I. Introduction

On July 15, 2015, the Postal Service filed notice that it has entered into an additional Global Expedited Package Services 3 negotiated service agreement (Agreement). To support its Notice, the Postal Service filed a copy of the Agreement, a copy of the Governors’ Decision authorizing the product, a certification of compliance with 39 U.S.C. 3633(a), and an application for non-public treatment of certain materials. It also filed supporting financial workpapers.

II. Notice of Commission Action

The Commission establishes Docket No. CP2015–103 for consideration of matters raised by the Notice.

The Commission invites comments on whether the Postal Service’s filing is consistent with 39 U.S.C. 3632, 3633, or 3642, 39 CFR part 3015, and 39 CFR part 3020, subpart B. Comments are due no later than July 23, 2015. The public portions of the filing can be accessed via the Commission’s Web site (http://www.prc.gov). The Commission appoints Lyudmila Y. Bzhilyanskaya to serve as Public Representative in this docket.

III. Ordering Paragraphs

It is ordered:
2. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is appointed to serve as an officer of the Commission to represent the interests of the general public in this proceeding (Public Representative).
3. Comments are due no later than July 23, 2015.
4. The Secretary shall arrange for publication of this order in the Federal Register.

By the Commission.

Ruth Ann Abrams,
Acting Secretary.

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for QCCs executed by Floor Brokers in the aggregation towards the Firm Cap. The Exchange believes this proposed change would encourage Firms and Broker Dealers to direct a greater number of their orders, including QCC orders, to the Trading Floor, given the increased opportunities to achieve the Firm Cap on their monthly transaction fees. For example, if a Broker Dealer achieves the Firm Cap with the inclusion of $20,000 in QCC fees, the Broker Dealer may be inclined to direct other orders to the Exchange Floor having reached the Firm Cap, which increased liquidity would benefit all market participants. The Exchange notes that competing options exchanges likewise include QCC transactions in monthly fee caps similar to the Firm Cap.6

The proposed inclusion of QCC fees in the Firm Cap would not affect the Floor Broker Rebate for Executed Orders, as Floor Brokers would still earn the Rebate even if the fee for the transaction itself is capped. Consistent with the proposed change, the Exchange proposes to change the name of this fee from “Limit of Fees on Firm and Broker Dealer Open Outcry Executions” to “Firm and Broker Dealer Monthly Fee Cap,” which the Exchange believes would add more clarity and consistency to the fee schedule. Relatedly, the Exchange also proposes to modify the language in the Firm Cap regarding the exclusion of Mini options which erroneously refers to Strategy Executions. Specifically, the Exchange proposes to replace the language “Mini option contracts are excluded from the Limit of Fees on Strategy Executions,” with “Mini option contracts are excluded from the Firm and Broker Dealer Monthly Fee Cap.” The Exchange believes that this change would add clarity and consistency to the Fee Schedule.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,7 in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act.8 In particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange believes the inclusion of the Firm executed QCCs under the Firm Cap is reasonable and not unfairly discriminatory because it would provide additional opportunities for Firms and Broker Dealers to achieve the Firm Cap, which may, in turn, encourage more business, not limited to QCC trades, to be brought to the Floor, which would benefit all market participants. The proposed change is reasonable, equitable and not unfairly discriminatory as the Firm Cap would not be meaningful for Customers or Professional Customers because neither Customers nor Professional Customers pay transaction charges for QCCs. The proposed change is also reasonable, equitable and not unfairly discriminatory towards Market Makers, as Market Makers are generally charged a lower fee for Manual executions, and have alternative avenues to reduce transaction fees.9 In addition, the Exchange believes that by including QCCs in the Firm Cap, thereby making the Cap more achievable and encouraging additional order flow not limited to QCCs, Market Makers are provided a greater opportunity to interact with order flow, which, in turn, benefits market participants. The Exchange also believes that the proposed change is reasonable because several competing options exchanges likewise include QCC transactions in monthly fee caps similar to Firm Cap.10 The Exchange believes that its proposal to modify the name of this fee, as well as the language regarding the exclusion of Mini options from the Firm Cap to correct the erroneous reference to Strategy Executions, would add clarity and consistency to the Fee Schedule to the benefit of all market participants. For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,11 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. Instead, the Exchange believes that the proposed change would continue to encourage competition, including by attracting a wider variety of business to the Floor of the Exchange, which would continue to make the Exchange a more competitive venue for, among other things, order execution and price discovery. The Exchange believes the proposed fee change would not unduly burden any particular group of market participants trading on the Exchange vis-à-vis another group. Specifically, neither Customers nor Professional Customers are charged for QCC transactions. Moreover, Market Makers are generally charged a lower fee for Manual executions, and have alternative avenues to reduce transaction fees.12 In addition, the Exchange believes that by including QCCs in the Firm Cap, thereby making the Cap more achievable and encouraging additional order flow not limited to QCCs, Market Makers are provided a greater opportunity to interact with order flow, which, in turn, benefits market participants. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received 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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)13 of the Act and subparagraph (f)(2) of Rule 19b–414 thereunder, because it establishes a due, fee, or other charge imposed by the Exchange. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if

