In 2008, pursuant to PAEA section 702(a), the Commission issued an in-depth report on universal postal service and the postal monopoly.\(^{24}\) The USO Report reviews the historical development of the USO and postal monopoly, universal service and monopoly laws of other countries, economic considerations, needs and expectations of the United States public, policy options, and Commission recommendations. The Commission invites comments and recommendations regarding the USO and the postal monopoly.

L. Requirement of a Public Representative

The Commission must designate a public representative in all proceedings on a case-by-case basis. See 39 U.S.C. 505; 39 CFR 3002.14. The public representative serves the interest of the general public in these proceedings, and is subject to ex parte communication restrictions with the Commission for those proceedings. The Commission welcomes comments on the utility of the public representative in Commission proceedings, and any improvements the Commission should consider to improve the public representative program.

M. Requirement of Commission Inspector General

The Commission’s Office of the Inspector General has duties related to the oversight of Commission programs and operations. See 39 CFR 3002.16. The Inspector General reports to Congress and the Commission on a biannual basis its activities related to audits, inspections, and other evaluations.\(^{25}\) The Commission welcomes comment on the Office of the Inspector General, and any perspectives on the cost benefit or effectiveness of the office.

IV. Conclusion

The Commission invites public comment on the issues noted above, and on any other issues of interest related to the operation of the amendments of the PAEA. Comments shall be submitted no later than June 14, 2016.

The Commission appoints Richard A. Oliver to serve as Public Representative in this docket.

V. Ordering Paragraphs

It is ordered:


2. Comments are due no later than June 14, 2016.

3. Pursuant to 39 U.S.C. 505, Richard A. Oliver is appointed to serve as an officer of the Commission to represent the interests of the general public in this proceeding (Public Representative).

4. The Secretary shall arrange for publication of this order in the Federal Register.

By the Commission.

Stacy L. Ruble,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–77600; File No. SR–BatsBYX–2016–04]

Self-Regulatory Organizations; Bats BYX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Certificate of Incorporation of the Exchange’s Ultimate Parent Company, Bats Global Markets, Inc.

April 13, 2016.

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 April 8, 2016, Bats BYX Exchange, Inc. (the “Exchange” or “BYX”) 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 the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act\(^ {3}\) and Rule 19b–4(f)(6)(iii) thereunder,\(^ {4}\) which renders it 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 certificate of incorporation of the Exchange’s ultimate parent company, Bats Global Markets, Inc. (the “Corporation”).

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

On December 16, 2015, the Corporation, the ultimate parent entity of the Exchange, filed a registration statement on Form S–1 with the Commission seeking to register shares of common stock and to conduct an initial public offering of those shares, which will be listed for trading on the Exchange (the “IPO”). In connection with its IPO, the Corporation intends to amend and restate its certificate of incorporation (the “New Certificate of Incorporation”). The Exchange previously received Commission approval of certain substantive amendments to the certificate of incorporation of the Corporation that comprise changes included in the New Certificate of Incorporation.\(^ {5}\) Since that date, the Corporation has determined it to be necessary to further amend its certificate of incorporation to achieve the final, pre-IPO version of the New Certificate of Incorporation. The additional amendments will be achieved through the filing with the State of Delaware of a certificate of incorporation.


amendment to the New Certificate of Incorporation. The additional amendments are described in further detail below.

The Exchange, on behalf of the Corporation, proposes changes to the New Certificate of Incorporation in connection with a forward stock split, pursuant to which each share of common stock of the Corporation outstanding or held in treasury immediately prior to the completion of the IPO would automatically and without action on the part of the holders thereof be subdivided into 2,91 shares of common stock (the “Stock Split”). Accordingly, the number of authorized shares of the Corporation, both in the aggregate and as set forth by class, as codified in paragraph (a)(ii) of Article Fourth of the New Certificate of Incorporation, will be adjusted. The Corporation also plans to adjust the preferred stock of the Corporation consistent with the Stock Split. The par value of the Corporation’s common stock will remain $0.01 per share.

