

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-BOX-2016-17, and should be submitted on or before May 19, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77691; File No. SR-BatsEDGX-2016-11]

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

April 22, 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 11, 2016, Bats EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 EDGX Rules 15.1(a) and (c) ("Fee Schedule") to amend the Investor Depth Tier under footnote 1.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange's tiered pricing structure. Under such pricing structure, a Member will receive a rebate of anywhere between \$0.0025 and \$0.0034 per share executed, depending on the volume tier for which such Member qualifies. In January 2014, the Exchange adopted the Investor Depth Tier under footnote 1 of the Fee Schedule.⁶ Members who qualify for the Investor Depth Tier receive a rebate of \$0.0033 per share where they: (i) Add an ADV⁷ of at least 0.15% of the TCV;⁸ (ii) have an "added

liquidity" as a percentage of "added plus removed liquidity" of at least 85%; and (3) add an ADV of at least 500,000 share as Non-displayed⁹ orders that yield fee code HA.¹⁰

The Exchange now proposes to amend the Investor Depth Tier to: (i) Decrease the Member's added ADV threshold in Non-Displayed orders from 500,000 shares to 400,000 shares; and (ii) permit a Member's added ADV to include Non-Displayed orders that yield fee codes HI and/or MM, in addition to fee code HA. Fee code HI is appended to Non-Displayed orders that receive price improvement and add liquidity, and fee code MM is appended to Non-Displayed orders that add liquidity using MidPoint Peg Orders.¹¹ Lowering the Member's ADV threshold would encourage Members who cannot meet the tier's current criteria to increase their volume on the Exchange in order to achieve the lower threshold. Also, permitting Non-Displayed orders that yield fee codes HI and/or MM, in addition to fee code HA, to be included as part of the Member's ADV would enable Members that utilize other types of Non-Displayed orders to be included as part of the Members added ADV for purposes to satisfying the Investor Depth Tier. In addition, lowering the ADV threshold, combined with the additional fee codes, necessary to achieve the tier should encourage Members to add displayed liquidity, as only the displayed liquidity in this tier is awarded the enhanced rebate. The remainder of the criteria required to meet the tier as well as the rate offered by the tier would remain unchanged.

The Exchange proposes to implement this amendment to its Fee Schedule immediately.¹²

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 also notes that it operates in

⁹ See Exchange Rule 11.6(e)(2) for the definition of Non-Displayed.

¹⁰ Fee code HA is appended to Non-displayed orders that add liquidity on the Exchange. See the Exchange's Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.

¹¹ See Exchange Rule 11.8(d) for a description of MidPoint Peg orders.

¹² The Exchange initially filed the proposed change on April 1, 2016 (SR-BatsEDGX-2016-06). On April 11, 2016, the Exchange withdrew SR-BatsEDGX-2016-06 and submitted this filing.

¹³ 15 U.S.C. 78f.

¹⁴ 15 U.S.C. 78f(b)(4).

⁹ 17 CFR 200.30-3(a)(12).

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." See Exchange Rule 1.5(n).

⁶ See Securities Exchange Act Release No. 76816 (January 4, 2016, 81 FR 987 (January 8, 2016) (SR-EDGX-2015-67).

⁷ As defined in the Exchange's Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.

⁸ *Id.*

a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule changes reflect a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed amendments to the Investor Depth Tier are equitable and non-discriminatory in they would apply uniformly to all Members. The Exchange believes the rate remains competitive with those charged by other venues and, therefore, reasonable and equitably allocated to Members.

Volume-based rebates such as that proposed herein have been widely adopted by equities exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to: (i) The value to an exchange's market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns; and (iii) introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes that the proposal is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because it will provide Members with an additional incentive to reach certain thresholds on the Exchange.

In particular, the Exchange believes the amendments to the Investor Depth Tier are a reasonable means to encourage Members to increase their liquidity on the Exchange. The Exchange further believes that the amendments to the Investor Depth Tier represent an equitable allocation of reasonable dues, fees, and other charges because the thresholds necessary to achieve the tier continue to encourage Members to add displayed liquidity to the EDGX Book¹⁵ each month, as only the displayed liquidity in this tier is awarded the rebate of \$0.0033 per share. The amendments to the Investor Depth Tier also continue to recognizes the contribution that non-displayed liquidity provides to the marketplace, including: (i) Adding needed depth to the EDGX market; (ii) providing price support/depth of liquidity; and (iii) increasing diversity of liquidity to EDGX. Including Non-Displayed orders that yield fee codes HI and/or MM, in addition to fee code HA, would enable Members that utilize other types of Non-Displayed orders to be included as part