6 See, e.g., NYSE Amex Options fee schedule, available at: https://www.nyx.com/publicdocs/nysemes/fee_schedule.pdf (including QCCs in the Monthly Firm Fee Cap for Manual transactions, which aggregates the fees associated with Firm Manual transactions and cap them at $100,000 per month, per Firm); NASDAQ OMX PHLLX LLC fee schedule, available at: http://www.nasdaqtaker.com/micro.aspx?ueling (including QCCs in the Monthly Firm Fee Cap, which aggregates the fees associated with Firm Floor Options Transactions and QCCs and cap them at $75,000 per month, per Firm).
8 15 U.S.C. 78f(b)(4) and (5).
9 See generally Fee Schedule (various credits available to Market Makers for posted monthly volume, including for executions in Penny Pilot Issues and SPY).
10 See supra n. 6.
12 See supra n. 9.
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 under Section 19(b)(2)(B) of the Act 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. Please include File Number SR–NYSEARCA–2015–62 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–NYSEARCA–2015–62. 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 Section, 100 F Street NE., Washington, DC 20549–1090. Copies of the filing will also be available for inspection and copying at the NYSE’s principal office and on its Internet Web site at www.nyse.com. 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–NYSEARCA–2015–62 and should be submitted on or before August 12, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.16
Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Adopt FINRA Rule 2241 (Research Analysts and Research Reports) in the Consolidated FINRA Rulebook

July 16, 2015.

I. Introduction

On November 14, 2014, Financial Industry Regulatory Authority, Inc. (“FINRA”)1 filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)1 and Rule 19b–4 thereunder,2 a proposed rule to adopt NASD Rule 2711 (Research Analysts and Research Reports) as a FINRA rule, with several modifications, amend NASD Rule 1050 (Registration of Research Analysts) and Incorporated NYSE Rule 344 (Research Analysts and Supervisory Analysts) to create an exception from the research analyst qualification requirement, and renumber NASD Rule 2711 as FINRA Rule 2241 in the consolidated FINRA rulebook. The proposal was published for comment in the Federal Register on November 24, 2014.3 The Commission received four comments on the original proposal.4 On February 19, 2015, FINRA filed Amendment No. 1 responding to these original comments received to the proposal as well as to propose amendments in response to these comments. The proposal, as amended by Amendment No. 1, was published for comment in the Federal Register on March 18, 2015.5 On February 20, 2015, the Commission issued an order instituting proceedings pursuant to section 19(b)(2)(B) of the Act to determine whether to approve or disapprove the proposal. This order was published for comment in the Federal Register on February 26, 2015.6 The Commission received a further three comments regarding the proceedings or in response to Amendment No. 1,7 to which FINRA responded via letter on May 5, 2015.8 This order approves the proposed rule change.

II. Description of the Proposed Rule Change

As described more fully in the Notice, FINRA proposed to adopt, in the Consolidated FINRA Rulebook, NASD Rule 2711 (Research Analysts and Research Reports), with several modifications, as FINRA Rule 2241. The proposed rule change also would amend NASD Rule 1050 (Registration of Research Analysts) and Incorporated NYSE Rule 344 (Research Analysts and Supervisory Analysts) to create an exception from the research analyst qualification requirements.

FINRA believes that the proposed rule change would retain the core provisions of the current rules, broaden the obligations on members to identify and manage research-related conflicts of interest, restructure the rules to provide some flexibility in compliance without diminishing investor protection, extend

Footnotes:

1 Exchange Act Release No. 73622 (Nov. 18, 2014); 79 FR 69939 (Nov. 24, 2014) (“Notice”). On January 6, 2015, FINRA consented to extending the time period for the Commission to either approve or disapprove the proposed rule change, or to institute proceedings to determine whether to approve or disapprove the proposed rule change, to February 20, 2015.
8 Letter from Philip Shaikun, Vice President and Associate General Counsel, FINRA, dated May 5, 2015 (“FINRA Response”).