

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-CBOE-2018-064 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-CBOE-2018-064. 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-CBOE-2018-064 and should be submitted on or before October 11, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-20433 Filed 9-19-18; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84130; File No. SR-ICC-2018-007]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change Relating to the Clearance of an Additional Credit Default Swap Contract

September 14, 2018.

#### I. Introduction

On June 13, 2018, ICE Clear Credit LLC ("ICC") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to revise the ICC Rulebook (the "Rules")<sup>3</sup> to provide for the clearance of an additional Standard Emerging Market Sovereign CDS contract ("EM Contract"). The proposed rule change was published for comment in the **Federal Register** on July 3, 2018.<sup>4</sup> The Commission did not receive comments regarding the proposed rule change. On August 16, 2018, the Commission designated a longer period for Commission action on the proposed rule change.<sup>5</sup> For the reasons discussed below, the Commission is approving the proposed rule change.

#### II. Description of the Proposed Rule Change

The proposed rule change will provide the basis for ICC to clear an additional credit default swap contract. ICC proposes to amend Subchapter 26D of its Rules to provide for the clearance of an additional EM Contract, the Lebanese Republic. ICC represents that this additional EM Contract has terms consistent with the other EM Contracts approved for clearing at ICC and is governed by Subchapter 26D of the Rules.<sup>6</sup> Minor revisions to Subchapter 26D (Standard Emerging Market Sovereign ("SES") Single Name) are being made to provide for clearing the additional EM Contract. Specifically, in Rule 26D-102 (Definitions), "Eligible SES Reference Entities" is modified to include the Lebanese Republic in the

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

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

<sup>3</sup> Capitalized terms used herein but not otherwise defined have the meaning set forth in the ICC Rules. Available at [https://www.theice.com/publicdocs/clear\\_credit/ICE\\_Clear\\_Credit\\_Rules.pdf](https://www.theice.com/publicdocs/clear_credit/ICE_Clear_Credit_Rules.pdf).

<sup>4</sup> Securities Exchange Act Release No. 34-83545 (June 28, 2018), 83 FR 31244 (July 3, 2018) (SR-ICC-2018-007) ("Notice").

<sup>5</sup> Securities Exchange Act Release No. 34-83864 (August 16, 2018), 83 FR 42540 (August 22, 2018) (SR-ICC-2018-007).

<sup>6</sup> Notice, 83 FR at 31245.

list of specific Eligible SES Reference Entities to be cleared by ICC. ICC has also represented that clearing of the additional EM Contract will not require any changes to ICC's Risk Management Framework or other policies and procedures constituting rules within the meaning of the Securities Exchange Act of 1934 ("Act").<sup>7</sup>

#### III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.<sup>8</sup> Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions, assure the safeguarding of securities and funds which are in the custody or control of the clearing agency for which it is responsible and, in general, to protect investors and the public interest.<sup>9</sup>

The Commission finds that the rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>10</sup> and the rules and regulations thereunder applicable to ICC. The Commission has reviewed the terms and conditions of this contract and has determined that it is substantially similar to the other contracts listed in Subchapter 26D of the ICC Rules, all of which ICC currently clears, the key difference being that the underlying reference obligations will be issuances by the Lebanese Republic. Moreover, after reviewing the Notice and ICC's Rules, policies and procedures, the Commission finds that the additional EM Contract will be cleared pursuant to ICC's existing clearing arrangements and related financial safeguards, protections and risk management procedures.<sup>11</sup> In addition, based on its own experience and expertise, including a review of data on volume, open interest, and the number of ICC clearing participants ("CPs") that currently trade in the additional EM Contract as well as certain model parameters for the additional EM Contract, the Commission finds that ICC's rules, policies, and procedures are reasonably designed to price and measure the

<sup>7</sup> Id.

<sup>8</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q-1.

<sup>11</sup> Notice, 83 FR at 31245.