of the Member's added ADV for purposes of satisfying the Investor Depth Tier. In addition, fee code MM and HI are both yielded on Non-Displayed orders that add liquidity—fee code MM for MidPoint Peg Orders and fee code HI for Non-Displayed orders that receive price improvement. The Exchange believes that Members utilizing Non-Displayed orders that add liquidity to the EDGX Book provide increased opportunities for Members to receive the benefit of price improvement, and the addition of fee codes HI and MM is a reasonable means by which to encourage the use of such orders. Combined with the addition of fee codes HI and MM, lowering the ADV threshold necessary to achieve the tier should encourage Members to add displayed liquidity, as only the displayed liquidity in this tier is awarded the enhanced rebate. The increased liquidity benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also notes that the criteria and rebate under the Investor Depth Tier continues to be equitable and reasonable as compared to other tiers offered by the Exchange. For example, under the Investor Tier Members may receive a rebate of \$0.0032 per share where they (i) add an ADV of at least 0.15% of the TCV; and (ii) have an "added liquidity" as a percentage of "added plus removed liquidity" of at least 85%. These thresholds mirror the first two thresholds required to meet the Investor Depth Tier. However, in order to achieve the higher rebate of \$0.0033 per share provided by the amended Investor Depth Tier, Members must also add an ADV of at least 400,000 share as Non-displayed orders that yield fee codes HA, HI, and/or MM. Therefore, the Exchange believes the Investor Depth Tier continues to be consistent with Section 6(b)(4)¹⁶ of the Act as the more stringent criteria correlates with the tier's higher rebate.

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

The Exchange does not believe its proposed amendment to its Fee Schedule would 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 the proposed 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 change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange does not believe that the amended tier would burden competition, but instead, enhances competition, as it is intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed change is generally intended to draw additional liquidity to the Exchange. The Exchange does not believe the amended tier would burden intramarket competition as it would apply to all Members uniformly.

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 Act¹⁷ and paragraph (f) of Rule 19b-4 thereunder.¹⁸ 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.

¹⁵ The EDGX Book is the System's electronic file of orders. See Exchange Rule 1.5(d).

¹⁶ 15 U.S.C. 78f(b)(4).

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).

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-BatsEDGX-2016-11 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 Number SR-BatsEDGX-2016-11. 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-BatsEDGX-2016-11, and should be submitted on or before May 19, 2016.

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

Brent J. Fields,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77495; File No. SR-NASDAQ-2016-046]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees Under Rules 7015(b) and (g)

April 1, 2016.

Correction

In notice document 2016-07937 beginning on page 20426 in the issue of Thursday, April 7, 2016, make the following correction:

1. On page 20428, in the second column, in the 27th line, "April 27, 2016" should read "April 28, 2016."

[FR Doc. C1-2016-07937 Filed 4-27-16; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77687; File No. SR-Phlx-2016-48]

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Rule 606

April 22, 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 7, 2016, NASDAQ PHLX LLC ("Phlx" or "Exchange") 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 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 is filing with the Commission a proposal to amend Rule 606 (Communications and Equipment). The proposed amendment is described further below.³

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com/>, at the principal office of the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ References to rules are, unless otherwise stated, to the rules of the Exchange.

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.

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

1. Purpose

The Exchange proposes to amend Rule 606 to: (1) Add language that would allow the Exchange to limit the use of a communication device under certain circumstances; (2) Clarify the process for changing registration of user, and delete obsolete language regarding wattage and add language regarding Web-based and open microphone ("open mic")⁴ communication applications; (3) Clarify [sic] language regarding call forwarding and open mic; (4) Delete obsolete language regarding stock execution clerks and in-house phone use; and (5) Add [sic] language regarding records.

Rule 606, which applies to the use of electronic communication devices on the options floor of the Exchange ("Options Floor"), has been around for more than fifty years,⁵ at which time Exchange options trading was strictly on-floor open outcry through specialists. Exchange options trading has, since that time, developed into a robust hybrid

⁴ Open mic allows listeners other than the intended party on the other end of a line (e.g., telephone) to listen to the conversation.

⁵ Since the inception of Rule 606 in 1964, the rule was amended about ten times, with the last substantive amendment in 2002. See Securities Exchange Act Release No. 49098 (February 13, 2002), 67 FR 8053 (February 21, 2002) (SR-Phlx-2001-109) (notice of filing and immediate effectiveness regarding tethered communication devices). See also Securities Exchange Act Release Nos. 49098 (January 16, 2004), 69 FR 3974 (January 27, 2004) (SR-Phlx-2003-73) (approval order); 54538 (September 28, 2006), 71 FR 59184 (October 6, 2006) (SR-Phlx-2006-43) (approval order); 59924 (May 14, 2009), 74 FR 23759 (May 20, 2009) (Phlx-2009-23) (approval order); and 64338 (April 25, 2011), 76 FR 24069 (April 29, 2011) (SR-Phlx-2011-13) (approval order) (these last four proposals made non-substantive technical or conforming changes to Rule 606).

¹⁹ 17 CFR 200.30-3(a)(12).