

Statements also will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Room 1580, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All statements received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

**FOR FURTHER INFORMATION CONTACT:** Christian Broadbent or Mark Uyeda, Senior Special Counsels, or Sirimal Mukerjee, Senior Counsel, at (202) 551-6720, Division of Investment Management, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-3628.

**SUPPLEMENTARY INFORMATION:** In accordance with Section 10(a) of the Federal Advisory Committee Act, 5 U.S.C.—App. 1, and the regulations thereunder, Dalia Blass, Designated Federal Officer of the Committee, has ordered publication of this notice.

Dated: December 20, 2019.

**Vanessa A. Countryman,**  
*Committee Management Officer.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-87823; File No. SR-EMERALD-2019-038]

### Self-Regulatory Organizations: MIAX Emerald, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; Exchange Rule 515, Execution of Orders and Quotes; Exchange Rule 516, Order Types Defined; Exchange Rule 517, Quote Types Defined; Exchange Rule 518, Complex Orders; and Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors

December 20, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 19, 2019, MIAX Emerald, LLC ("MIAX Emerald" or "Exchange") filed with the Securities and Exchange Commission (the "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 is filing a proposal to amend Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; Exchange Rule 515, Execution of Orders and Quotes; Exchange Rule 516, Order Types Defined; Exchange Rule 517, Quote Types Defined; Exchange Rule 518, Complex Orders; and Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings/emerald> at MIAX Emerald's principal office, 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 Exchange Rule 100, Definitions; Exchange Rule 503, Openings on the Exchange; Exchange Rule 515, Execution of Orders and Quotes; Exchange Rule 516, Order Types Defined; Exchange Rule 517, Quote Types Defined; Exchange Rule 518, Complex Orders; and Exchange Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, to make minor non-substantive edits to update internal cross references in the Exchange's rulebook.

The Exchange is an affiliate of the Miami International Securities Exchange, LLC ("MIAX") and

incorporates by reference a number of MIAX Exchange rules into its rulebook. The MIAX Exchange recently amended Rule 1400, Definitions, found in Chapter XIV of the MIAX Exchange rules, which are its rules pertaining to the Options Order Protection and Locked and Crossed Market Plan.<sup>3</sup> The MIAX Exchange adopted a definition for Complex Trade which, when inserted into its proper alphabetical position in MIAX Exchange Rule 1400, caused the subsequent following definitions to be renumbered (e.g., the existing subparagraph (d) became new subparagraph (e); existing subparagraph (e) became new subparagraph (f), etc. . . .). As a result of the change to MIAX Exchange Rule 1400, a number of non-substantive amendments must be made to correct internal cross references within the Exchange's rulebook.

Specifically, the internal cross-reference to Eligible Exchanges in the definition of ABBO or Away Best Bid or Offer, in Exchange Rule 100, must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Eligible Exchanges in Exchange Rule 503(e)(1)(iii) must be updated from Rule 1400(f) to Rule 1400(g). The internal cross-reference to Intermarket Sweep Orders in Rule 503(f)(2)(iv)(A)2. must be updated from Rule 1400(h) to Rule 1400(i). The internal cross-reference to the NBBO in Exchange Rule 515(a) must be updated from Rule 1400(j) to Rule 1400(k). The internal cross-reference to Intermarket Sweep Orders in Exchange Rule 516(f) must be updated from Rule 1400(h) to Rule 1400(i). Similarly in Rule 516(f) the internal cross-references to Protected Quotes and Eligible Exchanges must be updated from 1400(p) and (f) to 1400(q) and (g) respectively. Lastly, in Rule 516(f), the internal cross-reference to Protected Bid or Protected Offer must be updated from 1400(o) to 1400 (p). The internal cross-references to Protected Bid and Protected Offer in Exchange Rule 517(a)(2)(v) must be updated from 1400(o) to 1400(p). The internal cross-reference to Eligible Exchanges in Exchange Rule 518(a)(1) must be updated from Rule 1400(f) to Rule 1400(g). Finally, the internal cross-reference to the Options Order Protection and Locked/Crossed Market Plan in Exchange Rule 521(j) must be updated from Rule 1400(n) to Rule 1400(o).

The Exchange believes these changes add clarity and precision to the Exchange's rules.

<sup>3</sup> See Securities Exchange Act Release No. 87693 (December 9, 2019), 84 FR 68264 (December 13, 2019) (SR-MIAX-2019-48).

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

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

## 2. Statutory Basis

MIAX Emerald believes that its proposed rule change is consistent with Section 6(b) of the Act<sup>4</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>5</sup> in particular, in that it is 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in, securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the proposed non-substantive rule changes to update internal cross-references within the Exchange's Rules promotes just and equitable principles of trade and removes impediments to and perfects the mechanism of a free and open market and a national market system and, in general, protects investors and the public interest by providing additional clarity and precision in the Exchange's rules. The Exchange believes it is in the public interest for rules to be accurate and precise so as to eliminate the potential for 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 that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition as the proposed change is non-substantive in nature. The non-substantive edits to update internal cross-references in the Exchange's rulebook provides precision and accuracy in the Exchange's rules.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition as the non-substantive edits to update internal cross-references in the Exchange's rulebook provide additional detail and clarity in the Exchange's rules, which apply equally to all Exchange Members.<sup>6</sup>

### C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the 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<sup>7</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>8</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>9</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>10</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposed rule change may become operative upon filing. Waiver of the operative delay would allow the Exchange to immediately harmonize its rules to MIAX Options to ensure that the internal cross-references in the Exchange's rulebook are correct. Therefore, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the operative delay and designates the proposed rule change operative upon filing.<sup>11</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 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](mailto:rule-comments@sec.gov). Please include File Number SR-EMERALD-2019-038 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-EMERALD-2019-038. 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

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 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.

