

public interest and hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.¹⁴

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.

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-NYSEAMER-2018-53 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-NYSEAMER-2018-53. 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

¹⁴ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-NYSEAMER-2018-53 and should be submitted on or before January 2, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84728; File No. SR-MRX-2018-36]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Bid/Ask Differentials

December 6, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 28, 2018, Nasdaq MRX, LLC ("MRX" or "Exchange") filed with the Securities and Exchange Commission ("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 MRX Rule 701, entitled "Opening," MRX Rule 803, entitled "Obligations of Market Makers" and MRX Rule 100, entitled "Definitions."

The text of the proposed rule change is available on the Exchange's website at <http://nasdaqmrx.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

MRX proposes several amendments in this rule change. First, the Exchange proposes to amend MRX Rule 701, entitled "Opening" and MRX Rule 803, entitled "Obligations of Market Makers" to correct inconsistencies between the Exchange's rule text and the operation of the System. Second, the Exchange proposes to add definitions to MRX Rule 100 to define "in-the-money" and "out-of-the-money" options series. Third, the Exchange proposes to correct various cross references to Rule 100. Each amendment will be described in more detail below.

Rules 701 and 803

Today, for the Opening Process, MRX Rule 701(a)(8) defines a "Valid Width Quote" as a two-sided electronic quotation submitted by a Market Maker that consists of a bid/ask differential that is compliant with Rule 803(b)(4).³ Specifically, for the Opening Process, MRX Rule 803(b)(4) states that, for in-

³ MRX Rule 803(b)(4) provides:

"To price options contracts fairly by, among other things, bidding and offering so as to create differences of no more than \$5 between the bid and offer following the opening rotation in an equity or index options contract. Prior to the opening rotation, spread differentials shall be no more than \$.25 between the bid and offer for each options contract for which the bid is less than \$2, no more than \$.40 where the bid is at least \$2 but does not exceed \$5, no more than \$.50 where the bid is more than \$5 but does not exceed \$10, no more than \$.80 where the bid is more than \$10 but does not exceed \$20, and no more than \$1 where the bid is \$20 or greater, provided that the Exchange may establish differences other than the above for one or more options series.

(i) The bid/offer differentials stated in subparagraph (b)(4) of this Rule shall not apply to in-the-money options series where the underlying securities market is wider than the differentials set forth above. For these series, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security."

the-money option series, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security. In practice, however, the Exchange's System permits a Valid Width Quote in the Opening Process to be as wide as the quotation for the underlying security on the primary (listing) market.⁴

Proposal

The Exchange proposes to codify its current practice and correctly reflect in its Rules that the Valid Width Quote in the Opening Process apply a primary market analysis, not a national best bid or offer ("NBBO") analysis.⁵ Specifically, this proposal would conform the current rule text to the current System by amending the definition of a Valid Width Quote in Rule 701, "Opening," so that, in the case of in-the-money option series⁶ where the market for the underlying security is wider than the differentials set forth within MRX Rule 803(b)(4), the bid/ask differential may be as wide as the quotation for the underlying security on the primary⁷ (listing) market, or its decimal equivalent rounded down to the nearest minimum increment.

The Exchange believes that utilizing the primary market in the Opening Process is reasonable given the close connection between the primary market and the Opening Process. For example, MRX Rule 701(c)(2) provides, "For all options, the underlying security, including indexes, must be open on the primary market for a certain time period as determined by the Exchange for the Opening Process to commence. The time period shall be no less than 100 milliseconds and no more than 5 seconds."

Today, in order to open, the Exchange requires either: (i) The Primary Market Maker's ("PMM") Valid Width Quote; (ii) the Valid Width Quotes of at least two Competitive Market Makers ("CMM"); or (iii) if neither the PMM's Valid Width Quote nor the Valid Width Quotes of two CMMs have been submitted within such timeframe, one CMM has submitted a Valid Width

Quote. The Exchange notes that it requires Market Makers to submit Valid Width Quotes during the Opening Process to guarantee liquidity, unlike other markets which may not require market makers to quote during the opening.⁸ Further, amending the rule text to conform to its current practice will avoid confusion and continue to permit MRX to remain one of the strongest openings in the industry.

Discretion

The Exchange proposes to codify its current practice and amend MRX Rule 803(b)(4) to adopt rule text which permits the Exchange intra-day discretion for bid/ask differentials similar to the discretion currently permitted in the Opening Process. The Exchange proposes to add a sentence to the end of the paragraph in MRX Rule 803(b)(4) indicating the Exchange may establish differences other than the above for one or more series or classes of options. The Exchange notes that it utilizes this discretion today to grant relief for individual options classes as well as relief for all option classes based upon specific criteria. Today, Market Makers may request quote relief. When determining whether to grant quote relief the Exchange considers, among other factors, the following: (i) Pending corporate actions with undisclosed or uncertain terms; (ii) company or industry news with anticipated significant market impact; (iii) government news of a sensational nature. The Exchange believes that it is necessary to grant quote relief in certain circumstances where a Market Maker may not have enough information to maintain fair and orderly markets. The Exchange notes that other markets have similar discretion for intra-day quotes today.⁹

