''conditionally or unconditionally exempt any person or transaction . . . from any provision or provisions of [the Advisers Act] or of any rule or regulation thereunder, if and to the extent that such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of [the Advisers Act].''

3. Rule 206(4)–5(e) provides that the Commission may exempt an investment adviser from the prohibition under rule 206(4)–5(a)(1) upon consideration of the factors listed below, among others:

(1) Whether the exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Advisers Act;

(2) Whether the investment adviser: (i) Before the contribution resulting in the prohibition was made, adopted and implemented policies and procedures reasonably designed to prevent violations of the rule; and (ii) prior to or at the time the contribution which resulted in such prohibition was made, had no actual knowledge of the contribution; and (iii) after learning of the contribution: (A) Has taken all available steps to cause the contributor involved in making the contribution which resulted in such prohibition to obtain a return of the contribution; and (B) has taken such other remedial or preventive measures as may be appropriate under the circumstances;

(3) Whether, at the time of the contribution, the contributor was a covered associate or otherwise an employee of the investment adviser, or was seeking such employment;

(4) The timing and amount of the contribution which resulted in the prohibition;

(5) The nature of the election (*e.g.,* federal, state or local); and

(6) The contributor's apparent intent or motive in making the contribution which resulted in the prohibition, as evidenced by the facts and circumstances surrounding such contribution.

4. Applicants request an order pursuant to section 206A and rule 206(4)–5(e), exempting them from the two-year prohibition on compensation imposed by rule 206(4)–5(a)(1) with respect to investment advisory services provided to the Clients within the two-year period following the Contribution (the ''Order'').

5. Applicants submit that the exemption is necessary and appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act.

6. Applicants represent that the Clients determined to invest with Applicants and established those advisory relationships on an arm's length basis free from any improper influence as a result of the Contribution, and there was no connection between the Contribution and any past or potential business between the Clients and the Applicants.

7. Applicants note that causing the Applicants to provide advisory services without compensation for a two-year period would result in a financial loss to the Applicants of approximately $2.7 million—an amount that is 5,400 times the amount of the Contribution. Applicants contend that such a result is greatly disproportionate to the violation and is not consistent with the protection of investors or a purpose fairly intended by the policies and provisions of the Act.

8. Applicants note that they had adopted and implemented the Policies at the time of the Contribution and had the Policies in place at all times since the adoption of rule 205(4)–5. Applicants represent that they perform compliance testing and they have a rigorous and robust screening of prospective hires and internal employees being considered for covered associate positions.

9. Applicants represent that at no time did any employees or covered associates of the Applicants, or any executive or employee of the Applicants' affiliates, other than the Contributor, know of the Contribution prior to the Contributor's self-report to Applicants' compliance personnel.

10. Applicants represent that the Applicants and the Contributor took all available steps to promptly obtain a return of the Contribution after the Contributor's self-report to Applicants' compliance personnel, and the full amount of the Contribution was fully refunded within one week of the refund request. Applicants established an escrow account for all compensation for advisory services attributable to the Clients' assets under management of the Applicants for the two-year period beginning on the Contribution Date.

Applicants' Conditions:

Applicants agree that the Order will be subject to the following conditions:

1. The Contributor will be prohibited from soliciting investments from any ''government entity'' client or prospective ''government entity'' client for which the Recipient is an ''official'' as defined in rule 206(4)–5(f)(6) until December 21, 2015 (the ''Restricted Period'').

2. Notwithstanding Condition 1, the Contributor will be (i) permitted to respond to inquiries from, and make presentations to, any government entity client described in Condition 1 regarding accounts already managed by the Applicants as of December 21, 2013 and (ii) permitted to respond to inquiries from any government entity client regarding an account established with the Applicants by such government entity client after December 21, 2013. The Applicants will maintain a log of such interactions, which will be maintained and presented in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicants, and will be available for inspection by the staff of the Commission.

3. The Contributor will receive written notification of these conditions and will provide a quarterly certification of compliance through the Restricted Period. Copies of the certifications will be maintained and preserved by the Applicants in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicants and will be available for inspection by the Staff of the Commission.