The purpose of this rule filing is to permit the Corporation, the ultimate parent company of the Exchange, to adopt an amendment to the New Certificate of Incorporation, as described in this proposal. The changes described herein relate to the certificate of incorporation of the Corporation only, not to the governance of the Exchange. The Exchange will continue to be governed by its existing certificate of incorporation and bylaws. The stock in, and voting power of, the Exchange will continue to be directly and solely held by Bats Global Markets Holdings, Inc., an intermediate holding company wholly-owned by the Corporation, and the governance of the Exchange will continue under its existing structure.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act. In particular, the proposal is consistent with Section 6(b)(1) of the Act, because it retains, without modification, the existing limitations on ownership and total voting power that currently exist and that are designed to prevent any stockholder from exercising undue control over the operation of the Exchange and to assure that the Exchange is able to carry out its regulatory obligations under the Act.

Under the proposal, the Corporation is making certain administrative and structural changes to the New Certificate of Incorporation. These changes, however, do not impact the governance of the Exchange nor do they modify the ownership of the Corporation.

(B) Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change imposes any burden on competition. As described above, the proposed rule change is simply to make certain administrative and structural changes to the New Certificate of Incorporation. These changes do not impact the governance of the Exchange nor do they modify the ownership of the Corporation.

(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 written comments from members or other interested parties.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act \(^6\) and Rule 19b–4(f)(6) thereunder.\(^7\) 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, if consistent with the protection of investors and the public interest, the proposed rule change becomes effective pursuant to Section 19(b)(3)(A) of the Act \(^8\) and Rule 19b–4(f)(6) thereunder.\(^9\) A proposed rule change filed under Rule 19b–4(f)(6) under the Act \(^10\) normally does not become operative for


\(^{14}\) For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

\(^6\) Common stock consists of voting common stock and non-voting common stock of the Corporation.

\(^7\) 15 U.S.C. 78f(b).


\(^11\) In addition, Rule 19b–4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

SECURITIES AND EXCHANGE COMMISSION  


Self-Regulatory Organizations;  
NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Proposed Rule Change To Modify Chapter VII Section B of the Exchange’s Pricing Schedule

April 13, 2016.

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 April 1, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to modify Section B of the NASDAQ PHLX LLC Pricing Schedule (“Pricing Schedule”) in Chapter VII separately to identify streaming quote interface (“SQF”) Purge Ports and to set the fees applicable to SQF Purge Ports. The Exchange also is making technical, non-substantive modifications to the certain existing provisions in Chapter VII, Section B.

The text of the proposed rule change is available on the Exchange’s Web site at http://nasdaqomxphlx.chwwallstreet.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 aspects of such statements.


1. Purpose

The purpose of the proposal is to modify Chapter VII, Section B of the Exchange’s Pricing Schedule separately to identify SQF Purge Ports and to set the fees applicable to SQF Purge Ports. Active SQF Ports today allow purging, however the Exchange does not separately identify such ports or assess a fee for SQF Purge Ports.

The SQF Port (known as “Active SQF Port”) is an interface that enables Specialists,3 Streaming Quote Traders (“SQTs”)4 and Remote Streaming Quote Traders (“RSQTs”)5 to connect and send quotes into the Exchange’s trading system and receive certain information.6 Market Makers rely on data available through Active SQF Ports to provide them the necessary information for risk control and risk management so that they can perform market making activities in a swift and meaningful way.

Active SQF Ports allow Market Makers to access information such as execution reports, execution report messages, auction notifications, and administrative data through a single feed. Other data that is available includes: (1) Options Auction Notifications (e.g., opening imbalance, market exhaust, PIXL or other information); (2) Options Symbol Directory Messages; (3) System Event Messages (e.g., start of messages, start of system hours, start of quoting, start of opening); (4) Complex Order Strategy Auction Notifications (COLA); (5) Complex Order Strategy messages; (6) Option Trading Action Messages (e.g.,

3 Current SQF Ports are known as “Active SQF Ports” in the Pricing Schedule to signify that such ports are fee liable when they receive inbound quotes at any time within that month ($1,250 per port per month up to a maximum of $42,000 per month).
4 A Specialist is an Exchange member who is registered as an options specialist. See Phlx Rule 1020(a).
5 An SQT is defined in Exchange Rule 1014(b)(ii)(A) as a Registered Options Trader (“ROT”) who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned.
6 An RSQT is defined in Exchange Rule 1014(b)(ii)(B) as an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange.