The Exchange also proposes to amend Rule 70 to: (1) Delete current rule text in Rule 70(a)(i) indicating that Floor Brokers can only enter e-Quotes at or outside the Exchange BBO; (2) add text to Rule 70(a)(i) stating that e-Quotes shall not include unelected Stop orders, Market Orders, ISOs, GTC modifiers, DNR modifiers, or DNI modifiers; (3) add text to Rule 70.25(a)(ii) explaining that discretionary instructions may include instructions to participate in the Exchange’s opening or closing transaction only; (4) make non-substantive changes to Rules 70(a)(i) and 70(b)(i) by replacing the term “Display Book” with the term “Exchange systems;” and (5) update cross references in Rule 70(f).

The Exchange proposes to amend Rule 72(c)(i) to: (1) Set forth that all non-displayable interest, which includes certain types of reserve interest and MPL Orders, trades on parity; and (2) to change the phrase “the displayed bid (offer)” to “displayable bids (offers)” and change the phrase “displayable volume” to “displayable volume.” The Exchange also proposes to amend Rule 72(c)(x) to add MPL Orders to the orders identified as being eligible to trade at price points between the Exchange BBO and delete a cross reference to Rule 13.

The Exchange also proposes to add text to Rule 104(b)(ii) explaining that the Exchange’s systems will prevent incoming DMM interest from trading with resting DMM interest.

Furthermore, the Exchange proposes to add new Rule 104(b)(vi) to specify that DMMs may not enter the following orders and modifiers: (1) Market Orders; (2) GTC modifiers; (3) MOO orders; (4) CO orders; (5) MOC orders; (6) LOC orders; (7) DNR modifiers; (8) DNI modifiers; (9) Sell “Plus”—Buy “Minus” instructions; and (10) Stop orders.

Finally, the Exchange proposes to amend Rule 1000(a) to provide cross references to other Exchange rules applicable to automatic executions. The Commission believes that the revisions proposed in Amendment No. 2 do not raise any novel regulatory issues. The Commission further believes that the proposed revisions to the rule text set forth in Amendment No. 2 do not represent any significant changes to the current functionality of the Exchange’s order types and modifiers. Rather, these proposed rule text changes primarily help clarify and better explain how the Exchange’s order types and modifiers currently operate and interact. For instance, the Commission believes that the Exchange’s proposal to add text at the beginning of Rule 13 stating that, unless otherwise specified in Rules 13, 70, or 104, orders and modifiers are available for all member organizations, coupled with the proposed addition of subparagraph (b)(vi) to Rule 104 that specifically enumerates which orders and modifiers a DMM may not enter into the Exchange’s systems, should help member organizations better understand which orders and modifiers they can and cannot enter into the Exchange’s systems. Therefore, the Commission finds that Amendment No. 2 is consistent with the protection of investors and the public interest.

Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act, to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (NYSE–2015–15), as modified by Amendment No. 2, be, and it hereby is, approved on an accelerated basis.

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

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75441; File No. SR–
NYSEMKT–2015–47]

Self-Regulatory Organizations; NYSE
MKT LLC; Notice of Filing and
Immediate Effectiveness of Proposed
Rule Change Allowing the Listing of
Options Overlying Portfolio Depositary
Receipts and Index Fund Shares That
Are Listed Pursuant to Generic
Listing Standards on Equities Exchanges
for Series of ETFS Based on
International or Global Indexes Under
Which a Comprehensive Surveillance
Sharing Agreement Is Not Required

July 13, 2015.

Pursuant to Section 19(b)(1) of the
Securities Exchange Act of 1934 (the
“Act”), and Rule 19b–4 thereunder, notice is hereby given that on July 2, 2015, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the
Securities and Exchange Commission

(28) See, e.g., NYSE Arca Equities Rule 5.2[a][3], Commentary .01(a)[B]; NYSE MKT Rule 1000, Commentary .03[a][B]; NASDAQ Rule 5705[a][1][A][ii]; and BATS Rule 14.11[b][3][A][ii].
generic listing standards that do not require a CSSA pursuant to Rule 19b–4(e) of the Exchange Act.5 Rule 19b–4(e) provides that the listing and trading of a new derivative securities product by a self-regulatory organization ("SRO") shall not be deemed a proposed rule change, pursuant to paragraph (c)(1) of Rule 19b–4, if the Commission has approved, pursuant to Section 19(b) of the Act, the SRO’s trading rules, procedures and listing standards for the product class that would include the new derivatives securities product, and the SRO has a surveillance program for the product class.6 In other words, this proposal will amend the listing standards to allow the Exchange to list and trade options on ETFs based on international or global indexes to a similar degree that they are allowed to be listed on several equities exchanges.7