Rule 100

MRX rules currently do not define an "in-the-money" or "out-of-the-money" option series. As part of this rule change, the Exchange proposes to define

⁸ The Nasdaq Options Market ("NOM") does not require NOM Market Makers to quote during the opening, however if a NOM Market Maker decided to quote during the opening, the Market Maker would be permitted to submit a bid/ask differential with a difference not to exceed \$5 between the bid and offer regardless of the price of the bid. However, respecting in-the-money series where the market for the underlying security is wider than \$5, the bid/ask differential may be as wide as the spread between the national best bid and offer in the underlying security. See NOM Rules at Chapter VII, Section 6(d)(ii).

⁹ See Nasdaq Phlx LLC Rule 1014(c)(i)(A)(1)(a), Miami International Securities Exchange LLC Rule 604b(4), Cboe Exchange, Inc. Rule 8.7(d), NYSE American LLC Rule 925NY(b)(4), NYSE Arca, Inc. 6.37-O(b)(4).

these above-referenced terms within MRX Rule 100 to bring greater transparency to its rules with respect to Market Maker quoting. The Exchange proposes to define the term "in-the-money" at Rule 100(a)(28), which is currently reserved, as the following: For call options, all strike prices at or below the offer in the underlying security on the primary listing market; for put options, all strike prices at or above the bid in the underlying security on the primary listing market. The Exchange proposes to define the term "out-of-the-money" option at Rule 100(a)(41), which is currently reserved, to mean the following: For call options, all strike prices above the offer in the underlying security on the primary listing market; for put options, all strike prices below the bid in the underlying security on the primary listing market.¹⁰ Each of these definitions would apply for purposes of Market Maker quoting obligations in Rules 701 and 803. The Exchange notes that it specifically proposes to reference the rules related to Market Maker quoting obligations to avoid any confusion with the manner in which "in-the-money" and "out-of-the-money" options series are defined for purposes of other options rules.

The Exchange has added these definitions into the existing rules in alphabetical order. The Exchange proposes to renumber the rules to account for the addition of these two new definitions and proposes to amend cross-references to Rule 100 within the Rulebook to reflect the proposed new numbering within Rule 100.

Cross References

The Exchange proposes to amend cross-references to Rule 100 in Rules 713 and 720 to refer to the current definitions.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² 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

¹⁰ The Exchange notes that it does not utilize a last sale calculation. The Exchange believes that the quotation for the underlying security on the primary market provides an accurate reflection of the market. A last sale calculation may not be an accurate reflection of the market because the last sale may not be representative of the primary market in all cases, particularly if a halt were to occur.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

⁴ In connection with the MRX migration, the primary market was utilized beginning on August 14, 2017 as each symbol migrated to the INET platform.

⁵ The Exchange notes that today MRX utilizes the primary market in calculating the bid/ask differential during the Opening Process. This rule change would amend the rule to reflect MRX's current practice.

⁶ An at-the-money option series would also qualify. An out-of-the-money series would not qualify.

⁷ The term "primary market" means the principal market in which an underlying security is traded. See MRX Rule 100(a)(51).

investors and the public interest. The Exchange notes that today MRX utilizes the primary market in calculating the bid/ask differential during the Opening Process, although the current rule does not reflect this practice. This rule change would amend the rule to reflect MRX's current practice.

Rules 701 and 803

The Exchange's proposal to amend the Opening Process to conform to current practice is consistent with the Act because while the Exchange believes that relying on the primary market or the NBBO accurately reflect the current trading environment and take into consideration market conditions, the Exchange's current Opening Process is designed to utilize the primary standard during the Opening Process.¹³

Discretion

The Exchange's proposal to amend its rule to permit intra-day discretion to conform to current practice is consistent with the Act because such discretion is necessary to permit the Exchange the ability to attract liquidity from Market Makers while also maintaining a fair and orderly market. Market Makers accept a certain amount of risk when quoting on the Exchange. The Exchange imposes quoting and other obligations on Market Makers.¹⁴ The Exchange notes that these risks which Market Makers accept each trading day are calculated risks. The Exchange notes that it considers certain factors, which are likely unforeseen, in determining whether to grant relief either in individual options classes or for all option classes based upon specific criteria. Specifically, the Exchange considers, among other factors, the following: (i) Pending corporate actions with undisclosed or uncertain terms; (ii) company or industry news with anticipated significant market impact; (iii) government news of a sensational nature. The Exchange believes that it is necessary to grant quote relief in certain circumstances where a Market Maker may not have enough information to maintain fair and orderly markets. The Exchange notes that other markets have similar discretion for intra-day quotes today.¹⁵

¹³ MRX Rule 701(c)(2) provides, "For all options, the underlying security, including indexes, must be open on the primary market for a certain time period as determined by the Exchange for the Opening Process to commence. The time period shall be no less than 100 milliseconds and no more than 5 seconds."

