

B. Title of Chapter 16 in the C2 Rule's Table of Contents

Second, the Exchange proposes to amend the title of Chapter 16 in the C2 Rule's Table of Contents.⁸ Currently, the title of Chapter 16 is "Summary Suspension by Chairman of the Board or Vice Chairman of the Board." The Exchange notes that rules contained within CBOE Chapter XVI are incorporated into C2's Chapter 16.⁹ CBOE Chapter XVI currently provides that the Chairman of the Board or President may summarily suspend a TPH and limit or prohibit any person with respect to access to services offered by the Exchange.¹⁰ The Exchange notes however, that CBOE is concurrently proposing to amend its rules to provide that the CEO (rather than Chairman) or President may summarily suspend a TPH.¹¹ Additionally, the Exchange notes that it no longer maintains the role of Vice Chairman of the Board.¹² As such, the Exchange proposes to amend the Chapter 16 title to simply state "Summary Suspension" to avoid confusion and maintain clarity in the rules.

C. References to Chairman of the Board

Last, the Exchange proposes to amend Rule 6.33 (Authority to Take Action Under Emergency Conditions) to eliminate the reference to "Chairman of the Board" and replace it with "Chief Executive Officer." Rule 6.33 currently provides that the Chairman of the Board, the President, or such other person or persons as may be designated by the Board shall have the power to halt or suspend trading in some or all securities traded on the Exchange, to close some or all Exchange facilities, to determine the duration of any such halt, suspension or closing, to take one or more of the actions permitted to be taken by any person or body of the Exchange under Exchange rules, or to take any other action deemed to be necessary or appropriate for the maintenance of a fair and orderly market or the protection of investors, or otherwise in the public interest, due to emergency conditions or extraordinary circumstances. The Exchange notes that the CEO's responsibility is that of general charge and supervision of the business of the Corporation,¹³ whereas the Chairman of the Board's

responsibility is that of the presiding officer at all meetings of the Board and stockholders, as well as of other powers and duties as are delegated by the Board.¹⁴ The Exchange believes the responsibilities currently delegated to the Chairman of the Board under Rule 6.33 pertain to the general charge and supervision of the Exchange's business and therefore fall within the scope of the CEO's stated responsibilities, instead of the Chairman's.

III. Discussion and Commission Findings

The Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁵ Specifically, the Commission believes the proposed rule change is consistent with the Section 6(b)(5)¹⁶ 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.

In particular, the Commission believes the proposed rule changes will remove impediments to, and perfect the mechanism of a free and open market and a national market system, and, in general, will protect investors and the public interest by updating the delegation of authority to senior management under certain of the Exchange's Rules, which should facilitate the Exchange's ability to operate and carry out its self-regulatory responsibilities. In particular, the proposed rule changes to eliminate the reference to the Office of the Chairman and replace it with a reference to management in Section 6.1 of the Exchange's Bylaws will alleviate confusion regarding the responsibilities of the Advisory Board. The Exchange notes that the Advisory Board's Charter provides that the Advisory Board shall advise the Board and "management" regarding matters of interest to TPHs.¹⁷ Replacing the term Office of the Chairman with the term management will ensure that the Exchange's Bylaws

conform to the Advisory Board Charter, thereby reducing uncertainty about the responsibilities of the Advisory Board.

The Exchange's proposal to rename the title of Chapter 16 will alleviate confusion as that Chapter incorporates by reference CBOE's Chapter XVI rules that are subject to a proposed rule change to remove references to the Chairman of the Board and replace them with CEO. Moreover, the proposed rule change will eliminate a reference to the Vice Chairman, a title that C2 no longer uses.

Finally, the Exchange's proposal to amend Rule 6.33 to replace the references to the Chairman of the Board with the CEO should update and clarify which Exchange official is vested with the authorities established in that rule. The Exchange represents that while historically the Chairman of the Board also held the title of CEO, currently, the two titles are held by different individuals.¹⁸ The Exchange Bylaws confer different responsibilities on the Chairman of the Board and the CEO.¹⁹ The proposed rule change will ensure that the authority delegated pursuant to Rule 6.33 is consistent with the roles and responsibilities established in the Bylaws.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁰ that the proposed rule change (SR-C2-2016-005) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²¹

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78303; File No. SR-BatsBZX-2016-37]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to BZX Rule 11.26(a), Stating it Will Utilize IEX Market Data From the CQS/UQDF for Purposes of Order Handling, Routing, and Related Compliance Processes

July 12, 2016.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 (the

⁸ See *id.*

⁹ See *id.*

¹⁰ See CBOE Rule 16.1.

¹¹ See Securities Exchange Act Release No. 77962 (June 1, 2016), 81 FR 36641 (June 7, 2016) (SR-CBOE-2016-047).

¹² See Notice, *supra* note 3, at 36640.

¹³ See Section 5.2 of the C2 Bylaws.

¹⁴ See Section 3.6 of the C2 Bylaws.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(5).

¹⁷ See Notice, *supra* note 3, at 36639.

¹⁸ See *id.*

¹⁹ See *id.* at 36640.

²⁰ 15 U.S.C. 78s(b)(2).

²¹ 17 CFR 200.30-3(a)(12).