Exchange-Traded Funds: Current Commentary .06 to Rule 915

Currently, the Exchange allows for the listing and trading of options on ETFs. Commentary .06 to Rule 915 provides the listings standards for options on ETFs, such as ETFs based on international or global indexes.8

Commentary .06(b)(i) to Rule 915 requires that any non-U.S. component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based that are subject to a CSSA do not represent more than 50% of the weight of the index. And, Commentary .06(b)(ii) to Rule 915 requires that any component securities of an index or portfolio of securities on which the Exchange-Traded Fund Shares are based for which the primary market is in any one country that is not subject to a CSSA do not represent 20% or more of the weight of the index.9

In approving ETFs for equities exchange trading, the Commission thoroughly considered the structure of the ETFs, their usefulness to investors and to the markets, and SRO rules that govern their trading. The Exchange believes that applying the listing of options overlying ETFs that are listed pursuant to the generic listing standards on equities exchanges for ETFs based on international and global indexes and applying Rule 19b–4(e) should fulfill the intended objective of that rule by allowing options on those ETFs that have satisfied the generic listing standards to commence trading, without the need for the public comment period and Commission approval. The proposed rule has the potential to reduce the time frame for bringing options on ETFs to market, thereby reducing the burdens on issuers and other market participants. The failure of a particular ETF to comply with the generic listing standards under Rule 19b–4(e) would not, however, preclude the Exchange from submitting a separate filing pursuant to Section 19(b)(2),10 requesting Commission approval to list and trade options on a particular ETF.

6 When relying on Rule 19b–4(e), the SRO must submit to the Commission within five business days after the SRO begins trading the new derivative securities products. See Securities Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952 (December 22, 1998).
7 See, e.g., NYSE Arca Equities Rule 5.2(3)[3] Commentary .01[a][b]; NYSE MKT Rule 1000 Commentary .03[a][b]; NASDAQ Rule 5765[a][b][A][i][ii] and 5763[a][b][A][ii]; and BATS Rule 14.11b[A][ii][iii]. See also Securities Exchange Act Release Nos. 55621 (April 12, 2007), 72 FR 19571 (April 18, 2007) (SR–NYSEArca–2006–86); 54739 (November 9, 2003), 71 FR 66693 (SR–Arca–2006–78); 55269 (February 9, 2007), 72 FR 7490 (February 15, 2007) (SR–NASDAQ–2006–050).
8 See Commentary .06[b][i]–[v] to Rule 915, to be re-numbered as proposed Commentary .06[b][i][A]–[E] to Rule 915 as discussed herein.
9 See Commentary .03 to Amex Rule 1000 and Commentary .02 to Amex Rule 1000A. See also Securities Exchange Act Release No. 42787 (May 15, 2005), 65 FR 33598 (May 24, 2000).
12 See proposed Commentary .06[b][i] to Rule 915.
13 All of the other listing criteria under the Exchange’s rules will continue to apply to any options listed pursuant to the proposed rule change. The Exchange notes that the proposed rule text differs slightly from that of other exchanges, with the exception of BATS Exchange, in order to make clear that the rule applies to ETFs that have been listed on equities exchanges pursuant to generic listing standards for series of “portfolio depositary receipts or index fund shares” rather than “portfolio depositary receipts and index fund shares.” Such difference does not represent a substantive difference from the rules of other exchanges. See infra n. 18.
indexes that have been listed pursuant to the generic standards are sufficiently broad-based enough so as to make options overlying such ETFs not susceptible instruments for manipulation. The Exchange believes that the threat of manipulation is sufficiently mitigated for underlying ETFs that have been listed on equities exchanges pursuant to generic listing standards for series of portfolio depositary receipts or index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required and for the overlying options, that the Exchange does not see the need for a CSSA to be in place before listing and trading options on such ETFs. The Exchange notes that its proposal does not replace the need for a CSSA as provided in the current rule. The provisions of the current rule, including the need for a CSSA, remain materially unchanged in the proposed rule and will continue to apply to options on ETFs that are not listed on an equities exchange pursuant to generic listing standards for series of portfolio depositary receipts or index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required. Instead, the proposed rule adds an additional listing mechanism for certain qualifying options on ETFs to be listed on the Exchange.

