

the proposed rule change is consistent with Section 6(b)(4) of the Act,¹³ in that it provides for the equitable allocation of reasonable dues, fees and other charges among Members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues or providers of routing services if they deem fee levels to be excessive.

The Exchange believes the proposed rebate is equitable and not unfairly discriminatory because it would be equally available and objectively applied to all Members orders submitted and executed in response to SUM auctions on the Exchange. The Exchange further believes the proposed rebate is equitable and reasonable as it is an additional rebate per contract designed to encourage Members to enter orders in response to SUM auctions on the Exchange. The Exchange further believes that the rebate is reasonable because the proposed additional rebate per contract does not represent a significant departure from pricing previously offered by the Exchange or other options exchanges. Lastly, the Exchange believes the proposed rebate is not unfairly discriminatory as all Members may enter orders in response to a SUM auction and receive the proposed rebate if their order is executed.

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

The Exchange believes the proposed rebate would 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 the proposed rebate represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Rather, the Exchange believes the proposal will enhance competition as it is a competitive proposal that seeks to further the growth of the Exchange by encouraging Members to enter orders in response to SUM auctions.

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 foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4 thereunder.¹⁵ 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-BatsEDGX-2016-32 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-BatsEDGX-2016-32. 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 No. SR-BatsEDGX-2016-32, and should be submitted on or before August 16, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78367; File No. SR-NYSEMKT-2016-49]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Withdrawal of Proposed Rule Change Amending the Definition of "Block" for Purposes of Rule 72(d)—Equities and the Size of a Proposed Cross Transaction Eligible for the Cross Function in Rule 76—Equities

July 20, 2016.

On April 22, 2016, NYSE MKT LLC ("Exchange" or "NYSE MKT") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend its rules relating to pre-opening indications and opening procedures. The proposed rule change was published for comment in the **Federal Register** on May 3, 2016.³ The Commission received no comments on the proposed rule change. On May 31, 2016, pursuant to Section 19(b)(2) of the Act,⁴ the Commission designated a longer 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.⁵

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 77734 (Apr. 27, 2016), 81 FR 26598.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 77951, 81 FR 36367 (June 6, 2016). The Commission designated August 1, 2016, as the date by which it should approve, disapprove, or institute

¹³ 15 U.S.C. 78f(b)(4).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

On July 18, 2016, the Exchange withdrew the proposed rule change (File No. SR-NYSEMKT-2016-49).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority,⁶

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78372; File No. SR-NYSE-2016-50]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Rules Regarding Payment of Compensation and Rebates, and Research Analyst Attestation Requirements, Harmonizing With Certain Financial Industry Regulatory Authority, Inc. Rules and Making Other Conforming Changes

July 20, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on July 12, 2016, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 amend its rules regarding (1) payment of compensation and rebates, and (2) research analyst attestation requirements in order to harmonize with certain Financial Industry Regulatory Authority, Inc. (“FINRA”) rules and make other conforming changes. The proposed rule 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.

proceedings to determine whether to disapprove the proposed rule change.

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 Exchange proposes amending its rules concerning (1) payment of compensation and rebates, and (2) research analyst attestation requirements in order to harmonize with certain FINRA rules and make other conforming changes. Specifically, the Exchange proposes to:

- Delete Rule 353 (Rebates and Compensation),⁴ NYSE Rule Interpretation 345(a)(i)/01 (Compensation to Non-Registered Persons), NYSE Rule Interpretation 345(a)(i)/02 (Compensation Paid for Advisory Solicitations), and NYSE Rule Interpretation 345(a)(i)/03 (Compensation to Non-Registered Foreign Persons Acting as Finders), adopt the text of FINRA Rule 2040 (Payments to Unregistered Persons) (including Supplementary Material .01) and add new Supplementary Material .02, and amend Rule 8311 (Effect of a Suspension, Revocation, Cancellation, or Bar) (including adding Supplementary Material .01) in order to harmonize its rules with FINRA’s rules regarding the payment of transaction-based compensation by members to unregistered persons;
- delete Rule 351 (Reporting Requirements) (including Supplementary Material .11 and .12) and amend Rules 472 (Communications With The Public) and 9217 (Violations Appropriate for Disposition Under Plan Pursuant to SEA Rule 19d-1(c)(2)) to harmonize with FINRA’s rules regarding annual attestation requirements for research analysts; and
- make certain technical and conforming changes.⁵

⁴ References to rules are to NYSE rules unless otherwise indicated.

⁵ As discussed below, the conforming changes the Exchange proposes would substitute the term

Background

In 2007, the Exchange and FINRA⁶ entered into an agreement (the “Agreement”) pursuant to Rule 17d-2 under the Act to reduce regulatory duplication by allocating to FINRA certain regulatory responsibilities for NYSE rules and rule interpretations (“FINRA Incorporated NYSE Rules”).⁷ In order to reduce regulatory duplication and relieve firms that are members of the Exchange and FINRA of conflicting or unnecessary regulatory burdens, FINRA has been reviewing and amending the NASD and FINRA Incorporated NYSE Rules in order to create a consolidated FINRA rulebook.⁸

Payment of Transaction-Based Compensation

As part of the rule consolidation process, in 2014, FINRA adopted FINRA Rule 2040 regarding payment of transaction-based compensation by members to unregistered persons.⁹ The requirements of Incorporated NYSE Rule 353¹⁰ as well as Incorporated

“member organization” for “member” and the term “Exchange” for “FINRA.”

⁶ NYSE Regulation, Inc., a former not-for-profit subsidiary of the Exchange, was also a party to the Agreement by virtue of the fact that it performed regulatory functions for the Exchange pursuant to a delegation agreement. See Securities Exchange Act Release No. 53382 (February 27, 2006), 71 FR 11251, 11264-65 (March 6, 2006) (SR-NYSE-2005-77) (approving delegation agreement). The delegation agreement terminated on February 16, 2016, and NYSE Regulation has ceased providing regulatory services to the Exchange, which has re-integrated its regulatory functions.

⁷ See Securities Exchange Act Release Nos. 56148 (July 26, 2007), 72 FR 42146 (August 1, 2007) (order approving the Agreement); 56147 (July 26, 2007), 72 FR 42166 (August 1, 2007) (SR-NASD-2007-054) (order approving the incorporation of certain NYSE Rules as “Common Rules”). Paragraph 2(b) of the Agreement sets forth procedures regarding proposed changes by FINRA or the Exchange to the substance of any of the Common Rules.

⁸ FINRA’s rulebook currently has three sets of rules: (1) NASD Rules, (2) FINRA Incorporated NYSE Rules, and (3) consolidated FINRA Rules. The FINRA Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE (“Dual Members”), while the consolidated FINRA Rules apply to all FINRA members. For more information about the FINRA rulebook consolidation process, see FINRA Information Notice, March 12, 2008.

⁹ See Securities Exchange Act Release Nos. 73210 (September 25, 2014), 79 FR 59322 (October 1, 2014) (SR-FINRA-2014-037) (“FINRA Notice”) and 73954 (December 30, 2014), 80 FR 553 (January 6, 2015) (SR-FINRA-2014-37) (“FINRA Approval Order”).

¹⁰ NYSE Rule 353(a) prohibits a member, principal executive, registered representative or officer from, directly or indirectly, rebating to any person any part of the compensation he receives from the solicitation of orders for the purchase or sale of securities or other similar instruments for the accounts of customers of the member, or pay such compensation, or any part thereof, as a bonus, commission, fee or other consideration for business sought or procured for him or for any other