“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 5, 2016, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 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 update Rule 11.26(a) regarding the public disclosure of the sources of data that the Exchange utilizes when performing: (i) Order handling; (ii) order routing; and (iii) related compliance processes to reflect the operation of the Investors Exchange LLC (“IEX”) as a registered national securities exchange³ beginning on August 19, 2016.⁴

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 June 17, 2016, the Commission approved IEX’s application to register as a national securities exchange.⁵ As part

of its transition to exchange status, IEX announced that it will commence a symbol-by-symbol roll-out on August 19, 2016, concluding on September 2, 2016.⁶ The Exchange, therefore, proposes to update Rule 11.26(a) regarding the public disclosure of the sources of data that the Exchange utilizes when performing: (i) Order handling; (ii) order routing; and (iii) related compliance processes to reflect the operation of IEX as a registered national securities exchange beginning on August 19, 2016. Specifically, the Exchange proposes to amend Rule 11.26(a) to include IEX by stating it will utilize IEX market data from the CQS/UQDF for purposes of order handling, routing, and related compliance processes.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with section 6(b) of the Act,⁷ in general, and furthers the objectives of section 6(b)(5) of the Act,⁸ in particular, in that it is 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.

The Exchange believes that its proposal to update Exchange Rule 11.26(a) to include IEX will ensure that the rule correctly identifies and publicly states on a market-by-market basis all of the specific network processor and proprietary data feeds that the Exchange utilizes for the handling, routing, and execution of orders, and for performing the regulatory compliance checks related to each of those functions. The proposed rule change also removes impediments to and perfects the mechanism of a free and open market and protects investors and the public interest because it provides additional specificity, clarity and transparency.

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

The Exchange believes its proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the

contrary, the Exchange believes the proposal would enhance competition because including all of the exchanges enhances transparency and enables investors to better assess the quality of the Exchange’s execution and routing services.

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

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) by its terms, 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 Act⁹ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁰ the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its 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.

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: (1) Necessary or appropriate in the public interest; (2) for the protection of investors; or (3) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 78101 (June 17, 2016), 81 FR 41141 (June 23, 2016) (“IEX Approval Order”).

⁴ See Letter from Brad Katsuyama, CEO, IEX, to IEX’s Sell-Side and Buy-Side Partners, dated June 17, 2016 (<https://www.iextrading.com/>) (stating that IEX will commence a symbol-by-symbol roll-out on August 19, 2016, concluding on September 2, 2016).

⁵ See *supra* note 3.

⁶ See *supra* note 4.

⁷ 15 U.S.C. 78f.

⁸ 15 U.S.C. 78f(b)(5).

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4.

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-BatsBZX-2016-37 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-BatsBZX-2016-37. 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 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-BatsBZX-2016-37 and should be submitted on or before August 8, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78297; File No. SR-NYSEMKT-2016-67]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Change To Modify the NYSE Amex Options Fee Schedule Effective July 1, 2016

July 12, 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 July 1, 2016, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 the NYSE Amex Options Fee Schedule ("Fee Schedule"). The Exchange proposes to implement the fee change effective July 1, 2016. The proposed change is available on the Exchange's Web site at www.nyse.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 self-regulatory organization 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 those 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 purpose of this filing is to amend section I. E. of the Fee Schedule³ to adjust qualification levels for certain credit tiers and modify how certain volumes are weighted. The Exchange proposes to implement these changes effective on July 1, 2016.

Section I.E. of the Fee Schedule describes the Exchange's ACE Program, which features five tiers (each a "Tier") expressed as a percentage of total industry Customer equity and Exchange Traded Fund ("ETF") option average daily volume⁴ and provides two alternative methods through which Order Flow Providers (each an "OFP") may receive per contract credits for Electronic Customer volume that the OFP, as agent, submits to the Exchange.⁵ The Exchange proposes to adjust the Customer Electronic ADV volume thresholds of the ACE Program by raising the qualification level for two of the five Tiers as well as to modify how volumes are calculated for all five of the Tiers under both methods.

Currently, to qualify for Tier 2 on Customer Electronic ADV, the Customer Electronic ADV entered by an OFP must exceed 0.60% of Industry Customer Equity and ETF Options ADV ("ICADV"). The Exchange proposes to raise the qualification level for Tier 2 on Customer Electronic ADV to be greater than 0.75% of ICADV and, for

³ See Fee Schedule, section I.E. (Amex Customer Engagement ("ACE") Program—Standard Options), available here, https://www.nyse.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf.

⁴ Total industry Customer equity and ETF option volume is comprised of those equity and ETF contracts that clear in the Customer account type at OCC and does not include contracts that clear in either the Firm or Market Maker account type at OCC or contracts overlying a security other than an equity or ETF security. See OCC Monthly Statistics Reports, available here, <http://www.theocc.com/webapps/monthly-volume-reports>.

⁵ The first method for determining whether an OFP should receive credit is by calculating, on a monthly basis, the average daily Customer contract volume an OFP executes Electronically on the Exchange as a percentage of total average daily industry Customer equity and ETF options volume. The second method for determining whether an OFP should receive credit is by calculating, on a monthly basis, the average daily contract volume an OFP executes Electronically in all participant types (*i.e.*, Customer, Firm, Broker-Dealer, NYSE Amex Options Market Maker, Non-NYSE Amex Options Market Maker, and Professional Customer) on the Exchange, as a percentage of total average daily industry Customer equity and ETF option volume, with the further requirement that a specified percentage of the minimum volume required to qualify for the Tier must be Customer volume. See *supra* n. 3.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹¹ 17 CFR 200.30-3(a)(12).