 5 shall be read, respectively, to refer to BX's Rules 7440A and 7450A.

Moreover, in addition to the proposed introduction to the BX Series 9000 Rules (New General 5, Section 2) indicating how certain Nasdaq Series 9000 Rules should be read to apply to Exchange members, associated persons, and other persons subject to the Exchange's jurisdiction, the proposed introduction will indicate that specific language in certain Disciplinary Rules will be preserved. Specifically:

- Rule 9231(b)(1)(C) in the Nasdaq rules shall be read to allow the Chief Hearing Officer to select as a Panelist a person who previously served as a Governor of the Exchange prior to its acquisition by Nasdaq, Inc., but does not serve currently in that position; and 9231(b)(1)(D) shall be read to allow a person who is a member of FINRA's Market Regulation Committee to be among the FINRA Panelists approved by the Exchange Board at least annually whom the Chief Hearing Officer may also select as a Panelist. This language is necessary to preserve the pool of individuals from whom the Chief Hearing Officer may select to serve as a Panelist for BX disciplinary matters.
- The term "Nasdaq By-Laws" in Nasdaq Rules 9521(b)(2) and (b)(3) shall be read as a reference to BX's Rules (or "Rules of the Exchange," as described in Current BX Rules 9521(b)(2) and (b)(3)) for purposes of determining the disqualification of members and associated persons to the Exchange.<sup>6</sup>

- Rules 9552(f), 9553(g), 9554(g), 9555(g), 9556(g), and 9558(g) in the Nasdaq 9000 Series shall be read to continue to allow the filing of a request for termination of a suspension (or a request for termination of the limitation, prohibition or suspension with respect to Rules 9555(g) and 9558(g)), to be made with either the head of the Exchange or the FINRA department or office that issued the notice or that is handling the matter on behalf of the issuing department or office. The inclusion of this language is necessary so that it is clear that such filings may continue to be made with the Exchange.

<sup>6</sup> In a future filing, Nasdaq will amend its Rules 9521(b)(2) and (b)(3) concerning the qualification/disqualification of Exchange members, to align its rules closer to BX and Phlx's rulebook.

The Exchange also believes that it is necessary, as a consequence of the relocation of its Disciplinary Rules and the incorporation by reference of the Nasdaq rules as previously described, to eliminate certain differences between the BX and Nasdaq rules by adopting the Nasdaq rule text by reference. The following discussions identify the differences between the current BX Disciplinary Rules and the corresponding Nasdaq Disciplinary Rules to be incorporated by reference:

#### Current BX IM-8310-3(b)

Current BX Rule 9120(f) provides that "[t]he term "Department of Enforcement" means the Department of Enforcement of FINRA Regulation, acting on behalf of the Exchange pursuant to the FINRA Regulatory Contract."<sup>7</sup> Current BX IM-8310-3(b), however, uses the term "Department of Enforcement of FINRA." Since Nasdaq IM-8310-3(b) uses the term "Department of Enforcement" and to the extent that such term is already defined in the BX rulebook, the Exchange believes that it is appropriate to apply the term provided in Nasdaq IM-8310-3(b) and incorporate it by reference into the BX rule.

#### Current BX Rule 8320

In 2010, Nasdaq created Rule 7007 ("Collection of Fees") to facilitate an efficient method of collecting undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to Nasdaq from The Nasdaq Option Market ("NOM") Participants.<sup>8</sup>

Similarly, in 2012, BX adopted its options market rules ("BX Options Market") to operate as a fully automated, price/time priority execution system built on the core functionality of the NOM.<sup>9</sup> In its filing,

<sup>7</sup> This definition mirrors the one in the Nasdaq rulebook under Rule 9120(f).

<sup>8</sup> See Securities Exchange Act Release No. 63536 (December 14, 2010), 75 FR 80102 (December 21, 2010) (SR-NASDAQ-2010-163). Nasdaq Rule 7007 was later relocated to Options Chapter XV, Section 1 and then moved to its current location under Options 7, Section 1, in the Nasdaq rulebook shell. See Securities Exchange Act Release No. 66158 (January 13, 2012), 75 FR 80102 (January 13, 2012) (SR-NASDAQ-2012-006) and Securities Exchange Act Release No. 84684 (November 29, 2018), 83 FR 62936 (December 6, 2018) (SR-NASDAQ-2018-098).

