

*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-FINRA-2019-015. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2019-015 and should be submitted on or before May 29, 2019.

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

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85761; File No. SR-Phlx-2019-18]

### Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete and Relocate the Exchange's Current Registration, Qualification and Continuing Education Rules

May 2, 2019.

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> notice is hereby given that on April 30, 2019, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, 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 delete and relocate the Exchange's current Registration, Qualification and Continuing Education rules ("Exchange Registration Rules" and, generally, "Registration Rules") under the 1200 Series (Rules 1210 through 1260), and incorporate by reference The Nasdaq Stock Market LLC's ("Nasdaq") rules at General 4 ("Nasdaq Registration Rules"), into General 4 of the Exchange's rulebook's ("Rulebook") shell structure.<sup>3</sup>

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

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

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

<sup>3</sup> In 2017, the Exchange added a shell structure to its Rulebook with the purpose of improving efficiency and readability and to align its rules closer to those of its five sister exchanges, The Nasdaq Stock Market LLC; Nasdaq BX, Inc.; Nasdaq ISE, LLC; Nasdaq GEMX, LLC; and Nasdaq MRX, LLC ("Affiliated Exchanges"). The shell structure currently contains eight (8) General sections which, once complete, will apply a common set of rules to the Affiliated Exchanges. See Securities Exchange Act Release No. 82169 (November 29, 2017), 82 FR 57508 (December 5, 2017) (SR-Phlx-2017-97).

#### 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

The Exchange recently amended, reorganized, and enhanced certain of its membership, registration, and qualification requirement rules partly in response to rule changes by the Financial Industry Regulatory Authority ("FINRA"), and also in order to conform the Exchange's rules more closely to those of its Affiliated Exchanges in the interest of uniformity and to facilitate compliance with membership, registration and qualification regulatory requirements by members of multiple Affiliated Exchanges including the Exchange.<sup>4</sup> To that end, the Exchange adopted a new 1200 Series of rules, captioned "Registration, Qualification and Continuing Education," generally conforming the Exchange Registration Rules to FINRA's new 1200 Series, except for a number of Exchange-specific variations.<sup>5</sup>

The Exchange now proposes to delete the Exchange Registration Rules 1210, 1220, 1230, 1240, and 1250, currently under the 1200 Series; and incorporate by reference the Nasdaq Registration Rules at General 4 of Nasdaq's rulebook into General 4 of the Exchange's Rulebook. Relatedly, the Exchange will make necessary cross-reference updates throughout the Rulebook. Specifically, the Exchange will amend the cross-references in Exchange Rules 1, 3202, 9630, the Pricing Schedule at Options 7, Section 9, C and the Options Floor Trading Rules at Options 8, Sections 8 and 12.

The incorporation by reference of Nasdaq Registration Rules at General 4 into the Exchange's General 4 title and

<sup>4</sup> See Securities Exchange Act Release No. 84352 (October 3, 2018), 83 FR 50981 (October 10, 2018) (SR-Phlx-2018-61) (the "Registration Rules Filing").

<sup>5</sup> *Id.*

<sup>27</sup> 17 CFR 200.30-3(a)(12).

any necessary cross-reference updates are regulatory in nature.<sup>6</sup> In addition, consistent with the Registration Rules Filing,<sup>7</sup> the incorporation by reference text in the Exchange's General 4, Section 1 will provide that all references in the Exchange's General 4 series to a "member" shall be deemed to be references to a "member organization." Furthermore, the incorporation by reference text in the Exchange's General 4, Section 1 will clarify that the term "registered persons," as described in Nasdaq Registration Rules General 4, Section 1.1210.07, shall be read to refer to "covered persons" as defined in Nasdaq Registration Rules General 4, Section 1.1240(a)(5).

The Exchange notes that as a condition of an exemption, which the Exchange will request and will need to be approved by the Commission pursuant to Section 36 of the Act,<sup>8</sup> the Exchange agrees to provide written notice to its members whenever Nasdaq proposes a change to its General 4 title.<sup>9</sup> Such notice will alert Exchange members to the proposed Nasdaq rule change and give them an opportunity to comment on the proposal. The Exchange will similarly inform its members in writing when the SEC approves any such proposed change.

#### Implementation

The Exchange proposes that this rule change becomes operative at such time as it receives approval for an exemption from the Securities and Exchange Commission, pursuant to its authority under Section 36 of the Act and Rule 0-12<sup>10</sup> thereunder, from the Section 19(b) rule filing requirements to separately file a proposed rule change to amend the Exchange's General 4 title.

<sup>6</sup> The General 4 rules are categories of rules that are not trading rules. See 17 CFR 200.30-3(a)(76) (contemplating such requests). In addition, several other Self-Regulatory Organizations ("SROs") incorporate by reference certain regulatory rules of other SROs and have received from the Commission similar exemptions from Section 19(b) of the Exchange Act. See e.g., Securities Exchange Act Release Nos. 57478 (March 12, 2008), 73 FR 14521 (March 18, 2008), 53128 (January 13, 2006), 71 FR 3550 (January 23, 2006); 49260 (February 17, 2004), 69 FR 8500 (February 24, 2004).

