

similarly does not do so and instead provides that its sole stockholder nominates and elects its non-fair representation directors.<sup>12</sup> Other Exchanges also provide that their Board, without input from a nominating committee, appoint members to committees.<sup>13</sup> The Exchange also believes that since it is being proposed that the sole stockholder have the authority to nominate (and elect) directors to the Board (and accept and elect Representative Director nominees), it is also consistent to transfer the authority to fill director vacancies from the Board to the sole stockholder.

The Exchange importantly notes that it is not proposing to amend any of the compositional requirements currently set forth in the Bylaws and that notwithstanding the proposed changes, existing compositional requirements of the Exchange will still be required to be satisfied, including the provision relating to the fair representation of members. While the delegation of the authority relating to the (i) nomination and election of directors, (ii) nominating body for Representative Directors, (iii) filling of Director vacancies and (iv) appointment of committees is being modified, the substantive practices of the Exchange will remain the same. For example, the sole stockholder will be bound to nominate and elect the Representative Directors nominees recommended by the Representative Director Nominating Body or, in the event of a petition candidate, the Representative Director nominees who receive the most votes pursuant to a Run-off Election.

Lastly, the Exchange believes the clarifying changes to the Exchange's Certificate, including updating the Exchange's name in the title and signature line, allows the Exchange to comply with Delaware law and reduce potential confusion. The alleviation of confusion removes impediments to, and perfects the mechanism for a free and open market and a national market system, and, in general, protects investors and the public interest of market participants.

The Exchange believes the proposed changes do not affect the meaning, administration, or enforcement of any rules of the Exchange or the rights, obligations, or privileges of Exchange members or their associated persons in any way.

<sup>12</sup> See Section 3.02 of the Amended and Restated NYSE Arca, Inc. Bylaws.

<sup>13</sup> See e.g., Eleventh Amended and Restated Operating Agreement of New York Stock Exchange, LLC, Section 2.03(h) and By-Laws of Nasdaq Phlx LLC, Section 5-3.

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

The Exchange does not believe the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change relates to the corporate governance of the Exchange and not the operations of the Exchange. This is not a competitive filing and, therefore, imposes no burden on competition.

#### *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**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. By order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be 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-CboeBZX-2017-001 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-CboeBZX-2017-001. 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 Web site (<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 Web site 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-CboeBZX-2017-001, and should be submitted on or before December 12, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

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

[FR Doc. 2017-25468 Filed 11-24-17; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-82132; File No. SR-ISE-2017-100]**

### **Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Remove Directed Order Functionality**

November 20, 2017.

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 November 16, 2017, Nasdaq ISE, LLC ("ISE" or "Exchange") 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

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

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

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 remove Directed Order<sup>3</sup> functionality on ISE.

The text of the proposed rule change is available on the Exchange's Web site at <http://ise.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**

Last year the Exchange filed to delay the implementation of the Directed Order functionality in conjunction with a replatform to INET.<sup>4</sup> INET is the proprietary core technology utilized across Nasdaq's global markets and utilized on The Nasdaq Options Market LLC ("NOM"), Nasdaq PHLX LLC ("Phlx") and Nasdaq BX, Inc. ("BX") (collectively, "Nasdaq Exchanges"). ISE was migrated to INET technology in 2017. With the migration, ISE delayed the implementation of the Directed Order functionality to stage the replatform to provide maximum benefit to its Members while also ensuring a successful rollout. At that time, the Exchange noted that the Exchange will introduce the Directed Order functionality within one year from the date of this filing, otherwise the Exchange will file a rule proposal with the Commission to remove these rules. The Exchange filed the initial rule

<sup>3</sup> A "Directed Order" is an order routed from an Electronic Access Member to an Exchange market maker through the Exchange's System.

<sup>4</sup> See Securities Exchange Act Release No. 80100 (February 24, 2017), 82 FR 12269 (March 1, 2017) (SR-ISE-2017-15).

change on February 23, 2017.<sup>5</sup> The Exchange has determined at this time not to offer Directed Order functionality. If the Exchange determines to offer this functionality at a later date a rule proposal will be filed at that time.

##### **2. Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</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 because the Exchange will remove rule text related to functionality which will not be offered on ISE. The current rule text indicates the functionality is not offered today. The Exchange believes that removing Rule 811 from the Rulebook will avoid confusion as to whether this functionality will be enabled in the future.

#### *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 does not believe that the proposed rule change will impose any burden on intra-market competition because the Exchange is not offering this functionality today and believes there is no interest among Members for this functionality.

