all parties in all new cases that wish to use it on a voluntary basis.

As of May 11, 2016, FINRA has processed 4,932 cases through the Party Portal. FINRA has invited 13,562 parties (customers, and firms and associated persons) to register and use the Party Portal. Of the 13,562 parties, 76 percent of customers, including *pro se* customers, have been using the Party Portal voluntarily and 82 percent of firms and associated persons, which includes firm representatives, have been using the Party Portal voluntarily (78 percent in total). FINRA has processed over 16,000 party documents through the Party Portal, including answers, motions, and correspondence. Over 83 percent of parties have used the Party Portal to view their case-related correspondence.

Based on the parties' experience to date with the Party Portal, along with the feedback provided from current users of this platform, FINRA believes those parties required to use the Party Portal would realize the anticipated benefits of the proposal. Further, the adoption of the Party Portal by parties on a voluntary basis suggests that they see benefit from its availability and use.

Under the proposal, most parties would no longer be required to send paper copies of pleadings or other documents to FINRA. Thus, these parties would experience cost savings related to the preparation and mailing of such submissions. Further, parties would be able to serve each other immediately through the Party Portal, rather than through other means, which, under current rules, may involve mailing hard copies to all parties at the same time. FINRA acknowledges that those customers or firms that have not used the Party Portal previously may incur some time and effort to learn the Party Portal system, but the technology requirements (*i.e.,* a computer with Internet access) will be minimal, and, therefore, should not impede a party's access to the dispute resolution process.

FINRA staff understands that requiring *pro se* customers to use the Party Portal might impose a higher burden on these individuals given their potentially limited access to and experience with the required technology. Thus, staff is proposing to allow *pro se* customers to opt out of using the Party Portal. However, *pro se* customers may choose to use the Party Portal, which would allow them to benefit equally from the efficiencies that the Party Portal is anticipated to create. Staff notes that, as of May 11, 2016, 3,599 *pro se* customers or customer representatives have been invited to register, with 4,711 agreeing to do so (a 76 percent registration rate).

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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:

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–FINRA–2016–029 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–FINRA–2016–029. 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 20549–1090, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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–FINRA–2016–029 and should be submitted on or before September 7, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[31]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–19580 Filed 8–16–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–78546; File No. SR–NYSEARCA–2016–109]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Amending Rule 6.91(b) To Provide for the Rejection of Certain Electronic Complex Orders

August 11, 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 August 3, 2016, NYSE Arca, Inc. (the ''Exchange'' or ''NYSE Arca'') 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 amend Rule 6.91(b) to provide for the rejection of certain Electronic Complex Orders. The proposed rule change is available on the Exchange's Web site at

[31] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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 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 is proposing to amend Rule 6.91(b) to provide for the rejection of certain Electronic Complex Orders (''ECOs'').[3] Specifically, the Exchange proposes to reject certain ECOs that may undermine the effectiveness of risk limitation mechanisms designed to protect Market Makers.

The Exchange requires a Market Maker to utilize its risk limitation mechanisms, which automatically remove a Market Maker's quotes in all series of an options class when certain parameter settings are triggered.[4] This functionality is designed to mitigate the risk of multiple executions on a Market Maker's quotes occurring simultaneously across multiple series and multiple option classes. Pursuant to Rule 6.40, the Exchange establishes a time period during which the System calculates: (1) The number of trades executed by the Market Maker in a specified options class; (2) the volume of contracts traded by the Market Maker in a specified options class; or (3) the percentage of the Market Maker's quoted size in the specified class that has been executed (the ''risk settings'').[5] When a Market Maker has breached its risk settings (*i.e.*, has traded more than the contract or volume limit or cumulative percentage limit of a class during the specified measurement interval), the System will cancel all of the Market Maker's quotes in that class until the Market Maker notifies the Exchange it will resume submitting quotes.[6] The purpose of the risk settings, therefore, is to allow Market Makers to provide liquidity across potentially thousands of options series without being at risk of executing the full cumulative size of all such quotes before being given adequate opportunity to adjust their quotes.

An incoming ECO may execute against quotes or individual orders comprising the Complex Order (the ''leg markets'') or against ECOs resting in the Consolidated Book.[7] An ECO trading against the leg markets is commonly referred to as ''legging out.'' Current Rule 6.91(a)(2)(ii) provides that an incoming ECO will execute first with the leg markets, ahead of resting ECOs at the same price (*i.e.*, the same total net debit or credit), provided the leg markets can execute the ECO in full or in a permissible ratio.

The execution of certain ECOs against the leg markets can be problematic because ECOs that leg out may execute before triggering a Market Maker's risk settings. Specifically, because the execution of each leg of an ECO is contingent on the execution of the other legs, the execution of all individual leg markets is processed as a single transaction, not as a series of individual transactions. Thus, while the risk settings allow a Market Maker to manage the risks associated with providing liquidity across multiple series of an options class, the settings do not adequately provide this risk protection because the legs of an ECO execute in a single transaction package before processing any subsequent messages. The practical result is that because all legs of an ECO execute before a Market Marker has an opportunity to react, such ECO executions are essentially able to bypass the Market Maker's risk settings.

