

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(1).¹²

C. Consistency With Rule 17Ad-22(e)(17)

Rules 17Ad-22(e)(17)(i) and (ii) require that ICC establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, manage its operational risks by (i) identifying the plausible sources of operational risk, both internal and external, and mitigating their impact through the use of appropriate systems, policies, procedures, and controls, and (ii) ensuring that systems have a high degree of security, resiliency, operational reliability, and adequate, scalable capacity.¹³ The Commission believes that by allowing ICC to identify each exercising party's "in the money" Index Option open positions for the relevant expiration date and submit preliminary exercise notices for all such in "the money" positions, ICC can mitigate the impact of a technology or communication error because they can be used as the final exercise instructions in the event of a communications failure during the exercise window. The Commission believes that such procedures should help mitigate the impact from technical issues to ensure that the system has a high degree of security, resiliency, and operational reliability. Similarly, the Commission believes that the proposed changes to the Exercise Procedures that, in the event of an exercise system failure, clarify that canceling and rescheduling the Exercise Period may include scheduling a new Pre-Exercise Notification Period, in which case any preliminary exercise notices and exercise notices submitted prior will be ineffective, enhances operational reliability of ICC's systems.

For these reasons, the Commission finds that the proposed rule change is consistent with Rule 17Ad-22(e)(17)(i) and (ii).¹⁴

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Act¹⁵ and Rules 17Ad-22(e)(1) and 17Ad-22(e)(17)(i) and (ii).¹⁶

It is therefore ordered pursuant to Section 19(b)(2) of the Act¹⁷ that the proposed rule change (SR-ICC-2021-006), be, and hereby is, approved.¹⁸

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91839; File No. SR-Phlx-2021-28]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Various Phlx Listing Rules Related to Bid/Ask Differentials for Long-Term Options Series

May 11, 2021.

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 May 4, 2021, 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 amend Phlx Rules at Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading. The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

The text of the proposed rule change is available on the Exchange's website at

¹⁷ 15 U.S.C. 78s(b)(2).

¹⁸ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

<https://listingcenter.nasdaq.com/rulebook/phlx/rules>, 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.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Options 2, Section 4, Obligations of Market Makers; Options 4, Section 8, Long-Term Options Contracts; Options 4A, Section 6, Position Limits; Options 4A, Section 12, Terms of Index Options Contracts; and Options 4C, Section 5, Series of U.S. Dollar-Settled Foreign Currency Options Contracts Open for Trading.

The Exchange also proposes a technical amendment within Equity 11, Section 4, Payment on Delivery—Collect on Delivery.

Bid/Ask Differentials for Long-Term Options Series

Phlx Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) describes the bid/ask differentials for long-term options series for equity options, exchange-traded products, indexes, and U.S. dollar-settled foreign currencies, respectively. Currently, the bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for equity options and exchange-traded products as provided for within Options 4, Section 8(a). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is less than twelve (12) months for index options as provided for within Options 4A, Section 12(b)(2). Currently, bid/ask differentials shall not apply to such options series until the time to expiration is less than nine (9) months for U.S. dollar-settled foreign currency options as provided for within Options 4C, Section 5(a)(1)(C).

¹² 17 CFR 240.17Ad-22(e)(1).

¹³ 17 CFR 240.17Ad-22(e)(17)(i)-(ii).

¹⁴ 17 CFR 240.17Ad-22(e)(17)(i)-(ii).

¹⁵ 15 U.S.C. 78q-1(b)(3)(F).

¹⁶ 17 CFR 240.17Ad-22(e)(1), (e)(17)(i) and (ii).

The Exchange proposes to centralize the bid/ask differentials from Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) within Options 2, Section 4(c)(1)(A) and add a sentence to the aforementioned rules that cites to Options 2, Section 4(b)(4)(i) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Primary Market Makers and Competitive Market Makers with centralized information regarding their bid/ask differential requirements.

Obsolete Listings

The Exchange proposes to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12. The SIG Oil Exploration & Production Index has not been listed by Phlx since 2016. The Exchange also proposes to remove a reference to the SIG Energy MLP Index™ within Supplementary Material to Options 4A, Section 12 as it has not been listed on Phlx since 2017. The Exchange will file a rule change with the Commission in the event that it desires to list these products in the future.

Technical Amendment

The Exchange proposes to add the title, “Supplementary Material to Equity 11, Section 4” within Equity 11, Section 4 and renumber the rule text that follows which includes defined terms. The Exchange also proposes to correct a lettering issue within the rule. These amendments are non-substantive and intended solely to make the rule easier to read.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,³ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴ 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.

