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–BOX–2018–33 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–BOX–2018–33. 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 such 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 comments or 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–BOX–2018–33, and should be submitted on or before October 26, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.11

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2018–21683 Filed 10–4–18; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to the Minimum Quantity Order Attribute

October 1, 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 September 19, 2018, The Nasdaq Stock Market LLC (‘‘Nasdaq’’ 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 specify that an Order with a Minimum Quantity Order Attribute is ineligible to participate in the Nasdaq Opening.³ Halt or Closing Crosses is not included in the calculation of the Cross price.⁴ The text of the proposed rule change is available on the Exchange’s website at http://nasdaq.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.

³ The term ‘‘Order’’ means an instruction to trade a specified number of shares in a specified System Security submitted to the Nasdaq Market Center by a Participant. An ‘‘Order Type’’ is a standardized set of instructions associated with an Order that define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. An ‘‘Order Attribute’’ is a further set of variable instructions that may be associated with an Order to further define how it will behave with respect to pricing, execution, and/or posting to the Nasdaq Book when submitted to Nasdaq. The available Order Types and Order Attributes, and the Order Attributes that may be associated with particular Order Types, are described in Rules 4702 and 4703. One or more Order Attributes may be assigned to a single Order; provided, however, that if the use of multiple Order Attributes would provide contradictory instructions to an Order, the System will reject the Order or remove non-conforming Order Attributes. See Rule 4701(e).
⁴ See Rule 4702.
⁵ See Rule 4703.
⁶ See Rule 4704.
⁷ Id.
⁹ See Rule 4701(o)(1).
¹⁰ See note 8, supra.
ultimately increase the cost of the transaction. In particular, if a market participant seeks to execute a large number of shares is able to execute in larger sizes, the contra-party to the execution is less likely to be a participant that reacts to short term changes in the stock price. As such, the price impact to the stock could be less acute when larger individual executions are obtained by the market participant. The Minimum Quantity Order Attribute is also designed to give a participant flexibility in whether its Order will receive partial executions in a volatile market. Because the Nasdaq Crosses offer a controlled price discovery process, flexibility and avoidance of small-sized executions is not required. In proposing the Minimum Quantity Order Attribute amendments in 2011, Nasdaq stated:

A Minimum Quantity Order provides a means by which a market participant may avoid partial executions of orders at sizes that it considers inadequate to achieve its purposes. For example, a market participant seeking to sell a large position in a trading session with high volatility may use the order type to avoid selling only a small portion of the order at the price it considers acceptable. Consequently, use of the Minimum Quantity Order Attribute outside of the continuous market is inconsistent with the purpose of this Order Attribute. Upon adoption of the Minimum Quantity Order Attribute amendments in 2011, the Exchange also clearly notified market participants via an Equity Trader Alert that Orders with a Minimum Quantity Order Attribute are ineligible to participate in the Nasdaq Crosses.

In light of this ambiguity in the Rules, the Exchange is proposing to specify that an Order with a Minimum Quantity Order Attribute is ineligible to participate in the Nasdaq Opening, Halt or Closing Crosses and is not included in the calculation of the Cross price.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Section 6(b)(5) of the Act 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 specifying in its rules that an Order with a Minimum Quantity Order Attribute may not participate in the Nasdaq Crosses and is not included in the calculation of the Cross price. As described above, the Minimum Quantity Order Attribute allows market participants to avoid transacting with smaller Orders that they believe ultimately increase the cost of the transaction, particularly if they have a large number of shares to be executed. As such, the price impact to the stock could be less acute when larger individual executions are obtained by the market participant. The Minimum Quantity Order Attribute is also designed to give a participant flexibility in whether its Order will receive partial executions in a volatile market. Because the Nasdaq Crosses offer a controlled price discovery process, flexibility and avoidance of small-sized executions is not required. The Exchange notes that no market participant has requested participation of their Orders with a Minimum Quantity Order Attribute in any of the Nasdaq Crosses. The proposed change will further perfect the Exchange’s rules and protect investors and the public interest by avoiding any confusion caused by vague rules. Adding specificity to the rules with respect to Orders with a Minimum Quantity Order Attribute will ensure that the rule concerning this Order Attribute is consistent with the Exchange’s intent upon its adoption.

