

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76689; File No. SR-BYX-2015-50]

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

December 18, 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 December 15, 2015, BATS Y-Exchange, Inc. (the "Exchange" or "BYX") 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 Act³ 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 the fee schedule applicable to Members⁵ and non-members of the Exchange pursuant to BYX Rules 15.1(a) and (c) ("Fee Schedule") to adopt fees for the recently adopted ALLB routing strategy. The Exchange also proposes to amend the Fee Codes and Associated Fees table of the Fee Schedule to indicate the amount of the fees and rebates as five decimal points, rather than four decimal points, by adding a zero to the end of each fee and rebate.

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.

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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

ALLB Routing Fees

The Exchange proposes to adopt fees for the ALLB routing strategy. In sum, ALLB is a routing option under which the order checks the System⁶ for available shares and is then sent to the BATS Exchange, Inc. ("BZX"), EDGA Exchange, Inc. ("EDGA"), and the EDGX Exchange, Inc. ("EDGX" collectively with the Exchange, BZX, and EDGA, the "BGM Affiliated Exchanges").⁷ Specifically, an order subject to the ALLB routing option would execute first against liquidity on the BATS Book.⁸ Any remainder would then be routed to BZX, EDGA, and/or EDGX in accordance with the System routing table.⁹

The Exchange now proposes to adopt three new fee codes, AA, AX, and AZ and related fees for the ALLB routing strategy. These fee codes would enable the Exchange to pass through the rate that BATS Trading, Inc. ("BATS Trading"), the Exchange's affiliated routing broker-dealer, would be charged for routing orders to BZX, EDGA, and

EDGX.¹⁰ Each of the proposed fee codes are described as follows:

- *Fee Code AA.* Order routed to EDGA using the ALLB routing strategy would yield fee code AA and receive a rebate of \$0.00200 per share in securities priced at or above \$1.00. Under proposed footnote 11, orders yielding fee code AA in securities priced below \$1.00 would be charged no fee nor would they receive a rebate.

- *Fee Code AX.* Order routed to EDGX using the ALLB routing strategy would yield fee code AY and be charged a fee of \$0.00290 per share in securities priced at or above \$1.00. Under proposed footnote 12, orders yielding fee code AX in securities priced below \$1.00 would be charged a fee of 0.30% of the transaction's dollar value.

- *Fee Code AZ.* Order routed to BZX using the ALLB routing strategy would yield fee code AZ and be charged a fee of \$0.00300 per share in securities priced at or above \$1.00. Under proposed footnote 13, orders yielding fee code AZ in securities priced below \$1.00 would be charged a fee of 0.30% of the transaction's dollar value.

BATS Trading will pass through the above rates to the Exchange and the Exchange, in turn, will pass through that exact rate to its Members. The proposed rates would enable the Exchange to equitably allocate its costs among all Members utilizing the ALLB routing strategy.

Fee Codes and Associated Fees Table

The Exchange also proposes to amend the Fee Codes and Associated Fees table to indicate the amount of the fees and rebates as five decimal points, rather than four decimal points, by adding a zero to the end of each fee and rebate, to reflect the order pricing format on the Exchange's Web site.¹¹ The Exchange notes that none of these changes amend any fee or rebate, nor do they alter the manner in which it assesses fees or calculates rebates.

Implementation Date

The Exchange proposes to implement this amendment to its Fee Schedule on January 4, 2016, but the proposed fee codes and their associated rates will not be available until January 8, 2016, the date upon which it announced to Members that it would implement the ALLB routing strategy.¹²

¹⁰ Orders using the ALLB routing option that execute on the Exchange would be subject to the Exchange's standard fees and rebates, unless the Member achieves a volume tiered reduced fee or enhanced rebate.

¹¹ The Exchange notes that fee code D already indicates its related fee as five decimal points.

¹² See BATS Announces ALLB Routing Option, available at <http://cdn.batstrading.com/resources/>

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange. A Member will have the status of a "member" of the Exchange as that term is defined in Section 3(a)(3) of the Act." See Exchange Rule 1.5(n).

⁶ The term "System" is defined as "the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away." See Exchange Rule 1.5(aa).

⁷ See Exchange Rule 11.13(b)(3)(M). See also Securities Exchange Act Release No. 76457 (November 17, 2015), 80 FR 73026 (November 23, 2015) (SR-BYX-2015-46).

⁸ The term "BATS Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(e).

⁹ The term "System routing table" refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.13(b)(3).

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹³ in general, and furthers the objectives of Section 6(b)(4),¹⁴ in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange believes that its proposed rates represent an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to BZX, EDGA, and EDGX through BATS Trading. The Exchange believes that its proposed pass through the [sic] rate for orders that yield fee codes AA, AX or AZ is equitable and reasonable because it accounts for rate [sic] that BATS Trading would be subject to for orders it routes and are executed on BZX, EDGA, and EDGX. In addition, the proposal allows the Exchange to pass-through to its Members the rate for orders that are routed to BZX, EDGA, and EDGX using the ALLB routing strategy. Furthermore, the Exchange notes that routing through BATS Trading is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

The Exchange believes that the changes to the Fee Codes and Associated Fees table of the Fee Schedule are reasonable because they are designed to provide greater transparency to Members with regard to how the Exchange assesses fees and calculates rebates. The Exchange notes that none of the proposed changes are designed to amend any fee, nor alter the manner in which it assesses fees or calculates rebates. These changes to the Fee Schedule are intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor 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.

release_notes/2015/BATS-ALL-BATS-Routing-Strategy-Release-Schedule-Updated.pdf. The Exchange notes that the fee schedule's date was amended to January 4, 2016 in file no. SR-BYX-2015-51 (December 8, 2015).

