

**FOR FURTHER INFORMATION CONTACT:**  
David A. Trissell, General Counsel, at  
202-789-6820.

**SUPPLEMENTARY INFORMATION:**

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**I. Introduction**

The Commission gives notice that the Postal Service filed request(s) for the Commission to consider matters related to negotiated service agreement(s). The request(s) may propose the addition or removal of a negotiated service agreement from the market dominant or the competitive product list, or the modification of an existing product currently appearing on the market dominant or the competitive product list.

Section II identifies the docket number(s) associated with each Postal Service request, the title of each Postal Service request, the request's acceptance date, and the authority cited by the Postal Service for each request. For each request, the Commission appoints an officer of the Commission to represent the interests of the general public in the proceeding, pursuant to 39 U.S.C. 505 (Public Representative). Section II also establishes comment deadline(s) pertaining to each request.

The public portions of the Postal Service's request(s) can be accessed via the Commission's website (<http://www.prc.gov>). Non-public portions of the Postal Service's request(s), if any, can be accessed through compliance with the requirements of 39 CFR 3007.301.<sup>1</sup>

The Commission invites comments on whether the Postal Service's request(s) in the captioned docket(s) are consistent with the policies of title 39. For request(s) that the Postal Service states concern market dominant product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3622, 39 U.S.C. 3642, 39 CFR part 3010, and 39 CFR part 3020, subpart B. For request(s) that the Postal Service states concern competitive product(s), applicable statutory and regulatory requirements include 39 U.S.C. 3632, 39 U.S.C. 3633, 39 U.S.C. 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comment deadline(s) for each request appear in section II.

**II. Docketed Proceeding(s)**

1. *Docket No(s)*: MC2020-1 and CP2020-1; *Filing Title*: USPS Request to

Add Priority Mail Express & Priority Mail Contract 100 to Competitive Product List and Notice of Filing Materials Under Seal; *Filing Acceptance Date*: October 2, 2019; *Filing Authority*: 39 U.S.C. 3642, 39 CFR 3020.30 *et seq.*, and 39 CFR 3015.5; *Public Representative*: Christopher C. Mohr; *Comments Due*: October 10, 2019.

This Notice will be published in the **Federal Register**.

**Darcie S. Tokioka**,

*Acting Secretary*.

[FR Doc. 2019-21963 Filed 10-7-19; 8:45 am]

**BILLING CODE 7710-FW-P**

**RAILROAD RETIREMENT BOARD**

**Sunshine Act Meetings**

**TIME AND DATE:** 8:00 a.m., October 17, 2019.

**PLACE:** 8th Floor Board Conference Room, 844 North Rush Street, Chicago, Illinois 60611.

**STATUS:** This meeting will be open to the public.

**MATTERS TO BE CONSIDERED:**

- (1) Consideration of the Management Member's proposal relating to the Chief Medical Officer position
- (2) Update from the Chief Actuary on Wisconsin Central
- (3) Procedural issues related to hiring and Board approval/notification

**CONTACT PERSON FOR MORE INFORMATION:**

Stephanie Hillyard, Secretary to the Board, Phone No. 312-751-4920.

**Authority:** 5 U.S.C. 552b.

Dated: October 4, 2019.

**Stephanie Hillyard**,

*Secretary to the Board*.

[FR Doc. 2019-22113 Filed 10-4-19; 4:15 pm]

**BILLING CODE 7905-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-87198; File No. SR-NASDAQ-2019-064]

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Certain Cutoff Times for On-Close Orders Entered for Participation in the Nasdaq Closing Cross and Adopt a Second Reference Price for Limit-On-Close Orders**

October 2, 2019.