#### *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)(iii) of the Act<sup>8</sup> and

<sup>5</sup> *Id.*

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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

subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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-ISE-2017-100 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2017-100. 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 Web site (<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 Web site viewing and printing in the Commission's Public

<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.

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-ISE-2017-100 and should be submitted on or before December 18, 2017.

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

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

[FR Doc. 2017-25476 Filed 11-24-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82120; File No. SR-C2-2017-030]

### Self-Regulatory Organizations; Cboe C2 Exchange, Inc.; Notice of Filing of a Proposed Rule Change Relating to Its Nominating and Governance Committee and Regulatory Oversight and Compliance Committee

November 20, 2017.

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 14, 2017, Cboe C2 Exchange, Inc. (the “Exchange” or “C2”) 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 governance documents with respect to changes relating to its director nomination and committee appointment process, its Nominating and Governance Committee and its Regulatory Oversight and Compliance Committee.

The text of the proposed rule change is also available on the Exchange’s Web site (<http://www.c2exchange.com/Legal/>), 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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend its Bylaws and Certificate. Specifically the Exchange proposes to eliminate its Nominating and Governance Committee (“N&G Committee”), as well as amend the process by which (i) directors are elected, (ii) committee appointments are made and (iii) vacancies are filled. Additionally, the Exchange proposes to amend the name of the Regulatory Oversight and Compliance Committee (“ROCC”) and make other technical, non-substantive changes.

###### Elimination of Nominating and Governance Committee

###### (a) Nomination of Directors

By way of background, Section 4.3 of the Bylaws provides, among other things, that the Exchange N&G Committee shall consist of at least five directors that are majority Non-Industry Directors and are appointed by the Board on the recommendation of the N&G Committee. Section 4.3 of the Bylaws also provides that the N&G Committee shall have the authority to nominate individuals for election as directors of the Corporation and such other duties as prescribed by resolution of the Board.<sup>3</sup> Additionally, if the N&G Committee has two or more Industry Directors, those Industry Directors shall act as the Representative Director Nominating Body, which body is responsible for the nomination of the

Representative Directors. If however, there are less than two Industry Directors on the N&G Committee, then the Trading Permit Holder Subcommittee of the Advisory Board shall act as the Representative Director Nominating Body.<sup>4</sup> The N&G Committee is bound to accept and nominate the Representative Director nominees recommended by the Representative Director Nominating Body or, in the event of a petition candidate, the Representative Director nominees who receive the most votes pursuant to a Run-off Election.<sup>5</sup> Pursuant to Section 3.1 of the Bylaws, the N&G Committee is also responsible for determining whether a director candidate satisfies the applicable qualifications for election as a director, and the decision of the N&G Committee, subject to review, if any, by the Board, is final.

The Exchange first proposes to eliminate its N&G Committee and amend the process by which Directors are nominated and elected. Specifically, the Exchange proposes to provide that the sole stockholder of the exchange shall nominate and elect directors for nomination at the annual meeting of the stockholder, except with respect to fair-representation directors (“Representative Directors”) as described below. The Exchange notes that another Exchange similarly does not maintain an exchange-level nominating committee and instead provides that the sole stockholder of the Exchange nominates and elects their non-fair representation Directors.<sup>6</sup> With respect to the nomination of Representative Directors, the Exchange proposes to amend the definition of “Representative Director Nominating Body” and provide that if the Board has two or more Industry Directors, excluding directors that are exchange employees, those Industry Directors shall act as the Representative Director Nominating Body. Additionally, similar to today’s practice, if there are less than two Industry Directors on the Board (excluding directors that are employees of the Exchange), then the Trading Permit Holder Subcommittee of the Advisory Board shall act as the Representative Director Nominating Body. The Bylaws and Certificate will also be amended to provide that the sole stockholder is bound to nominate and elect the Representative Directors

<sup>4</sup> See Sections 1.1(k) and 4.3 of the Bylaws. Section 3.2 of the Bylaws sets forth a detailed process for the nomination and selection of fair representation directors for the Board of Directors.

<sup>5</sup> See Sections 3.1 and 3.2 of the Bylaws and Article Fifth, subparagraph (c) of the Certificate.

<sup>6</sup> See Section 3.02 of the Amended and Restated NYSE Arca, Inc. Bylaws.

<sup>10</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.

<sup>3</sup> Article Fifth, subparagraph (c) of the Certificate also provides that the N&G Committee nominates persons for election as directors.