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4).

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that this change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. The Exchange believes that its proposal to pass through the rates that BATS Trading would be subject to for orders routing to BZX, EDGA, and EDGX using the ALLB routing strategy to Members would increase intermarket competition because it offers customers an alternative means to route orders to those venues. In addition, the proposed pricing would not provide any advantage to Users when routing to BZX, EDGA, and EDGX as compared to other methods of routing or connectivity available to Users by the Exchange because the proposed rates are identical to what the Member would be subject to if it routed to those venues directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

The Exchange believes that the changes to the Fee Codes and Associated Fees table of the Fee Schedule would not affect intermarket nor intramarket competition because none of these changes are designed to amend any fee or alter the manner in which the Exchange assesses fees or calculates rebates. These changes are intended to provide greater clarity to Members with regard to how the Exchange access fees and calculates rebates.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁵ and paragraph (f) of Rule 19b-4 thereunder.¹⁶ 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.

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 No. SR-BYX-2015-50 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 No. SR-BYX-2015-50. 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 will also be available for

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

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 No. SR-BYX-2015-50 and should be submitted on or before January 14, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2015-32385 Filed 12-23-15; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76686; File No. SR-OCC-2015-018]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Concerning the Adoption of a Charter of a New Committee of The Options Clearing Corporation's Board of Directors, the Technology Committee

December 18, 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 December 8, 2015, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 concerns the adoption of a Charter for a new committee of OCC's Board of Directors ("Board"), the Technology Committee ("TC"). Additionally, OCC is proposing to add a description of the TC to its By-Laws.

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 concerns the adoption of the TC Charter and the addition of a description of the TC into Article III, Section 9 of OCC's By-Laws. The Board formed the TC in order to enhance the Board's understanding and oversight of key technology, information security, and cyber-security risk issues at OCC. Consistent with OCC's other Board-level committee charters, the TC Charter sets forth: (i) The purpose, functions, and responsibilities of the TC and (ii) the composition and organization of the TC.

Purpose and Responsibilities of the TC

As set forth in the TC Charter, the TC would be responsible for: (i) Overseeing major information technology ("IT") related strategies, projects, and technology architecture decisions; (ii) monitoring whether OCC's IT programs effectively support OCC's business objectives and strategies; (iii) monitoring OCC's IT risk management efforts as well as the security of OCC's information systems and physical security of information system assets; and (iv) conferring with OCC's senior IT management team and informing the Board on IT related matters.

Further, and with respect to the TC Charter's role in the oversight of OCC's IT strategy and projects, the TC Charter provides that the TC would be specifically tasked with: (i) Evaluating OCC's IT strategy, including the financial, tactical, and strategic benefits of IT projects and technology architecture initiatives; (ii) critically reviewing IT projects and technology architecture decisions, including review of the process related to approval of capital expenditures as they relate to IT projects; and (iii) making recommendations to the Board with respect to IT related projects and investments that require Board approval. In addition, the TC Charter requires that the TC: (i) Monitor the quality and effectiveness of OCC's IT and physical security, including periodically reviewing and appraising OCC's disaster recovery capabilities and

crisis management plans; (ii) in coordination and cooperation with the Audit Committee of the Board, monitor the quality and effectiveness of OCC's IT systems and processes that relate to or affect OCC's internal controls and assess OCC's management of IT related compliance risks; (iii) report to the Board and the Audit Committee about IT risks and controls; and (iv) serve in an advisory role with respect to IT decisions at OCC. In connection with carrying out its responsibilities, the TC would also, in general, inform and make recommendations to the Board and other Board level committees with respect to IT related matters.

Administrative and Procedural Elements of the TC

The TC Charter would provide that the TC be comprised of three or more directors, and meet at least four times per year.³ The TC would function in a manner similar to the other Board-level Committees in that it would have the ability to hire specialists and meet in executive session as well as be required to report to the Board on an annual basis. The TC would also have to annually confirm to the Board that its responsibilities, as set forth in the TC Charter, have been carried out and evaluate its and its members' performance on a regular basis.

2. Statutory Basis

OCC's governance arrangements, which include, but are not limited to, the proposed TC Charter promote the effectiveness of OCC's [sic] Board's oversight on OCC's business and operational processes. OCC believes that adoption of the TC Charter would enhance the effectiveness of the Board's oversight on OCC's business and operational processes, and specifically technology related processes such as disaster recovery and crisis management plans as well as IT systems that relate to internal controls and compliance risks, as described above, through a dedicated Board-level committee responsible for oversight of such processes. As a result of the proposed rule change, it is more likely that OCC's technology processes work as expected, including those processes tied to the clearance and settlement of securities transactions, and therefore the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Act.⁴ Furthermore, OCC believes the

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Members of the TC would not need to be technology experts.

⁴ 15 U.S.C. 78q-1(b)(3)(F).