**I. Introduction**

On July 31, 2019, The Nasdaq Stock Market LLC ("Exchange" or "Nasdaq") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to amend certain cutoff times for on-close orders entered for participation in the Nasdaq Closing Cross and adopt a Second Reference Price for limit-on-close orders. The proposed rule change was published for comment in the **Federal Register** on August 19, 2019.<sup>3</sup> On September 6, 2019, the Exchange filed Amendment No. 1 to the proposed rule change, which amended and superseded the proposed rule change as originally filed.<sup>4</sup> The Commission received no comment letters on the proposed rule change. The Commission is publishing this notice to solicit comments on Amendment No. 1 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

**II. Description of the Proposal**

The Nasdaq Closing Cross is the Exchange's process for determining the price at which orders would be executed at the close and for executing those orders.<sup>5</sup> Currently, the Exchange

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

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

<sup>3</sup> See Securities Exchange Act Release No. 86642 (August 13, 2019), 84 FR 42964.

<sup>4</sup> In Amendment No. 1, the Exchange revised the proposal to: (1) Specify the time during which market-on-close orders can be cancelled or modified; (2) remove proposed changes to the Nasdaq Pricing Schedule in Equity 7, Section 118; (3) include additional description, examples, and justification related to the proposed rule change; and (4) make technical, clarifying, and conforming changes. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nasdaq-2019-064/srnasdaq2019064-6088461-191827.pdf>.

<sup>5</sup> See Rule 4754(a)(6).

<sup>1</sup> See Docket No. RM2018-3, Order Adopting Final Rules Relating to Non-Public Information, June 27, 2018, Attachment A at 19-22 (Order No. 4679).

disseminates the Order Imbalance Indicator (“NOII”) for the Nasdaq Closing Cross beginning at 3:55 p.m. ET or five minutes prior to the early closing time on a day when the Exchange closes early.<sup>6</sup> The NOII is an electronically disseminated message containing information about market-on-close (“MOC”),<sup>7</sup> limit-on-close (“LOC”),<sup>8</sup> and imbalance only (“IO”)<sup>9</sup> orders, as well as close eligible interest<sup>10</sup> and the price at which those orders would execute at the time of the NOII dissemination.<sup>11</sup> The Exchange recently also adopted rules for the early order imbalance indicator (“EOII”), which the Exchange will begin disseminating at 3:50 p.m. ET or ten minutes prior to the early closing time on a day when the Exchange closes early<sup>12</sup> and will contain a subset of the information comprising the NOII.<sup>13</sup> The Exchange intends to implement the EOII in conjunction with the changes in the current proposal.<sup>14</sup>

Currently, pursuant to Rule 4702(b)(11)(A), MOC orders can be entered, cancelled, or modified between 4:00 a.m. ET and immediately prior to 3:55 p.m. ET. Between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, a MOC order can be cancelled or modified only if the participant requests that the Exchange correct a legitimate error in the order.<sup>15</sup> MOC orders cannot be cancelled or modified at or after 3:58 p.m. ET for any reason. The Exchange proposes to amend this rule to provide that MOC orders can be cancelled or modified between 4:00 a.m. ET and immediately prior to 3:50 p.m. ET and that, between 3:50 p.m. ET and immediately prior to 3:58 p.m. ET, a MOC order can be cancelled or modified

only if the participant requests that the Exchange correct a legitimate error in the order.

Currently, pursuant to Rule 4702(b)(13)(A), an IO order can be entered between 4:00 a.m. ET until the time of execution of the Nasdaq Closing Cross, but cannot be cancelled or modified at or after 3:55 p.m. ET. Between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, however, an IO order can be cancelled or modified if the participant requests that the Exchange correct a legitimate error in the order. IO orders cannot be cancelled or modified at or after 3:58 p.m. ET for any reason. The Exchange proposes to amend this rule to provide that IO orders cannot be cancelled or modified at or after 3:50 p.m. ET, except that, between 3:50 p.m. ET and immediately prior to 3:58 p.m. ET, an IO order can be cancelled or modified if the participant requests that the Exchange correct a legitimate error in the order.