<sup>14</sup> 17 CFR 200.30-3(a)(12).

potential risk presented by this product, collect financial resources in proportion to such risk, and liquidate this product in the event of a CP default, all of which should help ensure ICC's ability to maintain the financial resources it needs to provide its critical services and function as a central counter party, thereby promoting the prompt and accurate settlement of EM Contracts and other credit default swap transactions. For the same reasons, the Commission believes that the rule change would help assure the safeguarding of securities or funds in the custody or control of ICC, and would be consistent with the protection of investors and the public interest.

Therefore, the Commission finds that acceptance of the additional EM Contract, on the terms and conditions set out in ICC's Rules, is consistent with the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions cleared by ICC, the safeguarding of securities and funds in the custody or control of ICC, and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.<sup>12</sup>

#### 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 of the Act,<sup>13</sup> and the rules and regulations thereunder.

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act<sup>14</sup> that the proposed rule change (SR-ICC-2018-007) be, and hereby is, approved.<sup>15</sup>

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

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2018-20434 Filed 9-19-18; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-84127; File No. SR-FINRA-2018-034]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 2360 (Options) To Increase Position Limits on Options on Certain Exchange- Traded Funds

September 14, 2018.

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 August 31, 2018, 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 and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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 the Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rule 2360 (Options) to increase the

position limit for conventional options on the following exchange-traded funds ("ETF"): The Standard and Poor's Depository Receipts Trust ("SPY"), iShares Russell 2000 ETF ("IWM"), PowerShares QQQ Trust ("QQQ"), iShares MSCI Emerging Markets ETF ("EEM"), iShares China Large-Cap ETF ("FXI"), iShares MSCI EAFE ETF ("EFA"), iShares MSCI Brazil Capped ETF ("EWZ"), iShares 20+ Year Treasury Bond Fund ETF ("TLT"), and iShares MSCI Japan ETF ("EWJ").

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

\* \* \* \* \*

#### 2360. Options

(a) No Change.

#### (b) Requirements

(1) through (2) No Change.

#### (3) Position Limits

(A) Stock Options—

(i) through (ii) No Change.

(iii) Conventional Equity Options

a. For purposes of this paragraph (b), standardized equity option contracts of the put class and call class on the same side of the market overlying the same security shall not be aggregated with conventional equity option contracts or FLEX Equity Option contracts overlying the same security on the same side of the market. Conventional equity option contracts of the put class and call class on the same side of the market overlying the same security shall be subject to a position limit of:

1. through 5. No Change.

6. for selected conventional options on exchange-traded funds ("ETF"), the position limits are listed in the chart below:

Security underlying option	Position limit
The DIAMONDS Trust (DIA) .....	300,000 contracts.
The Standard and Poor's Depository Receipts Trust (SPY) .....	[900,000] <i>1,800,000</i> contracts.
The iShares Russell 2000 [Index Fund]ETF (IWM) .....	[500,000] <i>1,000,000</i> contracts.
The PowerShares QQQ Trust (QQQ[Q]) .....	[900,000] <i>1,800,000</i> contracts.
The iShares MSCI Emerging Markets [Index Fund]ETF (EEM) .....	[500,000] <i>1,000,000</i> contracts.
iShares China Large-Cap ETF (FXI) .....	<i>500,000</i> contracts.
iShares MSCI EAFE ETF (EFA) .....	<i>500,000</i> contracts.
iShares MSCI Brazil Capped ETF (EWZ) .....	<i>500,000</i> contracts.
iShares 20+ Year Treasury Bond Fund ETF (TLT) .....	<i>500,000</i> contracts.
iShares MSCI Japan ETF (EWJ) .....	<i>500,000</i> contracts.

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>13</sup> 15 U.S.C. 78q-1.

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> 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).

<sup>16</sup> 17 CFR 200.30-3(a)(12).

<sup>17</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> 17 CFR 240.19b-4(f)(6).