<sup>7</sup> See supra note 4.

<sup>8</sup> 15 U.S.C. 78mm.

<sup>9</sup> The Exchange will provide such notice via a posting on the same website location where the Exchange posts its own rule filings pursuant to Rule 19b-4 within the timeframe required by such rule. The website posting will include a link to the location on the Nasdaq website where the applicable proposed rule change is posted.

<sup>10</sup> See 17 CFR 240.0-12; Exchange Act Release No. 39624 (February 5, 1998), 63 FR 8101 (February 18, 1998).

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> 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 consolidating its rules into a single rule set. The Exchange intends to also file similar proposed rule changes for the Nasdaq BX, Inc.; Nasdaq GEMX, LLC; Nasdaq ISE, LLC; and Nasdaq MRX, LLC markets so that the General 4 rules which govern Registration Rules are conformed.<sup>13</sup>

Incorporating by reference the Nasdaq Registration Rules at General 4 into the Exchange's General 4 title will provide an easy reference for Exchange members seeking to comply with registration and qualification requirements on multiple markets. As noted, the Exchange intends to file similar proposed rule changes for other Affiliated Exchanges so that Nasdaq General 4 is the source document for all Registration Rules. The Exchange notes that the current rule is not changing and that Exchange members will be required to continue to comply with the Nasdaq Registration Rules as though such rules are fully set forth in Exchange's Rulebook. The Exchange desires to conform its rules and locate those rules within the same location in each Rulebook to provide Exchange members the ability to quickly locate rules.

### 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 Exchange believes that this rule change does not impose an undue burden on competition because the Exchange is merely incorporating by reference the Nasdaq Registration Rules at General 4 into its own Rulebook. The Exchange Registration Rules are not being amended and therefore no member is impacted.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

<sup>13</sup> The Commission notes that the exchanges have filed these rule changes.

### 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 Act<sup>14</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>15</sup>

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 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2019-18 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-Phlx-2019-18. This file

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

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-Phlx-2019-18 and should be submitted on or before May 29, 2019.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Eduardo A. Aleman,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-85763; File No. SR-LCH SA-2019-002]

**Self-Regulatory Organizations; LCH SA; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Extension of the Onboarding Fee Waiver and Introduction of a Fee Rebate Scheme for CDSClear Index Swaptions Clearing Activities**

May 2, 2019.

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> notice is hereby given that on April 29, 2019, Banque Centrale de Compensation, which conducts business under the name LCH SA (“LCH SA”), filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by LCH SA. LCH SA filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(2)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

**I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice**

The proposed rule change will extend the onboarding fee waiver and introduce a fee rebate scheme for CDSClear Index Swaptions clearing activities to be effective upon filing with the Commission.

**II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, LCH SA 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. LCH SA has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

*A. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change, Security-Based Swap Submission, or Advance Notice*

**1. Purpose**

As specified in the table below, the current CDSClear Index Swaptions fee grid includes an onboarding fee and offers both General Members and Select Members a choice between the Introductory Tariff and the Unlimited Tariff.

The purpose of the proposed rule change is to:

- (1) Extend the waiver period for the onboarding fee for both General Members and Select Members that register to the CDSClear Index Swaptions clearing service, and
- (2) introduce a clearing fee rebate applicable to the Index Swaptions Unlimited Tariff for both General Members and Select Members.

As a reminder, under the Unlimited Tariff, Clearing Members pay a fixed amount annually that covers all clearing fees for their Index Swaptions House activity for the activity of all the Affiliates of their Clearing Member group.

**CURRENT LCH SA CDSCLEAR INDEX SWAPTIONS CLEARING SERVICE FEE GRID**

**General Member:**

*Introductory Tariff*

Cover only one Clearing Member legal entity (no Affiliate coverage)

Clearing fees .....	\$15 €15	per million of Index Swaptions notional on U.S. Indices.* per million of Index Swaptions notional on European Indices.
Floor on clearing fees .....	€150k	Per calendar year (no pro-rating).
Cap on clearing fees .....	€600k	Per calendar year (no pro-rating).

*Unlimited Tariff*

Cover all the Affiliates of a given Clearing Member group.

Cover all clearing fees for Index Swaptions House activity for both iTraxx and CDX.NA underlying index families.

Fixed fee (annual) .....	€375k €30k	Per calendar year (no pro-rating). One-off fee per Clearing Member legal entity under the Introductory Tariff or per Clearing Member group under the Unlimited Tariff waived until 31-Mar-19.
<i>Onboarding Fees</i> (both Introductory Tariff & Unlimited Tariff).		

<sup>16</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> 15 U.S.C. 78s(b)(3)(A).

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