4. The Applicants will conduct testing reasonably designed to prevent violations of the conditions of the Order and maintain records regarding such testing, which will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicants, and will be available for inspection by staff of the Commission.

For the Commission, by the Division of Investment Management, under delegated authority.

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2015–26146 Filed 10–14–15; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76106; File No. SR–CBOE–2015–081]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Complex Orders

October 8, 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 October 2, 2015, Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[3] and Rule 19b–4(f)(6) thereunder.[4] 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 seeks to amend its rules related to complex orders. The text of the proposed rule change is provided below.

(additions are in *italics;* deletions are [bracketed])

* * * * *

Chicago Board Options Exchange, Incorporated Rules

* * * * *

Rule 6.53C. Complex Orders on the Hybrid System

(a) Definition: No change.

(b) Types of Complex Orders: No change.

(c) Complex Order Book

No change.

(d) Process for Complex Order RFR Auction: Prior to routing to the COB or once on PAR, eligible complex orders may be subject to an automated request for responses (''RFR'') auction process.

(i) For purposes of paragraph (d):

(1) ''COA'' is the automated complex order RFR auction process.

(2) A ''COA-eligible order'' means a complex order that, as determined by the Exchange on a class-by-class basis, is eligible for a COA considering the order's marketability (defined as a number of ticks away from the current market), size, complex order type (as defined in paragraphs (a) and (b) above) and complex order origin types (as defined in subparagraph (c)(i) above). Complex orders processed through a COA may be executed without consideration to prices of the same complex orders that might be available on other exchanges.

(ii) Initiation of a COA: On receipt of (1) a COA-eligible order with two legs and request from the Trading Permit Holder representing the order or the PAR operator handling the order, as applicable, that it be COA'd or (2) a complex order with three or more legs *that (A) meets the class, marketability, size, and complex order type parameters of subparagraph (d)(i)(2) or (B) is designated as immediate or cancel and meets the class, marketability, and size parameters of subparagraph (d)(i)(2), in both cases* regardless of the order's routing parameters or handling instructions (except for orders routed for manual handling), the System will send an RFR message to all Trading Permit Holders who have elected to receive RFR messages. Notwithstanding clause (2) of this subparagraph (ii), the System will reject back to a Trading Permit Holder any complex order with three or more legs that includes a request pursuant to Interpretation and Policy .04 that the order not COA. Any complex order *described in subparagraph (d)(ii)(2)* [with three or more legs] on PAR will COA even if the PAR operator requests that the order not COA. The RFR message will identify the component series, the size and side of the market of the COA-eligible order and any contingencies, if applicable.

(iii)–(ix) No change.

* * * * *

The text of the proposed rule change is also available on the Exchange's Web site (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, 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

Introduction

On September 4, 2014, the Securities and Exchange Commission (the ''Commission'') approved a proposal to amend Exchange rules related to complex orders (''SR–CBOE–2014–017'').[5] SR–CBOE–2014–017 was intended to limit a potential source of unintended Market-Maker risk related to how the Exchange's Hybrid Trading System (the ''System'')[6] calculates risk parameters under Rule 8.18 when complex orders leg into the market.[7] SR–CBOE–2014–017 accomplished this by, among other things, providing that a COA[8] would be initiated ''[o]n receipt of (1) a COA-eligible order with two legs and request from the Trading Permit Holder representing the order or the PAR operator handling the order, as applicable, that it be COA'd or (2) a complex order with three or more legs, regardless of the order's routing parameters or handling instructions (except for orders routed for manual handling), the System will send an RFR message to all Trading Permit Holders who have elected to receive RFR messages.''[9] However, the System was designed to filter complex orders

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A)(iii).

[4] 17 CFR 240.19b–4(f)(6).