Finally, the Exchange is also proposing to make several non-substantive changes to the rule text in order to make it easier to read and understand. Specifically, to account for proposed Commentary .06(b)(i) to Rule 915, the Exchange proposes to re-number current Commentary .06(b)(i)-(v) as proposed Commentary .06(b)(i)(A)-(E), and to make clear that each of the proposed newly numbered paragraphs apply to the series of Exchange-Traded Fund Shares that do not meet the criteria in proposed Commentary .06(b)(i) to Rule 915.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and further the objectives of Section 6(b)(5), in particular, 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 facilitating transactions in securities, 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.

In particular, the proposed rule change has the potential to reduce the time frame for bringing options on ETFs to market, thereby reducing the burdens on issuers and other market participants. The Exchange also believes that enabling the listing and trading of options on ETFs pursuant to this new listing standard will benefit investors by providing them with valuable risk management tools. The Exchange notes that its proposal does not replace the need for a comprehensive surveillance agreement as provided in the current rule. The provisions of the current rule, including the need for a CSSA, remain materially unchanged and will continue to apply to options on ETFs that are not listed on an equities exchange pursuant to generic listing standards for series of portfolio depositary receipts or index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required. Instead, proposed Commentary .06(b)(i) to Rule 915 adds an additional listing mechanism for certain qualifying options on ETFs to be listed on the Exchange in a manner that 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 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 also believes that the proposed non-substantive organizational changes are reasonable, fair, and equitable because they are designed to make the rule easier to comprehend. As noted above, the proposed non-substantive changes do not change the need for a CSSA as provided in the current rule. The provisions of the current rule, including the need for a CSSA, remain materially unchanged in the proposed rule and will continue to apply to options on ETFs that are not listed on an equities exchange pursuant to generic listing standards for series of portfolio depositary receipts or index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required. These non-substantive changes to the rules are intended to make the rules clearer and less confusing for participants and investors and to eliminate potential confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

B. Self-Regulatory Organization’s Statement on Burden on Competition

In accordance with Section 6(b)(5) of the Act, the Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposed rule change is a competitive change that is substantially similar to recent rule changes filed by MIAX Options Exchange ("MIAX"), NASDAQ OMX PHLLX LLC ("PHlx"), International Securities Exchange LLC ("ISE"), BOX Options Exchange LLC ("BOX") and BATS Exchange ("BATS"). Furthermore, the Exchange believes this proposed rule change will benefit investors by providing additional methods to trade options on ETFs, and by providing them with valuable risk management tools. Specifically, the Exchange believes that market participants on the Exchange would benefit from the introduction and availability of options on ETFs in a manner that is similar to equities exchanges and will provide investors with a venue on which to trade options on these products. For all the reasons stated above, the Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

No written comments were solicited or received with respect to the proposed rule change.

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 19 and Rule 19b–4(f)(6) thereunder.20

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act 21 normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) 22 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 Exchange stated that waiver of the operative delay will permit the Exchange to list and trade certain ETF options on the same basis as other options markets.23 The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.24

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);
- Send an email to rule-comments@sec.gov. Please include File Number SR–NYSEMKT–2015–47 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEMKT–2015–47. 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 Web site (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 Web site 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 such 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–NYSEMKT–2015–47, and should be submitted on or before August 7, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.25

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of EDGA Exchange, Inc.

July 13, 2015.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), 1 and Rule 19b–4 thereunder, 2 notice is hereby given that on July 2, 2015, EDGA Exchange, Inc. (the “Exchange” or “EDGA”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under section 19(b)(3)(A)(ii) of the Act 3 and Rule 19b–4(f)(2) thereunder, 4 which renders the proposed rule change effective upon filing with 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend its fees and rebates applicable to Members 5 of the Exchange pursuant to EDGA Rule 15.1(a) and (c) (“Fee Schedule”) to amend fee code MT, which routes to EDGX Exchange, Inc. (“EDGX”) using the ICMT, IOCM, ROCO or ROUC routing strategy and removes liquidity against MidPoint Match Orders 6 on EDGX by: (i) Revising the description of the orders eligible to yield fee code MT; and (ii) increasing the fee for orders yielding fee code MT.

The text of the proposed rule change is available at the Exchange’s Web site at www.batstrading.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

See Exchange Rule 1.5(b).
See Exchange Rule 11.8(d).