II. Description of the Proposed Rule Change, as Modified by Amendment Nos. 1, 2, and 3

As described more fully in the Notice, the Exchange proposes to amend Phlx Rule 1098 to adopt protections that will prevent the execution of a butterfly spread\(^6\) or a box spread\(^7\) at a price outside of specified minimum and maximum values (the “Butterfly Spread Protection” and the “Box Spread Protection,” respectively).\(^8\) Under the Butterfly Spread Protection, a butterfly spread that is priced higher than the Maximum Value\(^9\) or lower than the Minimum Value\(^10\) will be cancelled. A butterfly spread entered as a market order will be accepted but will be restricted from trading at a price that is higher than the Maximum Value or lower than the Minimum Value.\(^11\)

Similarly, under the Box Spread Protection, a box spread that is priced higher than the Maximum Value\(^12\) or lower than the Minimum Value\(^13\) will be cancelled. A box spread entered as a market order will be accepted but will be restricted from trading at a price that is higher than the Maximum Value or lower than the Minimum Value.\(^14\)

The Phlx states that the proposal is responsive to member input and will provide members with additional functionality that will assist them in managing risk.\(^15\) In addition, the Phlx states that the buffer allowance from the minimum and maximum values permitted for the execution of butterfly and box spreads will provide market participants with flexibility to manage their business.\(^16\) The Phlx notes that it currently offers similar order protection features for Complex Orders to avoid erroneous trades, including the Strategy Price Protection and the Acceptable Complex Execution (“ACE”) Parameter.\(^17\)

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.\(^18\) In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,\(^20\) which requires, among other things, that the rules of a national securities exchange be

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\(^{15}\) U.S.C. 78j(b)(1).


designated to prevent fraudulent and manipulative acts and practices, 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.

The Commission believes that the Butterfly Spread Protection and the Box Spread Protection will help market participants mitigate risk by preventing the execution of butterfly and box spreads at prices that are outside of specified minimum and maximum values. The Commission notes that the Phlx has indicated that the protections are responsive to input from Phlx members. In addition, the Commission notes that another options exchange has adopted similar price protections.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–Phlx–2018–14), as modified by Amendment Nos. 1, 2, and 3, is approved.

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

Eduardo A. Aleman,
Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, Washington, DC 20549–2736

Extension:

Rule 15g–4 requires brokers and dealers effecting transactions in penny stocks for or with customers to disclose the amount of compensation received by the broker-dealer in connection with the transaction. The purpose of the rule is to increase the level of disclosure to investors concerning penny stocks generally and specific penny stock transactions.

The Commission estimates that approximately 195 broker-dealers will spend an average of 87 hours annually to comply with this rule. Thus, the total compliance burden is approximately 16,965 burden-hours per year.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency’s estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number. Please direct your written comments to: Pamela Dyson, Acting Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE, Washington, DC 20549 or send an email to PRA_Mailbox@sec.gov.


Eduardo A. Aleman, Assistant Secretary.

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Extension:

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

Rule 6e–2 (17 CFR 270.6e–2) under the Investment Company Act of 1940 ("Act") (15 U.S.C. 80a) is an exemptive rule that provides separate accounts formed by life insurance companies to fund certain variable life insurance products, exemptions from certain provisions of the Act, subject to conditions set forth in the rule.

Rule 6e–2 provides a separate account with an exemption from the registration provisions of section 8(a) of the Act if the account files with the Commission Form N–6EI–1 (17 CFR 274.301), a notification of claim of exemption.

The rule also exempts a separate account from a number of other sections of the Act, provided that the separate account makes certain disclosure in its registration statements (in the case of those separate account that elect to register), reports to contract holders, proxy solicitations, and submissions to state regulatory authorities, as prescribed by the rule.

Since 2008, there have been no filings of Form N–6EI–1 by separate accounts. Therefore, there has been no cost or burden to the industry since that time. The Commission requests authorization to maintain an inventory of one burden hour for administrative purposes.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view the background documentation for this information collection at the following website, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Shagufta_Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE, Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

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23 See Notice, 83 FR at 8916.
24 See CBOE Rule 6.53C, Interpretation and Policy.08(g).