Currently, pursuant to Rule 4702(b)(12)(A), LOC orders can be entered, cancelled, or modified between 4:00 a.m. ET and immediately prior to 3:55 p.m. ET. A LOC order can be entered between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET (“Late LOC order”) provided that there is a First Reference Price.<sup>16</sup> Between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, LOC orders can be cancelled (but not modified) only if the participant requests that the Exchange correct a legitimate error in the order. Currently, a Late LOC order will be accepted at its limit price, unless its limit price is higher (lower) than the First Reference Price for a Late LOC order to buy (sell), in which case the Late LOC order will be handled consistent with the participant’s instruction that the Late LOC order is to be either: (1) Rejected; or (2) re-priced to the First Reference Price, provided that if the First Reference Price is not at a permissible minimum increment, the First Reference Price will be rounded (i) to the nearest permitted minimum increment (with midpoint prices being

rounded up) if there is no imbalance, (ii) up if there is a buy imbalance, or (iii) down if there is a sell imbalance.<sup>17</sup>

The Exchange proposes to amend Rule 4702(b)(12)(A) to provide that LOC orders can be cancelled or modified between 4:00 a.m. ET and immediately prior to 3:50 p.m. ET. Between 3:50 p.m. ET and immediately prior to 3:55 p.m. ET, a LOC order can be entered but can only be cancelled or modified if the participant requests that the Exchange correct a legitimate error in the order. Between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, a LOC order can only be cancelled or modified if the participant requests that the Exchange correct a legitimate error in the order.

The Exchange also proposes to amend Rule 4702(b)(12)(A) to permit a Late LOC order to be entered if there is either a First Reference Price or a Second Reference Price. In connection with this proposed change, the Exchange proposes to amend the definition of First Reference Price in Rule 4754(a)(9) to refer to the Current Reference Price in the EOII disseminated at 3:50 p.m. ET, or ten minutes prior to the early closing time on a day the Exchange closes early. The Exchange also proposes to add a new definition of Second Reference Price in Rule 4754(a)(11) to refer to the Current Reference Price in the NOII disseminated at 3:55 p.m. ET, or five minutes prior to the early closing time on a day the Exchange closes early.

Moreover, the Exchange proposes to amend Rule 4702(b)(12)(A) to provide that a Late LOC order to buy (sell) will be accepted at its limit price, unless its limit price is higher (lower) than the higher (lower) of the First Reference Price and the Second Reference Price, in which case the Late LOC order will be handled consistent with the participant’s instruction that the Late LOC order is to be either: (1) Rejected; or (2) re-priced to the higher (lower) of the First Reference Price and the Second Reference Price.<sup>18</sup> If the First Reference Price for a security is zero, Late LOC orders to buy (sell) will be priced at the lower (higher) of the Second Reference Price and the order’s limit price. If the

<sup>6</sup> See Rule 4754(b)(1)(B).

<sup>7</sup> A MOC order is an order entered without a price that can be executed only during the Nasdaq Closing Cross. See Rule 4702(b)(11).

<sup>8</sup> A LOC order is an order entered with a price that can be executed only in the Nasdaq Closing Cross, and only if the price determined by the Nasdaq Closing Cross is equal to or better than the price at which the LOC order was entered. See Rule 4702(b)(12).

<sup>9</sup> An IO order is an order entered with a price that can be executed only in the Nasdaq Closing Cross and only against MOC orders or LOC orders. See Rule 4702(b)(13).

<sup>10</sup> Close eligible interest is any quotation or any order that can be entered into the system and designated with a time-in-force of SDAY, SGTC, MDAY, MGTC, SHEX, or GTMC. See Rule 4754(a)(1).

<sup>11</sup> See Rule 4754(a)(7).

<sup>12</sup> See Rule 4754(b)(1)(A).

<sup>13</sup> See Securities Exchange Act Release No. 85292 (March 12, 2019), 84 FR 9848 (March 18, 2019) (SR-NASDAQ-2019-010).