[5] The Exchange filed the proposed rule change with the Securities and Exchange Commission (the ''Commission'') on February 19, 2014. On March 3, 2014, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1 thereto, was published for comment in the **Federal Register** on March 10, 2014. *See* Securities Exchange Act Release No. 71648 (March 5, 2014), 79 FR 13359 (March 10, 2014) (SR–CBOE–2014–017) (''Notice''). On June 5, 2014, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change. After receiving two comment letters in support of the proposal, the Commission approved the proposed rule change on September 4, 2014. *See* Securities Exchange Act Release No. 72986, 79 FR 53798 (September 10, 2014) (SR–CBOE–2014–017).

[6] The System is a trading platform that allows automatic executions to occur electronically and open outcry trades to occur on the floor of the Exchange. To operate in this ''hybrid'' environment, the Exchange has a dynamic order handling system that has the capability to route orders to the trade engine for automatic execution and book entry, to Trading Permit Holder and PAR Official workstations located in the trading crowds for manual handling, and/or to other order management terminals generally located in booths on the trading floor for manual handling. Where an order is routed for processing by the Exchange order handling system depends on various parameters configured by the Exchange and the order entry firm itself.

[7] As noted by the Amendment, Rule 6.53C(c)(ii)(1) provides that complex orders in the complex order book (''COB'') may execute against individual orders or quotes in the book provided the complex order can be executed in full (or a permissible ratio) by the orders and quotes in the book. Rule 6.53C(d)(v)(1) provides that orders that are eligible for the complex order auction (''COA'') may trade with individual orders and quotes in the book provided the COA-eligible order can be executed in full (or a permissible ratio) by the orders and quotes in the book. COA is an automated request for responses (''RFR'') auction process. Upon initiation of a COA, the Exchange sends an RFR message to all Trading Permit Holders who have elected to receive RFR messages, which RFR message identifies the series, size and side of the market of the COA-eligible order and any contingencies. Eligible market participants may submit responses during a response time interval. At the conclusion of the response time interval, COA-eligible orders are allocated in accordance with Rule 6.53C(d)(v), including against individual orders and quotes in the book.

[8] COA is the automated complex order RFR auction process. *See* Rule 6.53C(d)(i)(1).

[9] *See* Securities Exchange Act Release No. 71648 (March 5, 2014), 79 FR 13359 (March 10, 2014) (SR–CBOE–2014–017) (''Notice'')

through the COA eligibility requirements of subparagraph (d)(i)(2) prior to initiating a COA pursuant to paragraph (d)(ii). Therefore, the rule change from SR–CBOE–2014–017 was not implemented; instead, the Exchange immediately began drafting this corrective filing, which proposes to amend Rule 6.53C(d)(ii) to provide that a COA will be initiated upon receipt of a complex order with three or more legs that (A) meets the class, marketability, size, and complex order type parameters of subparagraph (d)(i)(2) or (B) is designated as immediate or cancel and meets the class, marketability, and size parameters of subparagraph (d)(i)(2), in both cases (*i.e.,* both (A) or (B)) regardless of the order's routing parameters or handling instructions (except for orders routed for manual handling).

Proposal

Prior to implementing SR–CBOE–2014–017, it was discovered that the filing did not reference certain System requirements that must be met before a COA would be initiated (*e.g.,* the marketability and size requirements of Rule 6.53C(d)(i)(2), which are determined by the Exchange on a class-by-class basis). This was not the Exchange's intent. In fact, the Exchange stated in SR–CBOE–2014–017 that the Exchange may determine on a class-by-class basis which complex orders are eligible for COA, including by complex order type and origin type.[10] The Exchange simply failed to reference the size and marketability parameters also set forth in Rule 6.53C(d)(i)(2). In addition, the System was not designed to initiate a COA even if a complex order did not meet the marketability and size requirements determined by the exchange in accordance with paragraph (d)(i)(2). The System was designed to filter complex orders through the COA eligibility requirements of paragraph (d)(i)(2) prior to initiating a COA pursuant to paragraph (d)(ii).[11] As it was never the intention of the Exchange to COA all complex orders with three or more legs irrespective of the COA eligibility requirements of paragraph (d)(i)(2), the Exchange proposes to amend Rule 6.53(d)(ii) to provide that a COA will be initiated:

> On receipt of (1) a COA-eligible order with two legs and request from the Trading Permit Holder representing the order or the PAR operator handling the order, as applicable, that it be COA'd or (2) a complex order with three or more legs that (A) meets the class, marketability, size, and complex order type parameters of subparagraph (d)(i)(2) or (B) is designated as immediate or cancel and meets the class, marketability, and size parameters of subparagraph (d)(i)(2), in both cases regardless of the order's routing parameters or handling instructions (except for orders routed for manual handling), the System will send an RFR message to all Trading Permit Holders who have elected to receive RFR messages. Notwithstanding clause (2) of this subparagraph (ii), the System will reject back to a Trading Permit Holder any complex order with three or more legs that includes a request pursuant to Interpretation and Policy .04 that the order not COA. Any complex order described in subparagraph (d)(ii)(2) on PAR will COA even if the PAR operator requests that the order not COA. The RFR message will identify the component series, the size and side of the market of the COA-eligible order and any contingencies, if applicable.[12]

The Exchange notes that complex orders that are not COA-eligible are either routed to the Public Automatic Routing System (''PAR'') (*e.g.,* orders that do not meet the size, order type, and origin type parameters are routed to PAR) or routed to COB (*e.g.,* orders that do not meet the marketability parameter).

As noted in the rule text above, the Exchange is proposing to hardcode the complex order type parameter as it relates to complex orders with three or more legs that are entered as immediate or cancel (''IOC''). Currently, the Exchange does not COA complex orders that are entered as IOC. The effect of this proposed rule will be that complex orders with three or more legs that are designated as IOC and meet the class, marketability, and size parameters will always be eligible to COA. Complex orders with three or more legs that are entered as IOC are the orders that primarily create the Market-Maker risk described in SR–CBOE–2014–017.[13] Therefore, the Exchange believes it is appropriate for complex orders with three or more legs that are entered as IOC to COA. The Exchange notes that the class, marketability, size, and complex order type parameters will have the same settings whether the complex order has two or three or more legs, except, as noted, complex orders with three or more legs will not be prohibited from accessing COA based on an IOC designation. The Exchange notes that all market participants submitting complex orders with three or more legs that are marked IOC are treated the same—that is, assuming the complex orders with three or more legs that are marked IOC meet the class, marketability and size parameters, the orders shall COA. The Exchange also notes that market participants determine whether an order is marked IOC; thus, it is market participants that decide whether an order with three or more legs will COA.

Additionally, the proposed rule does not affect the outcome of SR–CBOE–2014–017 as it relates to complex orders with three or more legs that are entered as IOC because neither SR–CBOE–2014–017 nor this proposal allow the Exchange to limit access to COA for orders with three or more legs based on the IOC designation. In other words, a market participant entering a complex order with three or more legs designated as IOC would expect (based on SR–CBOE–2014–017 providing that all complex orders with three or more legs shall COA) the order to COA. This proposed rule does not change that expectation. The only difference is that this proposed rule specifies that the complex order with three or more legs that is marked IOC must also meet the class, marketability, and size parameters in order to COA.

Further, the proposed rule does not materially affect the outcome or purpose of SR–CBOE–2014–017; rather, the proposed rule seeks to clarify that a complex order must meet the eligibility requirements of Rule 6.53C(d)(i)(2) prior to the Exchange initiating a COA. The Exchange still believes the proposed rule will allow Market-Makers to better manage their risk in their appointments and that the reduced risk will encourage Market-Makers to quote larger size, which will increase liquidity and enhance competition in those classes. The Exchange also notes that regardless of marketability requirements of paragraph (d)(i)(2), an order that is not

[10] *See* SR–CBOE–2014–017 at 29 (referencing some of the parameters that determine whether a complex order is eligible for COA, including order type and origin code).