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. Rather, the proposed rule change makes the Exchange’s rules more specific by explicitly stating that an Order with a Minimum Quantity Order Attribute is ineligible to participate in the Nasdaq Opening, Halt or Closing Crosses and is not included in the calculation of the Cross price, which will enhance market participants’ understanding of the operation of Orders with a Minimum Quantity Order Attribute in the Nasdaq Crosses. Moreover, the proposed change is consistent with the intent of the Order Attribute. As described above, the Minimum Quantity Order Attribute is designed to help market participants reduce costs of executing large-sized Orders, which otherwise may execute in many small transactions, each potentially increasing the price of the transaction. The Nasdaq Crosses provide a controlled price discovery process, in which the control and flexibility of the Minimum Quantity Order Attribute is not needed. The Exchange notes that no market participant has requested participation of the Minimum Quantity Order Attribute in any of the Nasdaq Crosses. Accordingly, the proposed rule change does not implicate competition whatsoever.

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 and Rule 19b– 4(f)(6) thereunder.


The Exchange further notes that neither the Rules concerning the Nasdaq Crosses nor the Minimum Quantity Rule addressed participation of Minimum Quantity Orders in the Nasdaq Crosses. To make the treatment consistent with the Exchange’s original intent when implementing the new Order Attribute, the Exchange has determined to exclude Orders with a Minimum Quantity Order Attribute from both the calculation of the Cross price (which is currently the case) and possible execution in the Nasdaq Crosses. The Exchange is correcting the issue concurrent with the implementation of this proposed rule change.

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. Rather, the proposed rule change makes the Exchange’s rules more specific by explicitly stating that an Order with a Minimum Quantity Order Attribute is ineligible to participate in the Nasdaq Opening, Halt or Closing Crosses and is not included in the calculation of the Cross price, which will enhance market participants’ understanding of the operation of Orders with a Minimum Quantity Order Attribute in the Nasdaq Crosses. Moreover, the proposed change is consistent with the intent of the Order Attribute. As described above, the Minimum Quantity Order Attribute is designed to help market participants reduce costs of executing large-sized Orders, which otherwise may execute in many small transactions, each potentially increasing the price of the transaction. The Nasdaq Crosses provide a controlled price discovery process, in which the control and flexibility of the Minimum Quantity Order Attribute is not needed. The Exchange notes that no market participant has requested participation of the Minimum Quantity Order Attribute in any of the Nasdaq Crosses. Accordingly, the proposed rule change does not implicate competition whatsoever.

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 and Rule 19b– 4(f)(6) thereunder.
A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) 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 requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. Waiver of the operative delay would allow the Exchange to promptly amend its rule to exclude Orders with a Minimum Quantity Order Attribute from the Nasdaq Crosses and Cross price calculations, and promptly implement system changes in accordance with the rule.

The Commission requests that the Commission waive the 30-day operative delay and designates the proposed rule change operative upon filing. Waiver of the proposed rule change may become requested that the Commission waive the operative delay for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) normally does not become operative for 30 days after the date of its filing.

The proposed rule change 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 operative upon filing.

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 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. Please include File Number SR–NASDAQ–2018–077 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–NASDAQ–2018–077. 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–NASDAQ–2018–077, and should be submitted on or before October 26, 2018.

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

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 67 To Specify That D-Quote Functionality Under Rule 67(f)(5) Will Continue To Be in Effect Until Six Months After the End of the Pilot Period

October 1, 2018.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”) and Rule 19b–4 thereunder, notice is hereby given that on September 24, 2018, New York Stock Exchange LLC (“NYSE” or the “Exchange”) 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 self-regulatory organization. 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 Rule 67 (Tick Size Pilot Plan) to specify that D-Quote functionality under Rule 67(f)(5) will continue to be in effect until six months after the end of the pilot period (which will be April 2, 2019). The proposed rule change is available on the Exchange’s website at www.nyse.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 self-regulatory organization 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 those 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 parts of such statements.

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