<sup>14</sup> See Amendment No. 1, *supra* note 4, at 4.

<sup>15</sup> A legitimate error for a MOC, LOC, or IO order includes an error in the side, size, symbol, or price, or the duplication of an order, as set forth in the applicable rule for each order type. See *id.* at 5 n.9. See also Rule 4702(b)(11)(A), (12)(A), and (13)(A).

<sup>16</sup> “First Reference Price” is currently defined as “the Current Reference Price in the first Order Imbalance Indicator disseminated at or after 3:55 p.m. ET.” See Rule 4754(a)(9). “Current Reference Price” means: (i) The single price that is at or within the current Nasdaq market center best bid and offer at which the maximum number of shares of MOC, LOC, and IO orders can be paired; (ii) if more than one price exists under (i), the price that minimizes any imbalance; (iii) if more than one price exists under (ii), the entered price at which shares will remain unexecuted in the cross; and (iv) if more than one price exists under (iii), the price that minimizes the distance from the bid-ask midpoint of the inside quotation prevailing at the time of the order imbalance indicator dissemination. See Rule 4754(a)(7)(A).

<sup>17</sup> The default configuration for participants that do not specify otherwise is to have Late LOC orders re-priced rather than rejected. See Rule 4702(b)(12)(A).

<sup>18</sup> If either the First Reference Price or the Second Reference Price is not at a permissible minimum increment, the First Reference Price or the Second Reference Price, as applicable, will be rounded: (i) To the nearest permitted minimum increment (with midpoint prices being rounded up) if there is no imbalance; (ii) up if there is a buy imbalance; or (iii) down if there is a sell imbalance. See proposed Rule 4702(b)(12)(A). As is currently the case, the default configuration for participants that do not specify otherwise will be to have Late LOC orders re-priced rather than rejected. See *id.*

Second Reference Price for a security is zero, Late LOC orders to buy (sell) will be priced at the lower (higher) of the First Reference Price and the order's limit price. If both the First Reference Price and Second Reference Price are zero, all Late LOC orders to buy or sell will be rejected.<sup>19</sup>

Finally, the Exchange proposes to replace the term "Eligible Interest" with the defined term "Close Eligible Interest" in the definition of "Near Clearing Price" in Rule 4754(a)(7)(E)(ii) to correct an inadvertent error.<sup>20</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>21</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>22</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

As discussed above, the Exchange proposes to expand the time periods during which MOC, LOC, and IO orders can be cancelled or modified only if the participant requests that the Exchange correct a legitimate error in the order (*i.e.*, from between 3:55 p.m. ET and immediately prior to 3:58 p.m. ET, to between 3:50 p.m. ET and immediately prior to 3:58 p.m. ET). The Commission believes that the proposal could reduce the possibility of large price movements in the Nasdaq Closing Cross process that may result from modifications and cancellations of MOC, LOC, and IO orders starting at 3:50 p.m. ET in response to the EOII.<sup>23</sup> The Commission

also notes that the time periods for entering MOC, LOC, and IO orders remain unchanged, and participants may consider information in the EOII and NOII, as applicable, in entering these orders.

In addition, as discussed above, the Exchange proposes to permit the entry of Late LOC orders provided that there is either a First Reference Price or a Second Reference Price, and to permit a Late LOC order to be priced at the more aggressive of the First Reference Price, Second Reference Price, or its limit price. The Commission believes that the proposal may encourage additional participation in the Nasdaq Closing Cross by allowing participants to consider the information disseminated in both the EOII and NOII in making decisions with respect to the use of Late LOC orders. Moreover, the proposal may increase participation in the Nasdaq Closing Cross because, under the proposal, a Late LOC order with a limit price that is more aggressive than the Second Reference Price would not be rejected or re-priced if its limit price is less aggressive than the First Reference Price.<sup>24</sup>

The Commission also believes the proposal to replace the term "Eligible Interest" with the defined term "Close Eligible Interest" in the definition of "Near Clearing Price" in Rule 4754(a)(7)(E)(ii) is consistent with the Act because using a defined term would render the rule text more precise and accurate.

### IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 1 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-NASDAQ-2019-064 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

orders by providing for a longer period of time during which these orders can only be cancelled or modified if the participant requests that the Exchange correct a legitimate error in the order.

<sup>24</sup> Currently, a Late LOC order with a limit price that is more aggressive than the Second Reference Price (which is currently defined as the "First Reference Price") is either rejected or re-priced to the Second Reference Price.

Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2019-064. 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-2019-064, and should be submitted on or before October 29, 2019.

### V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 1 in the **Federal Register**. As discussed above, in Amendment No. 1, the Exchange revised the proposal to: (1) Specify the time during which MOC orders can be cancelled or modified; (2) remove proposed changes to the Nasdaq Pricing Schedule in Equity 7, Section 118; (3) include additional description, examples, and justification related to the proposed rule change; and (4) make technical, clarifying, and conforming changes. The Commission believes that Amendment No. 1 does not raise any novel regulatory issues or make any significant substantive changes to the

<sup>19</sup> See Amendment No. 1, *supra* note 4, for additional description and examples of the proposed rule change.

<sup>20</sup> See *id.* at 10.

<sup>21</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>22</sup> 15 U.S.C. 78f(b)(5).

<sup>23</sup> The proposal could also result in an increased number of MOC, LOC, and IO orders that participate in the Nasdaq Closing Cross because it restricts the cancellation and modification of these

original proposal, which was subject to a full notice and comment period during which no comments were received. The Commission also notes that Amendment No. 1 provides additional accuracy, clarity, and justification to the proposal. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>25</sup> to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

## VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,<sup>26</sup> that the proposed rule change (SR-NASDAQ-2019-064), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>27</sup>

**Jill M. Peterson,**  
Assistant Secretary.

[FR Doc. 2019-21883 Filed 10-7-19; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87199; File No. SR-MIAX-2019-37]

### Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Order Approving a Proposed Rule Change To Amend Exchange Rule 518, Complex Orders, To Adopt New Interpretation and Policy .07, SPIKES Combo Orders

October 2, 2019.

## I. Introduction

On August 9, 2019, Miami International Securities Exchange, LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to provide for the trading of SPIKES Combo Orders.<sup>3</sup> The proposed rule change was published for comment in the **Federal Register** on August 20,

2019.<sup>4</sup> The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

## II. Description of the Proposed Rule Change

The Exchange proposes to amend MIAX Rule 518, Complex Orders, to adopt new Interpretation and Policy .07 to provide for the trading of SPIKES Combo Orders. A SPIKES Combo Order is an order to purchase or sell one or more SPIKES option series and the offsetting number of SPIKES Combinations defined by the delta.<sup>5</sup> A SPIKES Combination is a purchase (sale) of a SPIKES call option and the sale (purchase) of a SPIKES put option having the same expiration date and strike price.<sup>6</sup> The delta is the positive (negative) number of SPIKES Combinations that must be sold (purchased) to establish a market neutral hedge with one or more SPIKES option series.<sup>7</sup>

Under the proposed rule, a SPIKES Combo Order may not have a ratio greater than eight options to one Spikes Combination.<sup>8</sup> In addition, a SPIKES Combo Order will be subject to all of the provisions in MIAX Rule 518 that are applicable to complex orders, other than the requirement that the component legs of a complex order have a ratio that is equal to or greater than one-to-three and less than or equal to three-to-one.<sup>9</sup> The proposal is designed

<sup>4</sup> See Securities Exchange Act Release No. 86682 (August 14, 2019), 84 FR 43212 (“Notice”).

<sup>5</sup> See proposed MIAX Rule 518, Interpretation and Policy .07(a)(3).

<sup>6</sup> See proposed MIAX Rule 518, Interpretation and Policy .07(a)(1).

<sup>7</sup> See proposed MIAX Rule 518, Interpretation and Policy .07(a)(2). The delta is a measure of the change in an option’s price resulting from a change in the underlying security. See Notice, 84 FR at 43212.

<sup>8</sup> See proposed MIAX Rule 518, Interpretation and Policy .07(a)(4). MIAX notes that its rules governing stock-option orders currently permit the trading of stock-option orders with an 8:1 ratio, where the ratio represents the number of option contracts to the underlying security. See Notice, 84 FR at 43214. See also MIAX Rule 518(a)(5) (defining stock-option order as an order to buy or sell a stated number of units of an underlying security (stock or Exchange Traded Fund Share) or a security convertible into the underlying stock (“convertible security”) coupled with the purchase or sale of options contract(s) on the opposite side of the market representing either (i) the same number of units of the underlying security or convertible security, or (ii) the number of units of the underlying stock necessary to create a delta neutral position, but in no case in a ratio greater than eight-to-one (8.00), where the ratio represents the total number of units of the underlying security or convertible security (*i.e.*, contracts) in the option leg to the total number of units of the underlying security (*i.e.*, 100 shares) or convertible security in the stock leg).

<sup>9</sup> See proposed MIAX Rule 518, Interpretation and Policy .07(a)(4)(i). MIAX’s rules defines a

to facilitate delta neutral hedging for SPIKES options.<sup>10</sup> MIAX states that delta hedging aims to reduce the risk associated with price movements in the underlying asset.<sup>11</sup> MIAX notes that an options position may be delta hedged with other options<sup>12</sup> or with shares of the underlying stock.<sup>13</sup> Although SPIKES options, which are based on an index, do not have an underlying stock that may serve as a hedge, a SPIKES Combination Order creates a synthetic underlying position that is the functional equivalent of the stock leg of a stock-option order.<sup>14</sup> MIAX believes that permitting SPIKES Combo Orders with an 8:1 ratio will align the treatment of SPIKES Combo Orders with the treatment of stock-option orders and permit additional hedging opportunities.<sup>15</sup>

MIAX states that it has the system capacity and capability to handle the potential increase in transaction rates that could result from the trading of SPIKES Combo Orders.<sup>16</sup> In addition, MIAX states that it will have surveillance to monitor compliance with the Exchange’s rules, specifically as they pertain to delta neutral transactions.<sup>17</sup>

## III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act,<sup>18</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>19</sup> In particular, the Commission finds that the proposed rule change is consistent with Section

complex order as any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. See MIAX Rule 518(a)(5).

<sup>10</sup> See Notice, 84 FR at 43214.

<sup>11</sup> See *id.* at 43213.

<sup>12</sup> For example, a call option with a delta of 0.50 could be hedged by a put option with a delta of -0.50, resulting in a position with a delta of zero. See *id.*

<sup>13</sup> See *id.*

<sup>14</sup> See *id.* at 43214.

<sup>15</sup> MIAX notes that market participants that transact in SPIKES options currently may submit complex orders that are delta neutral as long as the ratio for the component legs of the transaction conforms to the current 1:3/3:1 ratio applicable to complex orders. See *id.*

<sup>16</sup> See *id.* at 43215.

<sup>17</sup> See *id.*

<sup>18</sup> 15 U.S.C. 78f.

<sup>19</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>25</sup> 15 U.S.C. 78s(b)(2).

<sup>26</sup> *Id.*

<sup>27</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> SPIKES Combo Orders are comprised of multiple series of SPIKES™ Index (“SPIKES”) options. The SPIKES Index measures expected 30-day volatility of the SPDR S&P 500 ETF Trust (“SPY”). See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865 (October 18, 2018) (File No. SR-MIAX-2018-14) (approving the listing and trading of SPIKES Index options).