[11] As noted in SR–CBOE–2014–017, Rule 6.53C(d)(i)(2) provides that the Exchange may determine on a class-by-class basis which complex orders are eligible for COA, including by complex order type and origin type; however, SR–CBOE–2014–017 inadvertently failed to reference the marketability and size of a complex order which is also a parameter under paragraph (d)(i)(2). *Id.*

[12] This proposed change applies to Hybrid classes only, and not Hybrid 3.0 classes. The Exchange does not believe the risk discussed in this rule filing is present in Hybrid 3.0 classes. The proposed rule change amends Rule 6.53C, Interpretation and Policy .10 to indicate that complex orders in Hybrid 3.0 classes, regardless of the number of legs, will COA in the same manner they currently do.

[13] The Exchange notes that the rule text provided for in SR–CBOE–2014–017 essentially required all complex orders with three or more legs to COA (including orders entered as IOC), but the Exchange never implemented the requirement with regards to complex orders with three or more legs because, as previously noted, it was not the Exchange's intention to COA all complex orders with three or more legs irrespective of the COA eligibility requirements. As soon as the Exchange realized SR–CBOE–2014–017 did not accurately reflect the Exchange's intentions, the Exchange began drafting this rule filing.

marketable will not be executed. The proposed rule change is simply intended to clarify when a COA will be initiated and to reflect the design of the System, which is set-up to filter complex orders through the COA eligibility requirements prior to the initiation of a COA. Additionally, the Exchange believes the proposed rule is non-controversial because, as with the current rule, all market participants submitting orders with three or more legs will be treated equally (*i.e.,* for orders with three or more legs the Exchange will not have the flexibility to limit COA-eligibility to certain origin types; rather, the Exchange will, by rule, accept all origin types for complex orders with three or more legs).

The Exchange will announce the implementation date of the proposed rule change in a Regulatory Circular to be published no later than 90 days following the effective date of this filing. The implementation date will be no later than 180 days following the effective date of this filing.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[14] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [15] requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[16] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change serves to clarify SR–CBOE–2014–017 and does not materially affect the outcome of SR–CBOE–2014–017. As noted above, it was not the intent of SR–CBOE–2014–017 to COA all complex orders irrespective of the eligibility parameters of Rule 6.53C(d)(i)(2); rather, the filing was intended to reflect the System's design, which filters complex orders through the COA eligibility requirements of paragraph (d)(i)(2) prior to initiating a COA. Therefore, under the proposed rule, complex orders with three or more legs will need to meet the class, marketability, size, and order type parameters of subparagraph (d)(i)(2) in order to COA, except the Exchange, by rule, will not be able to limit COA-eligibility based on a complex order with three or more legs being entered as IOC. Additionally, complex Orders with three or more legs will filter through the origin type parameter of subparagraph (d)(i)(2); however, for complex orders with three or more legs the Exchange, by rule, will not have the flexibility to limit COA-eligibility to certain origin types. This is consistent with SR–CBOE–2014–017 because SR–CBOE–2014–017 also did not provide the Exchange the flexibility to limit COA-eligibility for complex orders with three or more legs to certain origin types.

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

CBOE does not believe that the proposed rule change will impose any burden on intramarket or intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the rule change does not materially affect the outcome or purpose of SR–CBOE–2014–017. SR–CBOE–2014–017 was designed to reduce risk to Market-Makers that are quoting in the regular market, and this proposed rule change will not affect that outcome. In addition, Rule 6.53C(d)(ii), as amended by SR–CBOE–2014–017, clearly provides that the origin type of a complex order with three or more legs has no bearing on whether the complex order will COA, and this proposed rule does not modify how different origin types will be treated for purposes of COA. This proposed rule also does not affect the outcome of SR–CBOE–2014–017 as it relates to complex orders with three or more legs that are entered as IOC because neither SR–CBOE–2014–017 nor this proposal allow the Exchange to limit access to COA for orders with three or more legs based on the IOC designation. In other words, a market participant entering a complex order with three or more legs designated as IOC would expect (based on SR–CBOE–2014–017 providing that all complex orders with three or more legs shall COA) the order to COA. This proposed rule does not change that expectation. The only difference is that this proposed rule specifies that the complex order with three or more legs that is marked IOC must also meet the class, marketability, and size parameters in order to COA. This proposed rule simply seeks to apply the class, marketability, size, and complex order type parameters of Rule 6.53C(d)(i)(2) to complex orders with three or more legs.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule change does not:

A. Significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. 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 [17] and Rule 19b–4(f)(6) [18] thereunder. 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 will 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.* Please include File Number SR–CBOE–2015–081 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

[14] 15 U.S.C. 78f(b).

