SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations: The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Remove the Exchange’s Current Primary Contingency Procedure From the Exchange’s Rule Book

May 8, 2019.

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 April 26, 2019, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I and II below, which Items have been prepared on the Exchange’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–BOX–2019–16 and should be submitted on or before June 4, 2019.

For the Commission, by delegation authority.13

Eduardo A. Aleman, 
Deputy Secretary.

[FR Doc. 2019–09869 Filed 5–13–19; 8:45 am]
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A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Nasdaq currently has two contingency plans for determining the Nasdaq Official Closing Price (“NOCP”) for a security in the event that Nasdaq experiences a system disruption that precludes normal execution of the Nasdaq closing cross pursuant to Rule 4754. In the event of such disruption, the President of Nasdaq or any Senior Executive designated by the President will be authorized to invoke either the Primary Contingency Procedures set forth in Rule 4754(b)(7) or the Secondary Contingency Procedures set forth in Rule 4754(b)(8) to determine the NOCP, which would be published to the Consolidated Quote/Consolidated Tape Plan (“SIPs”). Nasdaq will employ the Primary Contingency Procedures if at all possible, and it will employ the Secondary Contingency Procedures only if it determines that both the standard procedures and the Primary Contingency Procedures are unavailable.

Under the Primary Contingency Procedures, Nasdaq will employ an offline process using stored order files to determine the size and component executions for the closing cross trade in any and all affected securities on a security-by-security basis and manually deliver execution reports to members. Currently, Nasdaq maintains a database of all closing cross orders entered into...
its execution system, as well as other data regarding order processing. The database is independent of and isolated from the execution system and network and, as a result, it can operate regardless of impairment to those systems. Nasdaq will operate the Primary Contingency Procedures from a server that is also independent of and isolated from the execution system and network, and that is supported by multiple redundant backups.

In the event that Nasdaq’s market is impaired and unable to execute a closing auction for all or a subset of listed securities under the standard closing procedures and the Primary Contingency Procedures are unavailable, and Nasdaq determines to follow the Secondary Contingency Procedures at or before 3 p.m. EST, Nasdaq will designate a back-up exchange. Currently, Nasdaq has designated NYSE Arca as its official back-up exchange. If Nasdaq determines to follow the Secondary Contingency Procedures after 3 p.m. EST, the Exchange would calculate the NOCP with a volume-weighted average price (“VWAP”) calculation. Nasdaq would invoke the Secondary Contingency Procedures only if it determines that neither the standard closing procedures nor the Primary Contingency Procedures are available. Nasdaq is proposing to eliminate the Primary Contingency Procedures so that the Secondary Contingency Procedures will be the default contingency procedures. Since June of 2002, Nasdaq has published contingency plans in the event the Nasdaq closing process was to be disrupted during the annual Russell US Index Reconstitution (“Russell Rebalance”). Nasdaq adopted the current Primary Contingency Procedures in 2013 in order to formally include the Exchange’s contingency plans in its rule manual. In response to evolving technology and industry practice, Nasdaq adopted the Secondary Contingency Procedures in 2016. In conjunction with or shortly after Nasdaq’s adoption of the Secondary Contingency procedures, NYSE, NYSE American, NYSE Arca, and Cboe BZX Exchange, Inc. (“Cboe BZX”) established contingency procedures materially similar to Nasdaq’s Secondary Contingency Procedures. However, no other national securities exchange has established contingency procedures similar to Nasdaq’s Primary Contingency Procedures. Further, the Primary Contingency Procedures have never been invoked by the Exchange. Nasdaq is proposing to eliminate the Primary Contingency Procedures so that the Secondary Contingency Procedures will be the default contingency procedure.

Nasdaq believes that removing the Primary Contingency Procedures and utilizing the Secondary Contingency Procedures in the event Nasdaq is unable to execute a closing cross would harmonize the Exchange’s contingency procedures with those of other national securities exchanges, which would provide market participants with consistency and predictability in the event that an exchange is impaired and cannot conduct a closing auction. Furthermore, Nasdaq believes that the Secondary Contingency Procedures best preserves Nasdaq’s ability to move quickly to establish a reliable closing price under unusual conditions, as compared to the Primary Contingency Procedures, which utilize an offline process that requires Nasdaq to determine the size and component executions for the closing cross on a security-by-security basis using stored order files and manually deliver execution reports to members. The Exchange believes that having robust, efficient contingency procedures is particularly important on high volume trading days, such as the Russell Rebalance, which occurs annually in June.