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>11</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>4</sup> 15 U.S.C. 78f(b).

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

<sup>6</sup> The term "Member" means an individual or organization approved to exercise the trading rights associate with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

to make available publicly. All submissions should refer to File Number SR–EMERALD–2019–038 and should be submitted on or before January 21, 2020.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2019–28086 Filed 12–27–19; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–87810; File No. SR–FINRA–2019–030]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend the Membership Application Program (“MAP”) Rules To Address the Issue of Pending Arbitration Claims

December 20, 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 December 13, 2019, Financial Industry Regulatory Authority, Inc. (“FINRA”) 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 substantially prepared by FINRA. 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

FINRA is proposing to amend the Membership Application Program (“MAP”) rules to help further address the issue of pending arbitration claims, as well as arbitration awards and settlement agreements related to arbitrations that have not been paid in full in accordance with their terms.<sup>3</sup>

Specifically, the proposed rule change would: (1) Amend Rule 1014 (Department Decision) to: (a) Create a rebuttable presumption that an application for new membership should be denied if the applicant or its associated persons are subject to a pending arbitration claim, and (b) permit an applicant to overcome a presumption of denial by demonstrating its ability to satisfy an unpaid arbitration award, other adjudicated customer award, unpaid arbitration settlement or pending arbitration claim; (2) adopt a new requirement for a member, that is not otherwise required to submit an application for continuing membership for a specified change in ownership, control or business operations, including business expansion, to seek a materiality consultation if the member or its associated persons have a defined “covered pending arbitration claim,” unpaid arbitration award, or an unpaid arbitration settlement; (3) amend Rule 1017 (Application for Approval of Change in Ownership, Control, or Business Operations) to require a member to demonstrate its ability to satisfy an unpaid arbitration award or unpaid settlement related to an arbitration before effecting the proposed change thereunder; (4) amend Rule 1013 (New Member Application and Interview) and Rule 1017 to require an applicant to provide prompt written notification of any pending arbitration claim that is filed, awarded, settled or becomes unpaid before a decision on an application constituting final action on FINRA is served on the applicant; and (5) make other non-substantive and technical changes in the specified MAP rules due to the proposed amendments.<sup>4</sup>

The text of the proposed rule change is available on FINRA’s website at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA 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

##### Background

The MAP rules govern the way in which FINRA reviews a new membership application (“NMA”) and a continuing membership application (“CMA”).<sup>5</sup> These rules require an applicant to demonstrate its ability to comply with applicable securities laws and FINRA rules, including observing high standards of commercial honor and just and equitable principles of trade. FINRA evaluates an applicant’s financial, operational, supervisory and compliance systems to ensure that the applicant meets the standards set forth in the MAP rules. Among other factors, the MAP rules require FINRA to consider whether persons associated with an applicant have material disciplinary actions taken against them by industry authorities, customer complaints, adverse arbitrations, pending arbitration claims, unpaid arbitration awards, pending or unadjudicated matters, civil actions, remedial actions imposed or other industry-related matters that could pose a threat to public investors.<sup>6</sup>

FINRA is proposing to amend the MAP rules in several ways. First, FINRA is proposing to amend one standard for admission and the corresponding factors therein relating to the presumption to deny an application for new or continuing membership. Second, FINRA is proposing to clarify the various ways in which an applicant for new or continuing membership may demonstrate its ability to satisfy an unpaid arbitration award, other adjudicated customer award, unpaid arbitration settlement, or a pending arbitration claim during the application review process, and to preclude an applicant from effecting any contemplated change in ownership, control or business operations until such demonstration is made and FINRA approves the application. Third, FINRA

<sup>5</sup> Unless otherwise specified, the term “application” refers to either an NMA (or Form NMA) or CMA (or Form CMA), depending on context.

<sup>6</sup> See generally Rules 1014(a)(3) and 1014(a)(10).

<sup>12</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> Effective May 8, 2019, FINRA adopted the NASD Rule 1010 Series (Membership Proceedings), among other rules, in the consolidated FINRA rulebook, without substantive change. The MAP rules now reside under the FINRA Rule 1000 Series (Member Application and Associated Person Registration) as FINRA Rules 1011 through 1019. See Securities Exchange Act Release No. 85589 (April 10, 2019), 84 FR 15646 (April 16, 2019) (Notice of Filing and Immediate Effectiveness of File No. SR–FINRA–2019–009). For purposes of this filing, all references to the MAP rules are to the FINRA Rule 1000 Series. The proposed rule change

would also update cross-references and make other non-substantive, technical changes, and make corresponding changes to the Forms NMA and CMA. FINRA is separately developing changes to the MAP rules in connection with the retrospective review of this rule set. See *Regulatory Notice 18–23* (July 2018) (“*Notice 18–23*”) (requesting comment on a proposal regarding the MAP rules).

<sup>4</sup> For example, the proposed rule change would require the renumbering of some paragraphs in Rules 1011 and 1014 and the updating of cross-references.