[15] 15 U.S.C. 78f(b)(5).

[16] *Id.*

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b–4(f)(6).

Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–CBOE–2015–081. 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 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–CBOE–2015–081 and should be submitted on or before November 5, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2015–26156 Filed 10–14–15; 8:45 am]

BILLING CODE 8011–01–P

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76108; File No. SR–OCC–2015–015]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Concerning the Requirement for Clearing Members To Participate in Operation Testing

October 8, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder[2] notice is hereby given that on October 2, 2015, The Options Clearing Corporation (''OCC'') 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 OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by OCC codifies the requirement for clearing members to participate in operational testing, including testing of OCC's business continuity and disaster recovery plans (''BCP Testing'').

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

This proposed rule change would codify OCC's current requirement for clearing members to participate in operational testing, including testing of OCC's BCP Testing. Article V of OCC's By-Laws sets forth OCC's initial membership requirements. Pursuant to Interpretation and Policy .02(b) of Article V, Section 1 of OCC's By-Laws, an applicant for clearing membership must demonstrate that it is operationally capable of: (i) Processing expected volumes and values of transactions cleared by the clearing member within required time frames, including at peak times and on peak days; (ii) fulfilling collateral, payment, and delivery obligations as required by OCC; and (iii) participating in applicable default management activities, as may be required by OCC and in accordance with applicable laws and regulations.[3]

Once a firm becomes a member of OCC, Chapter II of OCC's Rules sets forth additional operational requirements. In particular, OCC Rule 214(d) requires clearing members to maintain their operational capabilities as a continuing obligation of membership.[4] In accordance with such requirements, OCC annually conducts BCP Testing with certain clearing members through coordinated testing. Recently, the Commission promulgated Regulation System Compliance and Integrity (''Reg. SCI''), which would require OCC to establish standards to designate members[5] and require participation by such designated members in scheduled BCP Testing with OCC on an annual basis.[6] OCC is proposing to adopt Rule 218 so that OCC's Rules clearly articulate OCC's requirement with respect to BCP Testing.

Proposed Rule 218 would increase transparency regarding and ensure OCC's practice with respect to BCP Testing is consistent with Reg. SCI by articulating OCC's right to: (i) Designate clearing members required to participate in BCP Testing; (ii) determine the scope of such BCP Testing; and (iii) require clearing members to comply with the subject BCP Testing within specified timeframes. In connection therewith, OCC is planning to refine the criteria that it currently uses to designate firms for BCP Testing. For example, while OCC will continue to rely on volume thresholds to mandate participation in annual BCP Testing, OCC will also take into account additional factors when designating firms for BCP Testing, including but not limited to: (i) The nature of interconnectedness based on a firm's approved business activities; (ii) the existence of significant operational issues during the past twelve months, and (iii) past performance with respect to BCP Testing. Clearing members will be informed of the specific standards that will be used by OCC, along with

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* OCC's By-Laws, Article V, Section 1, Interpretation and Policy .02(b).

[4] *See* OCC Rule 214(d). OCC Rule 214(d) requires clearing members to maintain their ability to, among other things: (i) Process expected volumes and values of transactions cleared by the clearing member within required time frames, including at peak times and on peak days; (ii) fulfill collateral, payment, and delivery obligations as required by OCC; and (iii) participate in applicable default management activities, as may be required by OCC and in accordance with applicable laws and regulations.

[5] 17 CFR 242.1004(a). In adopting Reg. SCI, the Commission determined not to require covered entities to notify the Commission of its designations or the standards that will be used in designating its members, recognizing instead that each entity's standards, designations, and updates, if applicable, would be part of its records and, therefore, available to the Commission and its staff upon request. *See* 79 FR 72350.

[6] 17 CFR 242.1004(a) and (b).