In addition, Nasdaq proposes to delete text in Rule 4754(b)(7) describing the IEX Official Closing Price.

6 Currently, under Rule 4754(b)(8)(A), if Nasdaq determines to invoke the Secondary Contingency Procedures at or prior to 3:00 p.m. EST, the official closing price from Nasdaq’s designated alternate exchange would serve as the NOCP or, if there is no official closing price on the designated alternate exchange, the NOCP would be the VWAP of the consolidated last-sale eligible prices for the last five minutes of trading during regular trading hours. If there were no consolidated last-sale eligible trades in the last five minutes of trading during regular trading hours, the NOCP would be the last consolidated regular trading hour on that day or, if there was no last-sale eligible trade, the prior day’s NOCP. If no NOCP can be calculated by any of the foregoing methods, the Exchange would not publish an official closing price for the security.


8 See supra, note 5.


13 Investors Exchange LLC (“IX”) has also adopted Secondary Closing Auction Contingency Procedures under Rule 11.350(d)(4)(B) that are similar to Nasdaq’s Secondary Contingency Procedures.

14 IX has adopted Primary Closing Auction Contingency Procedures under Rule 11.350(d)(4)(A). If IX determines to initiate the Primary Closing Auction Contingency Procedures, the Exchange would calculate the NOCP by Amendment No. 1, To Establish Secondary Contingency Procedures under Rule 11.350(d)(4)(B), if Nasdaq determines to invoke the Secondary Contingency Procedures in the event Nasdaq is unable to conduct a closing auction. Furthermore, Nasdaq believes that the Secondary Contingency Procedures best preserves Nasdaq’s ability to move quickly to establish a reliable closing price under unusual conditions, as compared to the Primary Contingency Procedures, which utilize an offline process that requires Nasdaq to determine the size and component executions for the closing cross on a security-by-security basis using stored order files and manually deliver execution reports to members. The Exchange believes that having robust, efficient contingency procedures is particularly important on high volume trading days, such as the Russell Rebalance, which occurs annually in June.

In addition, Nasdaq proposes to delete text in Rule 4754(b)(7) describing the IEX Official Closing Price.

IX will publicly announce that no Closing Auction will occur. The price of the Final Consolidated Last Sale Eligible Trade will be used for the IEX Official Closing Price. The IEX Official Closing Price will be published to the Consolidated Tape. IEX will not publish an IEX Official Closing Price to the extent executable buy and sell interest exists in the Closing Auction Book. All remaining orders on the Order Book will be canceled at the conclusion of the contingency process. IEX will report the resulting execution to the Consolidated Tape and deliver execution reports to Users. If a security’s IEX Official Closing Price cannot be determined by this subsection, IEX will not publish an IEX Official Closing Price for the security and will cancel all orders on the Order Book. The Post Market Session shall begin either as scheduled, or upon resolution of the disputation that triggered IEX to operate the Primary Contingency Procedures. In contrast, if Nasdaq determines to invoke the Primary Contingency Procedures, Nasdaq will identify the last consolidated regular way trade reported by the network processor prior to 4:00 p.m. and shall publish that price as the Nasdaq Official Closing Price for that security. Once Nasdaq has identified the NOCP for a given security, Nasdaq will operate a modified closing cross to determine the number of shares and the specific orders that can be executed at the NOCP.

See supra, note 3.

information that the Exchange will use when determining whether to employ the Primary or Secondary Contingency Procedures because the Secondary Contingency Procedures will be the default contingency procedure under the proposed rule change. The Exchange also proposes to add “VWAP” as a defined term that was inadvertently omitted in the previous version of Rule 4754(b)(8)(A)(ii); update Rule 4754(b)(8)(B)(i) to include the new defined term “VWAP”; and add an “or” that was inadvertently omitted in the previous version of Rule 4754(b)(8)(B)(ii) and Rule 4754(b)(8)(B)(iii), the Exchange believes that these changes are consistent with the Act because they will improve the readability and clarity of the Rule. These changes are not substantive. Lastly, the Exchange believes that its proposal to renumerate the current Rule 4754(b)(8) as Rule 4754(b)(7) is consistent with the Act because it will allow the Exchange to maintain a clear and organized rule structure and prevent investor confusion.