<sup>9</sup> Securities Exchange Act Release No. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030). This rule was later relocated to the BX

BX proposed to adopt, under respective Chapter XV, Section 2 a rule identical to the Nasdaq Collection of Fees rule.<sup>10</sup> Although, at the time of its creation, the Nasdaq Collection of Fees rule was cross-referenced to current Nasdaq Rule 8320(a)(1),<sup>11</sup> such cross-reference was not included in the filing that created the BX Options Market.

Based on the above, the Exchange believes that it is appropriate that BX adopts the aforementioned cross-reference to make the collection of fees owed to the Exchange more efficient. Therefore, the Exchange believes that it is appropriate to incorporate by reference Nasdaq Rule 8320.

#### Current BX Rule 9120

In 2018, the Exchange amended its Disciplinary Rules to align them with the investigatory and disciplinary processes of Nasdaq PHLX LLC (“Phlx”).<sup>12</sup> As stated in its proposal, the changes to the “Interested Staff” concept (which, at the time, was relocated under 9120(r)) were done to conform the BX rule to Phlx’s definition. At the time, however, the proposed harmonizing changes to BX Rule 9120(r)(1)(B) inadvertently excluded the words “Head of” and omitted to add the word “the”; indeed, the text should have read “Head of the Exchange’s Regulation Department” instead of, simply, “Exchange’s Regulation Department.”

The correct definition, as explained above, would also align with the term currently defined in Nasdaq Rule 9120(r)(1)(B), which provides that “Interested Staff” shall mean “an Exchange employee of the Nasdaq Regulation Department who reports, directly or indirectly, to the Head of the Nasdaq Regulation Department.”

The Exchange believes that it is appropriate to apply Nasdaq Rule 9120 and to incorporate it by reference into the BX rule. Additionally, the Exchange notes applying the Nasdaq Rule 9120 and incorporating it by reference into the Exchange rule should correct a typo in Current BX Rule 9120(v) that erroneously uses the term “RINRA” instead of the acronym “FINRA.”

#### Current BX IM–9216

In 2007, Nasdaq filed a proposal to adopt rules that would govern

Rulebook shell. *See* Securities Exchange Act Release No. 84326 (October 1, 2018), 83 FR 50414 (October 1, 2018) (SR–BX–2018–046).

<sup>10</sup> *Id.*

<sup>11</sup> *See supra* note 8.

<sup>12</sup> *See* Securities Exchange Act Release No. 84354 (October 3, 2018), 83 FR 50723 (October 9, 2018) (SR–BX–2018–042).

participation in the NOM.<sup>13</sup> This proposal, among other changes, adopted NOM Rule Chapter X, Section 7 (“Penalty for Minor Rule Violations”) and was cross-referenced in Nasdaq IM–9216.

The provisions in the Nasdaq Penalty for Minor Rule Violations rule were identical to those adopted in 2012 by the BX Options Market.<sup>14</sup> Similarly, the Exchange adopted under BX IM–9216 a cross-reference to BX Chapter X, Section 7<sup>15</sup> (Chapter X, Section 7, was later relocated under the Options 11 title in the Rulebook shell<sup>16</sup>); however, such cross-reference was inadvertently left out of the Rulebook. Thus, the Exchange believes that incorporating by reference Nasdaq IM–9216 into the BX rule will restore the cross-reference to the current BX’s Penalty for Minor Rule Violations rule.

The Exchange also believes that incorporating by reference Nasdaq IM–9216 will correct a typo in the BX cross-reference that currently points to SEC Exchange Act (“SEA”) Rule 602(b)(5). The cross-reference refers to the failure to properly update published quotations in certain Electronic Communication Networks; however, the rules for the dissemination of such information are actually described in SEA Rule 605(b)(5).

