

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission Advisory Committee on Small and Emerging Companies will hold a public meeting on Tuesday, July 19, 2016, in Multi-Purpose Room LL-006 at the Commission's headquarters, 100 F Street NE., Washington, DC.

The meeting will begin at 9:30 a.m. (EDT) and will be open to the public. Seating will be on a first-come, first-served basis. Doors will open at 9:00 a.m. Visitors will be subject to security checks. The meeting will be webcast on the Commission's Web site at [www.sec.gov](http://www.sec.gov).

On June 27, 2016, the Commission published notice of the Committee meeting (Release No. 33-10105), indicating that the meeting is open to the public and inviting the public to submit written comments to the Committee. This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

The agenda for the meeting includes matters relating to rules and regulations affecting small and emerging companies under the federal securities laws.

For further information, please contact Brent J. Fields in the Office of the Secretary at (202) 551-5400.

Dated: July 12, 2016.

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78284; File No. SR-NYSEARCA-2016-49]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Rule 6.64 With Respect To Opening Trading in an Options Series

July 11, 2016.

#### I. Introduction

On March 23, 2016, NYSE Arca, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act

of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend Exchange Rule 6.64 regarding the process for opening trading in an options series. The proposed rule change was published for comment in the *Federal Register* on April 12, 2016.<sup>3</sup> The Commission received one comment letter on the proposed rule change.<sup>4</sup> On May 25, 2016, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change to July 11, 2016.<sup>5</sup> On July 8, 2016, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>6</sup> The Commission is publishing this notice to solicit comment on Amendment No. 1 to the proposed rule change from interested persons and is approving the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

#### II. Description of the Proposed Rule Change, as Modified by Amendment No. 1

Exchange Rule 6.64 sets forth the OX automated opening process.<sup>7</sup> Current Rule 6.64(b) provides that, after the primary market for the underlying security disseminates an opening trade or an opening quote, the Exchange will open the related option series automatically based on the following principles and procedures:

(A) The system will determine a single price at which a particular option series will be opened.

(B) Orders and quotes in the system will be matched up with one another based on price-time priority; provided, however, that Orders will have priority

over Market Maker quotes at the same price.

(C) Orders in the OX Book that were not executed during the Auction Process, other than Opening Only orders, shall become eligible for the Core Trading Session immediately after the conclusion of the Auction Process.

(D) The OX System will not conduct an Auction Process if the bid-ask differential for that series is not within an acceptable range. For the purposes of this rule, an acceptable range shall mean within the bid-ask differential guidelines established pursuant to Rule 6.37(b)(1)(A)-(E).

(E) If the OX System does not open a series with an Auction Process, the OX System shall open the series for trading after receiving notification of an initial NBBO disseminated by OPRA for the series or on a Market Maker quote, provided that the bid-ask differential does not exceed the bid-ask differential specified under Rule 6.37A(b)(4).<sup>8</sup>

In addition, Rule 6.64(c) provides for how the OX System will determine the opening price of a series when an Auction Process is conducted.<sup>9</sup> Specifically, current Rule 6.64(c) states, in part, that the "opening price of a series will be the price, as determined by OX, at which the greatest number of contracts will trade at or nearest to the midpoint of the initial uncrossed NBBO disseminated by OPRA, if any, or the midpoint of the best quote bids and quote offers in the OX Book."<sup>10</sup>

The Exchange proposes several changes to Exchange Rule 6.64 and the OX opening process. The proposed changes would also affect the process of re-opening an options series after a trading halt.<sup>11</sup>

First, the Exchange proposes to amend Exchange Rule 6.64(b) so that trading in an options series will be opened automatically once the primary market for the underlying security disseminates both a quote and a trade that is at or within the quote.<sup>12</sup> Further, the Exchange proposes to specify that the opening process will occur at or after 9:30 a.m. Eastern Time.<sup>13</sup>

The Exchange also proposes to modify Exchange Rule 6.64(b)(E) so that if the OX System does not open a series with an Auction Process, trading in an options series could no longer open on a local Market Maker quote, but would

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 77539 (April 6, 2016), 81 FR 21639 ("Notice").

<sup>4</sup> See letter from Anonymous, dated May 3, 2016. The letter was generally supportive of the proposed rule change.

<sup>5</sup> See Securities Exchange Act Release No. 77912 (May 25, 2016), 81 FR 35105 (June 1, 2016).

<sup>6</sup> See Letter to Brent J. Fields, Secretary, Commission, from Martha Redding, Associate General Counsel, Assistant Secretary, NYSE Arca, LLC dated July 11, 2016. As more fully described below, in Amendment No. 1 the Exchange proposes additional modifications to Rule 6.64(c) to clarify and detail how the Exchange would determine the opening price upon dissemination of an NBBO from OPRA. Amendment No. 1 to the proposed rule change is also available on the Commission's Web site at: <https://www.sec.gov/comments/sr-nysearca-2016-49/nysearca201649.shtml>.

<sup>7</sup> See Exchange Rule 6.64. The term "OX" refers to the Exchange's electronic order delivery, execution and reporting system for designated option issues through which orders and quotes of Users are consolidated for execution and/or display. See Exchange Rule 6.1A(a)(13) (defining "OX").

<sup>8</sup> See Exchange Rule 6.64(b)(A)-(E).

<sup>9</sup> See Notice and current Exchange Rule 6.64(c).

<sup>10</sup> See current Exchange Rule 6.64(c).

<sup>11</sup> See Exchange Rule 6.64(d), which provides that the Exchange will follow the same procedures in opening after a trading halt as the procedures followed for the opening of the trading day.

<sup>12</sup> See proposed Rule 6.64(b).

<sup>13</sup> See *id.*