

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-80102; File No. SR-ISEGemini-2017-08)

February 24, 2017

Self-Regulatory Organizations; ISE Gemini, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to All-or-None Orders

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 February 24, 2017, ISE Gemini, LLC (“ISE Gemini” or “Exchange”) 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 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 provide that All-Or-None Orders may only be entered into the trading system with a time-in-force designation of Immediate-Or-Cancel.

The Exchange requests that the Commission waive the 30-day operative delay period contained in Exchange Act Rule 19b-4(f)(6)(iii).<sup>3</sup>

The text of the proposed rule change is available on the Exchange’s website at [www.ise.com](http://www.ise.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</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)(iii).

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 Rule 715(c) to provide that an All-Or-None Order may only be entered into the trading system with a time-in-force designation of Immediate-Or-Cancel order in connection with the Exchange's technology migration to INET.

An All-Or-None Order is a limit or market order that is to be executed in its entirety or not at all. Today, an All-Or-None Order may be designated as a market or limit order with any time-in-force designation. The Exchange proposes to limit All-Or-None Orders to only be accepted with a time-in-force designation of Immediate-Or-Cancel. An Immediate-Or-Cancel Order is a limit order that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled.

The Exchange also proposes to amend Supplementary Material .02 to Rule 713 to make clear that All-Or-None Orders will only be accepted with a time-in-force designation of Immediate-Or-Cancel and, therefore, would not persist in the Order Book. The Exchange also proposes to amend Supplementary Material .03 to Rule 717 to reserve this section as All-Or-

None Orders would not be subject to exposure because they would be cancelled if not executed in their entirety<sup>4</sup>.

### Implementation

The Exchange will begin a system migration to Nasdaq INET in Q1 of 2017.<sup>5</sup> The migration will be on a symbol by symbol basis as specified by the Exchange in a notice to Members. The Exchange is proposing to implement this rule change on the INET platform as the symbols migrate to that platform. Members could continue to submit orders with any time-in-force designation until the symbol migrates to the INET platform. Once the symbol migrates to INET an All-Or-None Order could only be submitted with a time-in-force designation of Immediate-Or-Cancel.

### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>7</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 mitigating risks to market participants. The Exchange believes that the proposal is appropriate and reasonable, because the time-in-force designation of Immediate-Or-Cancel will offer Members certainty with respect to their order handling. With

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<sup>4</sup> The Exchange notes that Rule 716(e), Solicited Order Mechanism, is not being amended because only All-Or-None Orders are accepted into this mechanism. The proposed rule change does not impact the manner in which the Solicited Order Mechanism operates.

<sup>5</sup> See Securities Exchange Act Release No. 80011 (February 10, 2017), 82 FR 10927 (SR-ISEGemini-2016-17) (Order Approving Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Amend Various Rules in Connection With a System Migration to Nasdaq INET Technology).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

this proposal, an All-Or-None Order will either execute immediately or be cancelled back to the Member. All-Or-None Orders are contingency orders that have no priority on the Order Book. These orders would receive an execution after all other trading interest at the same price has been exhausted. This proposal would remove uncertainty with respect to the manner in which these orders would be handled in the Order Book by cancelling back an All-Or-None Order if it cannot be immediately executed in its entirety. Today, the NASDAQ Options Market, LLC (“NOM”) only permits All-Or-None Orders to be submitted with a time-in-force designation of Immediate-Or-Cancel.<sup>8</sup>

The Exchange notes that Members are aware of the Exchange’s efforts to replatform to the INET technology. Members have been involved in testing the system and providing feedback to the Exchange throughout this migration process. Members were provided notice of this proposed change to the trading system on February 23, 2017. The Exchange intends to make clear the implementation of this functionality within its Rulebook.

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 does not believe that the proposed rule change will impact the intense competition that exists in the options market. No market participant would be able to submit an All-Or-None Order on the INET system without a time-in-force designation of Immediate-Or-Cancel. The Exchange believes the All-Or-None Order type, as proposed, will continue to offer Members a competitive alternative on ISE Gemini for submitting orders for execution.

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<sup>8</sup> See NOM Rules, Chapter VI, Section 1(g)(2).

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>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>11</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>12</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 asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Exchange represents that waiver of the operative delay would allow the Exchange to launch its transition to the INET technology on the schedule previously announced to Members. The Exchange states that it provided notice of the proposed rule change to Members on February 23, 2017. The Exchange also represents that the

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</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 Commission has waived the five-day pre-filing requirement in this case.

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

Exchange has directly contacted the Members responsible for over 99 percent of All-Or-None Orders on an average trading date on the Exchange and confirmed that the proposed rule change would have little impact on the Members' operations on the Exchange. The Exchange also represents that the primary impact of the proposal will not occur until later in the INET transition process. According to the Exchange, All-Or-None Orders are typically utilized for more liquid symbols, which will not begin to migrate to INET until the third week of the transition schedule and thereafter. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.<sup>13</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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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

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<sup>13</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISEGemini-2017-08 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-ISEGemini-2017-08. This file number should be included on the subject line if e-mail 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; the Commission does not edit personal identifying information from submissions. You should

submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISEGemini-2017-08 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

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

Robert W. Errett  
Deputy Secretary

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