#### Current BX Rule 9231

The Exchange proposes to adopt the cross-reference in Nasdaq Rule 9231(c) concerning the appointment of arbitrators pursuant to the FINRA Rules 12000 and 13000 Series (the “FINRA Arbitration Rules”). Current BX Rule 9231(c) provides that arbitrators shall be appointed pursuant to BX General 6 (“BX Arbitration Rules”).<sup>17</sup> The BX Arbitration Rules incorporate by reference the similar Nasdaq arbitration rules (also under Nasdaq’s General 6 title); in turn, the Nasdaq rules incorporate the FINRA Arbitration Rules by reference into its text. Following the incorporation by reference of Nasdaq Rule 9231, BX Rule 9231(c) will directly cross-reference the FINRA Arbitration Rules, which will not create any differences from the current BX rules.

<sup>13</sup> *See* Securities Exchange Act Release No. 57478 (March 12, 2008), 73 FR 14521 (March 12, 2008) (SR–NASDAQ–2007–004).

<sup>14</sup> *See supra* note 9.

<sup>15</sup> *Id.*

<sup>16</sup> *See* Securities Exchange Act Release No. 87468 (November 5, 2019), 84 FR 61091 (November 12, 2019) (SR–BX–2019–039).

<sup>17</sup> *See* Securities Exchange Act Release No. 84476 (October 24, 2018), 83 FR 54630 (October 30, 2018) (SR–BX–2018–048).

#### Current BX Rule 9232

Currently, Nasdaq Rule 9232(a) provides a cross-reference to subsections (A) through (D) in Nasdaq Rule 9231(b)(1), whereas Current BX Rule 9232(a) simply provides a reference to BX Rule 9231(b)(1). The Exchange believes that it is appropriate to apply Nasdaq Rule 9232(a) and incorporate it by reference into the BX rule since the Nasdaq rule contains a more precise cross-reference to Nasdaq Rule 9231(b)(1).

#### Current BX Rule 9522

The Exchange proposes to apply and incorporate by reference Nasdaq Rule 9522 into current BX Rule 9522. This will amend the first sentence in Current BX Rule 9522(a)(1) by replacing the term “Exchange’s Regulation Department” with the term “Department of Member Regulation” as currently provided in Nasdaq Rule 9522(a)(1). As previously indicated by the Exchange,<sup>18</sup> the FINRA Department of Member Regulation<sup>19</sup> currently performs the functions described in Current BX Rule 9522. Therefore applying the Nasdaq rule and incorporating it by reference into BX Rule 9522 provides clarity to the rule text and aligns it with Nasdaq and Phlx’s rules.

## 2. Statutory Basis

### Rule Relocation

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>20</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>21</sup> in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest by bringing greater transparency to its rules by relocating its Rules into the new Rulebook shell together with other rules which have already been relocated. The Exchange’s proposal is consistent with the Act and will protect investors and the public interest by harmonizing its rules, where applicable, across Nasdaq markets so that members can readily locate rules which cover similar topics. The relocation and harmonization of the Disciplinary Rules is part of the Exchange’s continued effort to promote efficiency and conformity of its processes with those of its Affiliated Exchanges. The Exchange believes that the placement of these Disciplinary Rules into their new location in the

<sup>18</sup> *See* Securities Exchange Act Release No. 84354 (October 3, 2018), 83 FR 50724 (October 9, 2018) (SR–BX–2018–042).

<sup>19</sup> As defined in BX 9120(g).

<sup>20</sup> 15 U.S.C. 78f(b).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

shell will facilitate the use of the Rulebook by members, associated persons, and other persons subject to the Exchange's jurisdiction. Specifically, the Exchange believes that market participants that are members of more than one Nasdaq market will benefit from the ability to compare Rulebooks.

The Exchange is not substantively amending rule text unless noted otherwise within this proposal. The Exchange's Affiliated Exchanges have already completed or are in the process of completing the relocation of corresponding disciplinary rules into the same location of their rulebooks for ease of reference.<sup>22</sup> The Exchange believes its proposal will benefit investors and the general public by increasing the transparency of its Rulebook and promoting easy comparisons among the various Nasdaq Rulebooks.