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 proposed rule change is not designed to address any competitive issues, but rather to provide for how the Exchange would determine the NOCP for Exchange-listed securities in the event that Nasdaq experiences a system disruption that precludes normal execution of the Nasdaq closing cross. This is designed to reduce the burden on competition by having similar back-up procedures across other primary listing exchanges if such exchange is impaired and cannot conduct a closing auction. This proposal will maintain the Secondary Contingency Procedures, which were crafted with input from industry participants, the Exchange, and the SIPS, and remove the Primary Contingency Procedures, which are inconsistent with industry practices.

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.

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–2019–035 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–2019–035. 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 Commission, are available for inspection at the Commission’s Public Reference Room.

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.
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–2019–035 and should be submitted on or before June 4, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.21 Eduardo A. Aleman, Deputy Secretary. [FR Doc. 2019–09871 Filed 5–13–19; 8:45 am]

BILLING CODE 8011–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration #15898 and #15899; Iowa Disaster Number IA–00086]

Presidental Declaration Amendment of a Major Disaster for the State of Iowa

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 3.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for the State of Iowa (FEMA–4421–DR), dated 03/23/2019. Incident: Severe Storms and Flooding. Incident Period: 03/12/2019 and continuing.

DATES: Issued on 05/07/2019.

Physical Loan Application Deadline Date: 07/01/2019.

Economic Injury (EIDL) Loan Application Deadline Date: 12/23/2019.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.


SUPPLEMENTARY INFORMATION: The notice of the President’s major disaster declaration for the State of Iowa, dated 03/23/2019, is hereby amended to include the following areas as adversely affected by the disaster:

Primary Counties (Physical Damage and Economic Injury Loans): Louisa
Contiguous Counties (Economic Injury Loans Only):

All other information in the original declaration remains unchanged.

(JANAL of Federal Domestic Assistance Number 59008)

James Rivera, Associate Administrator for Disaster Assistance. [FR Doc. 2019–09889 Filed 5–13–19; 8:45 am]

BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration #15946 and #15947; Sac & Fox Tribe of the Mississippi in Iowa Disaster Number IA–00088]

Presidential Declaration of a Major Disaster for Public Assistance Only for the Sac & Fox Tribe of the Mississippi in Iowa

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the Sac & Fox Tribe of the Mississippi in Iowa (FEMA–4430–DR), dated 04/29/2019.

Incident: Severe Storms and Flooding. Incident Period: 03/12/2019 through 04/01/2019.

DATES: Issued on 04/29/2019.

Physical Loan Application Deadline Date: 06/28/2019.

Economic Injury (EIDL) Loan Application Deadline Date: 01/29/2020.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.


SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President’s major disaster declaration on 04/29/2019, Private Non-Profit organizations that provide essential services of a governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Area: Sac & Fox Tribe of the Mississippi in Iowa

The Interest Rates are:

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<th>For Physical Damage:</th>
<th>Percent</th>
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<tbody>
<tr>
<td>Non-Profit Organizations With Credit Available Elsewhere</td>
<td>2.750</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.750</td>
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The number assigned to this disaster for physical damage is 159466 and for economic injury is 159470.

(JANAL of Federal Domestic Assistance Number 59008)

James Rivera, Associate Administrator for Disaster Assistance. [FR Doc. 2019–09889 Filed 5–13–19; 8:45 am]

BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION
[Disaster Declaration #15929 and #15930; Iowa Disaster Number IA–00087]

Presidential Declaration Amendment of a Major Disaster for Public Assistance Only for the State of Iowa

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 2.

SUMMARY: This is an amendment of the Presidential declaration of a major disaster for Public Assistance Only for the State of Iowa (FEMA–4421–DR), dated 04/05/2019.

Incident: Severe Storms and Flooding. Incident Period: 03/12/2019 and continuing.

DATES: Issued on April 5, 2019.

Physical Loan Application Deadline Date: 06/04/2019.

Economic Injury (EIDL) Loan Application Deadline Date: 01/06/2020.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.