Bid/Ask Differentials for Long-Term Options Series

The Exchange’s proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for

long-term option series is consistent with the Act. The Exchange’s proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products. The Exchange believes that this relocation will provide Lead Market Makers and Market Makers with centralized information regarding their bid/ask differential requirements.

Obsolete Listings

The Exchange’s proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 is consistent with the Act. These listing have not appeared on Phlx for several years.

Technical Amendment

The Exchange’s proposal to add the title, “Supplementary Material to Equity 11, Section 4” within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

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.

Bid/Ask Differentials for Long-Term Options Series

The Exchange’s proposal to amend Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) to relocate text concerning bid/ask differentials for long-term option series does not impose an undue burden on competition. The Exchange’s proposal will centralize the bid/ask differentials within Options 2, Section 4(c)(1)(A) and add a sentence to Options 4, Section 8(a), Options 4A, Section 12(b)(2) and Options 4C, Section 5(a)(1)(C) that cites to Options 2, Section 4(c)(1)(A) for information on bid/ask differentials for the various products.

Obsolete Listings

The Exchange’s proposal to remove references to SIG Oil Exploration & Production Index within Options 4A, Section 6(b)(i) and Supplementary Material to Options 4A, Section 12 and

to remove a reference to the SIG Oil Exploration & Production Index within Supplementary Material to Options 4A, Section 12 does not impose an undue burden on competition. These listing have not appeared on Phlx for several years.

Technical Amendment

The Exchange’s proposal to add the title, “Supplementary Material to Equity 11, Section 4” within Equity 11, Section 4 and renumber and re-letter rule text are non-substantive and intended solely to make the rule easier to read.

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 Act⁵ and subparagraph (f)(6) of Rule 19b–4 thereunder.⁶

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:

⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁶ 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.

³ 15 U.S.C. 78f(b).

⁴ 15 U.S.C. 78f(b)(5).

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-Phlx-2021-28 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-2021-28. 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-Phlx-2021-28 and should be submitted on or before June 7, 2021.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

J. Matthew DeLesDernier,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-91838; File No. SR-BX-2021-020]

Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend BX Rules at Options 3, Section 7, Types of Orders and Order and Quote Protocols, and Options 3, Section 15, Risk Protections

May 11, 2021.

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 29, 2021, Nasdaq BX, Inc. ("BX" 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 amend BX Rules at Options 3, Section 7, Types of Orders and Order and Quote Protocols, and Options 3, Section 15, Risk Protections.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/bx/rules>, 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.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend BX's Rules at Options 3, Section 15, Risk Protections, to describe Size Limitation and note its application to Opening Only Orders and Immediate-or-Cancel Orders within Options 3, Section 7(b)(1) and (2), respectively. Also, technical changes are proposed within Options 3, Section 7(e)(1)(B) which describes the Specialized Quote Feed or "SQF".³ Each change is described below.

Options 3, Section 15

The Exchange proposes to amend Options 3, Section 15, Risk Protections, to add a new section (b)(2) to describe within its rules a current limitation that exists today as to number of contracts an incoming order or quote may specify. Specifically, the maximum number of contracts, which shall not be less than 10,000, is established by the Exchange from time-to-time. Orders or quotes that exceed the maximum number of contracts are rejected. This System limitation is the same on all Nasdaq affiliated exchanges.⁴ Today, Nasdaq ISE, LLC ("ISE"), Nasdaq GEMX, LLC ("GEMX") and Nasdaq MRX, LLC ("MRX") describe this limitation within those rules at Options 3, Section 15(a)(2)(B). BX proposes to similarly describe this limitation in its rules.

The Exchange also proposes to amend Options 3, Section 7(b)(1) which describes an Opening Only or "OPG" order. Today, an OPG order can only be executed in the Opening Process pursuant to Options 3, Section 8. The rule currently states that this order type is not subject to any protections listed

³ SQF is an interface that allows Market Makers to connect, send, and receive messages related to quotes, Immediate-or-Cancel Orders, and auction responses into and from the Exchange. Features include the following: (1) Options symbol directory messages (e.g., underlying instruments); (2) system event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8) opening imbalance messages; (9) auction notifications; and (10) auction responses. The SQF Purge interface only receives and notifies of purge requests from the Market Maker. Market Makers may only enter interest into SQF in their assigned options series. Immediate-or-Cancel Orders entered into SQF are not subject to the Order Price Protection or the Market Order Spread Protection in Options 3, Section 15(a)(1) and (a)(2), respectively. See Options 3, Section 7(e)(1)(B).

⁴ The Exchange will propose a similar rule change to Nasdaq Phlx LLC and The Nasdaq Stock Market LLC.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

⁷ 17 CFR 200.30-3(a)(12).