#### Incorporation by Reference

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>23</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>24</sup> in particular, in that it is designed to promote just and equitable principles of trade, 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, by consolidating its rules into a single rule set. The Exchange's Affiliated Exchanges have filed similar proposed rule changes to amend and relocate their disciplinary rules<sup>25</sup> so that the Nasdaq 8000 Series and 9000 Series Rules, which govern the investigative and disciplinary processes, are similarly consolidated and incorporated by reference.

Replacing the Current BX Series 8000 (to be relocated under General 5, Section 1) and 9000 (to be relocated under General 5, Section 2) Rules with introductory paragraphs to each that incorporate by reference Nasdaq Series 8000 and 9000 Rules, respectively, will

provide an easy reference for members, associated persons, and other persons subject to the Exchange's jurisdiction seeking to understand and follow the investigative and disciplinary processes across all of Nasdaq's Exchanges. As noted, the Exchange's Affiliated Exchanges have filed similar proposed rule changes to amend and relocate their disciplinary rules to incorporate by reference the Nasdaq rules so that the Nasdaq Series 8000 and 9000 Rules are the source document for all of the Nasdaq Exchanges' investigative and disciplinary processes. The Exchange notes that the substance of the current rules is not changing. The Exchange desires to conform its rules to give its members and the members of its Affiliated Exchanges the ability to quickly locate rules in one central location.

The Exchange also believes that the proposal is consistent with Section 6(b)(6) of the Act,<sup>26</sup> which requires that the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, or the rules of the Exchange, by expulsion, suspension, limitation of activities, functions, and operations, fine, censure, being suspended or barred from being associated with a member, or any other fitting sanction. As noted above, the Exchange proposes to include introductory paragraphs to each of BX's Disciplinary Rules (to be relocated, respectively, under General 5, Sections 1 and 2) that list instances in which cross references in the Nasdaq Series 8000 and 9000 Rules to other Nasdaq rules should be read to refer instead to the Exchange Rules and references to Nasdaq terms (whether or not defined) shall be read to refer to the Exchange-related meanings of those terms. This is consistent with the Act because it minimizes confusion and ensures the proper application of the Nasdaq Rules to BX.

#### 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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that this rule change does not impose an undue burden on competition because the Exchange is merely incorporating the Nasdaq Series 8000 and 9000 Rules, which are substantially similar to BX's Disciplinary Rules (to be relocated, respectively, under General 5, Sections

1 and 2). Those rules will now apply to BX members, associated persons, and other persons subject to the Exchange's jurisdiction. To the extent that there are differences between the two rule sets, the Exchange notes those differences in introductory paragraphs to each of BX's Disciplinary Rules (to be relocated, respectively, under General 5, Sections 1 and 2). As noted above, the proposed introductory paragraphs list instances in which cross references in Nasdaq Series 8000 and 9000 Rules to other Nasdaq rules shall be read to refer instead to the Exchange Rules, and references to Nasdaq terms (whether or not defined) shall be read to refer to the Exchange-related meanings of those terms. Because Nasdaq Current Series 8000 and 9000 Rules are substantially similar to BX's Disciplinary Rules (General 5, Sections 1 and 2, respectively), and because the introductory paragraphs ensure that any differences are preserved, the proposed changes do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Finally, the Exchange believes that the proposed amendments do not impose an undue burden on competition because the amendments to relocate the Rules are non-substantive. This rule change is intended to bring greater clarity to the Exchange's Rules.

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

No written comments were either solicited or received.