¹⁴ See MRX Rules 803 and 804.

¹⁵ See note 9 above.

Rule 100

The Exchange's proposal to define the terms "in-the-money" and "out-of-the-money" for purposes of Market Maker quoting obligations in Rules 701 and 803 is consistent with the Act and protects investors and the public interest by bringing greater transparency to the Rulebook. Each of these defined terms would apply for purposes of Market Maker quoting obligations in Rules 701 and 803. The Exchange notes that it specifically proposes to reference the rules related to Market Maker quoting obligations to avoid any confusion with the manner in which "in-the-money" and "out-of-the-money" options series are defined for purposes of other options rules.

Cross-References

The Exchange's proposal to amend cross-references to Rule 100 within Rules 713, 720 and Rule 1901 to refer to the current definitions is consistent with the Act because it will correct references to definitions.

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.

Rules 701 and 803

The Exchange's proposal to codify its current practice of utilizing the primary market in the Opening Process does not unduly burden competition because the current practice maintains a close connection between the primary market and the Opening Process. The primary market reflects the current trading environment. The Exchange notes that the proposal does not create an undue burden on intra-market competition because Market Makers are the only market participants subject to quoting requirements and these participants have valuable information with respect to the underlying instrument under the current process to make informed decisions and take calculated risks in the marketplace when providing liquidity. Market Makers remain responsible for maintaining fair and orderly markets.

Discretion

The Exchange's proposal to codify the Exchange's ability to permit intra-day discretion similar to the discretion currently permitted in the Opening Process does not impose an undue burden on competition because Market Makers are the only market participants subject to quoting requirements and the

proposal specifically considers the need for Market Makers to have information to make informed decisions to make calculated risks in the marketplace so that they may provide liquidity while maintaining fair and orderly markets. The proposed amendments do not create an undue burden on inter-market competition because other options markets have the same intra-day requirements.¹⁶

Rule 100

The Exchange's proposal to define the terms "in-the-money" or "out-of-the-money" for purposes of Market Maker quoting obligations in Rules 701 and 803 does not unduly burden competition, rather it adds greater transparency to the Rulebook and makes clear the applicability of the definitions to avoid confusion with respect to the remainder of the options rules.

Cross-References

The Exchange's proposal to amend cross-references to Rule 100 in Rules 713, 720 and Rule 1901 to refer to the current definitions does not unduly burden competition because it will correct references to definitions.

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 Act¹⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁸

A proposed rule change filed under Rule 19b-4(f)(6)¹⁹ normally does not become operative prior to 30 days after the date of the filing. However, Rule

¹⁶ *Id.*

¹⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁸ 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 the 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.

¹⁹ 17 CFR 240.19b-4(f)(6).

19b-4(f)(6)(iii)²⁰ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that immediately codifying its current practice within its rules to accurately reflect the operation of the Exchange's System will avoid confusion. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change as operative upon filing.²¹

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. Please include File Number SR-MRX-2018-36 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-MRX-2018-36. 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-MRX-2018-36 and should be submitted on or before January 2, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2018-26825 Filed 12-11-18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 33318; 812-14902]

Cliffwater Corporate Lending Fund and Cliffwater LLC

December 6, 2018.

AGENCY: Securities and Exchange Commission ("Commission").

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the "Act") for an exemption from sections 18(a)(2), 18(c) and 18(i) of the Act, under sections 6(c) and 23(c) of the Act for an exemption from rule 23c-3 under the Act, and for an order pursuant to section 17(d) of the Act and rule 17d-1 under the Act.

Summary of Application: Applicants request an order to permit certain registered closed-end management investment companies to issue multiple classes of shares and to impose asset-based distribution and/or service fees, early withdrawal charges ("EWCs") and early repurchase fees.

Applicants: Cliffwater Corporate Lending Fund (the "Initial Fund") and Cliffwater LLC (the "Adviser").

Filing Dates: The application was filed on April 27, 2018, and amended on September 28, 2018.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving applicants with a copy of the request, personally or by mail.

Hearing requests should be received by the Commission by 5:30 p.m. on December 31, 2018, and should be accompanied by proof of service on the applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090; Applicants: 4640 Admiralty Way, 11th Floor, Marina del Rey, CA 90292.

FOR FURTHER INFORMATION CONTACT: Bruce R. MacNeil, Senior Counsel, at (202) 551-6817, or Kaitlin C. Bottock, Branch Chief, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's website by searching for the file number, or for an applicant using the Company name box, at <http://www.sec.gov/search/search.htm> or by calling (202) 551-8090.

Applicants' Representations

1. The Initial Fund is a Delaware statutory trust that is registered under the Act as a non-diversified, closed-end management investment company. The Initial Fund's primary investment objective is to seek consistent current income. Capital preservation will be considered a secondary objective.

2. The Adviser, a Delaware limited liability company, is registered as an

²⁰ 17 CFR 240.19b-4(f)(6)(iii).

²¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²² 17 CFR 200.30-3(a)(12).