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

Because the foregoing 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>27</sup> and Rule 19b-4(f)(6) thereunder.<sup>28</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may

<sup>27</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>28</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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>22</sup> See Securities Exchange Act Release No. 86138 (July 18, 2019), 84 FR 29567 (July 24, 2019) (SR-ISE-2019-17); Securities Exchange Act Release No. 86346 (July 10, 2019), 84 FR 33999 (July 16, 2019) (SR-GEMX-2019-08); and Securities Exchange Act Release No. 86424 (July 12, 2019), 84 FR 36134 (July 26, 2019) (SR-MRX-2019-15); and Securities Exchange Act Release No. 87778 (December 17, 2019), 84 FR 70590 (December 23, 2019) (SR-NASDAQ-2019-098). Similarly, Phlx recently submitted a proposal to relocate its disciplinary rules. See Securities Exchange Act Release No. 88519 (March 31, 2020), 85 FR 19203 (April 6, 2020) (SR-Phlx-2020-09).

<sup>23</sup> See *supra* note 20.

<sup>24</sup> See *supra* note 21.

<sup>25</sup> See *supra* note 22.

<sup>26</sup> 15 U.S.C. 78f(b)(6).

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 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](mailto:rule-comments@sec.gov). Please include File Number SR-BX-2020-009 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-BX-2020-009. 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-BX-2020-009 and should be submitted on or before June 22, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>29</sup>

**J. Matthew DeLesDernier,**  
*Assistant Secretary.*

[FR Doc. 2020-11645 Filed 5-29-20; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88948; File No. 4-566]

### Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d-2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among Cboe BZX Exchange, Inc., Cboe BYX Exchange, Inc., NYSE Chicago, Inc., Cboe EDGA Exchange, Inc., Cboe EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., MEMX LLC, Nasdaq BX, Inc., Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, NYSE National, Inc., New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., Investors' Exchange LLC, and Long-Term Stock Exchange, Inc. Relating to the Surveillance, Investigation, and Enforcement of Insider Trading Rules

May 26, 2020.

Notice is hereby given that the Securities and Exchange Commission ("Commission") has issued an Order, pursuant to Section 17(d) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> approving and declaring effective an amendment to the plan for allocating regulatory responsibility ("Plan") filed on May 19, 2020, pursuant to Rule 17d-2 of the Act,<sup>2</sup> by Cboe BZX Exchange, Inc. ("BZX"), Cboe BYX Exchange, Inc. ("BYX"), NYSE Chicago, Inc. ("CHX"), Cboe EDGA Exchange, Inc. ("EDGA"), Cboe EDGX Exchange, Inc. ("EDGX"), Financial Industry Regulatory Authority, Inc. ("FINRA"), MEMX LLC ("MEMX"), Nasdaq BX, Inc. ("BX"), Nasdaq PHLX LLC ("PHLX"), The Nasdaq Stock Market LLC ("Nasdaq"), NYSE National, Inc. ("NYSE National"), New York Stock Exchange LLC ("NYSE"), NYSE American LLC ("NYSE American"), NYSE Arca, Inc. ("NYSE Arca"), Investors' Exchange LLC ("IEX") and

Long-Term Stock Exchange, Inc. ("LTSE") (collectively, "Participating Organizations" or "Parties").

#### I. Introduction

Section 19(g)(1) of the Act,<sup>3</sup> among other things, requires every self-regulatory organization ("SRO") registered as either a national securities exchange or national securities association to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to Section 17(d)<sup>4</sup> or Section 19(g)(2)<sup>5</sup> of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO ("common members"). Such regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act<sup>6</sup> was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.<sup>7</sup> With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules, and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d-1 and Rule 17d-2 under the Act.<sup>8</sup> Rule 17d-1 authorizes the Commission to name a single SRO as the designated examining authority ("DEA") to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules.<sup>9</sup> When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with the applicable financial responsibility rules. On its face, Rule 17d-1 deals only with an SRO's obligations to enforce

<sup>3</sup> 15 U.S.C. 78s(g)(1).

<sup>4</sup> 15 U.S.C. 78q(d).

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

<sup>6</sup> 15 U.S.C. 78q(d)(1).

<sup>7</sup> See Securities Act Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94-75, 94th Cong., 1st Session 32 (1975).

<sup>8</sup> 17 CFR 240.17d-1 and 17 CFR 240.17d-2, respectively.

<sup>9</sup> See Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18808 (May 7, 1976).

<sup>29</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78q(d).

<sup>2</sup> 17 CFR 240.17d-2.