Of particular concern to the Exchange are ECOs where two or more legs are buying (selling) calls (puts), which are commonly referred to as ''directional complex orders.'' Such directional complex orders are typically geared towards an aggressive directional capture of volatility. Specifically, through a combination of buying or selling of multiple option legs at once, a market participant using one of these strategies is aggressively buying or selling volatility. By contrast, other types of complex strategies are designed to gain exposure to a particular option class' movement.[8] The Exchange has seen a recent increase in the use of directional complex orders as a way to trade against multiple series on the same side of the market without triggering Market Maker risk settings. If the same legs were sent as individual orders, rather than as components of a directional complex order, Market Maker risk settings may have been triggered.[9] The Exchange is concerned that the use of directional complex orders is undermining the important purpose of the Market Makers risk settings, which the Exchange requires Market Makers to use for all quotes.

To address the potential for directional ECOs to undermine the purposes of the Market Maker risk settings, the Exchange proposes to amend Rule 6.91(b)(4). Specifically, the Exchange proposes to reject an ECO if:

(i) Composed of two legs that are (a) both buy orders or both sell orders, and (b) both legs are calls or both legs are puts; *or*

(ii) composed of three or more legs and (a) all legs are buy orders; or (b) all legs are sell orders.[10]

The proposed rule change would not impact the processing of ECOs trading against other ECOs or the priority and

[3] Rule 6.62(e) defines a Complex Order as any order involving the simultaneous purchase and/or sale of two or more different option series in the same underlying security, for the same account, in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00) and for the purpose of executing [sic] particular investment strategy. Per Rule 6.91, an ECO is a Complex Order that has been entered into the NYSE Amex Options System (''System'') for execution. *See* Rule 6.91 (preamble).

[4] *See* Rule 6.40(b)(3), (c)(3) and (d)(3). Market Makers are required to utilize one of the three risk settings for their quotes. *See* Commentary .04 to Rule 6.40. Market Makers and OTP Holders may utilize the risk limitation mechanisms for certain orders, but they are not required to do so. *See, e.g.,* Rule 6.40(b)(1), (2); (c)(1), (c)(2).

[5] *See* Rule 6.40(b)(3), (c)(3) and (d)(3). Market Makers are required to utilize one of the three risk settings for its quotes. *See* Commentary .04 to Rule 6.40.

[6] *See* Commentary .01 to Rule 6.40 (requiring that a Market Maker request that it be re-enabled after a breach of its risk settings).

[7] *See* Rule 6.91(a)(2)(ii).

[8] The Exchange notes that the majority of ECOs are calendar and vertical spreads, butterflies and straddles, which are designed to hedge the potential move of the underlying security or to capture premium from an anticipated market event.

[9] For example, if individual orders to buy 10 contracts for the Jan 30 call, Jan 35 call and Jan 40 call are entered, each is processed as it is received and the Market Maker risk settings are calculated following the execution of each 10-contract order. Thus, if either the first order or the second order trigger a Market Maker's risk settings, the System would cancel all of the Market Maker's quotes in that class until the Market Maker notifies the Exchange it will resume submitting quotes (*see* Commentary .01 to Rule 6.40). However, if an ECO to buy all three of these options with a quantity of 10 contracts is entered and is executed against the leg markets, the Market Maker risk settings for quotes in the leg market are calculated only after the execution of all 30 contracts (the sum of the three legs of 10 contracts each) because the execution of all individual leg markets is processed as a single transaction, not as a series of individual transactions.

[10] *See* proposed Rule 6.91(b). The Exchange also proposes to delete the words ''Types of'' in the first paragraph because sub-paragraphs (1)–(4) of paragraph (d) do not describe the ''types of'' ECOs, but rather describe the requirements for such orders.

allocation of ECOs. The following examples illustrate the types of ECOs that would be rejected under proposed Rule 6.91(b):

Example #1: Illustrating Proposed Rule 6.91(b)(4)(i)

- Buy Call 1, Buy Call 2
- Sell Call 1, Sell Call 2
- Buy Put 1, Buy Put 2
- Sell Put 1, Sell Put 2

Example #2: Illustrating Proposed Rule 6.91(b)(4)(ii)

- Buy Call 1, Buy Call 2, Buy Put 1
- Buy Put 1, Buy Put 2, Buy Put 3
- Buy Call 1, Buy Call 2, Buy Call 3
- Buy Put 1, Buy Put 2, Buy Call 3
- Sell Put 1, Sell Put 2, Sell Call 1

As proposed, the specified directional complex orders would be automatically rejected. Market participants would continue to be able to enter each leg of such complex orders as separate orders. The Exchange believes that the potential risk of these types of directional complex orders undermining the effectiveness of Market Maker risk settings outweighs any potential benefit to OTP Holders or OTP Firms submitting such orders.

Finally, the Exchange notes that both the Chicago Board Options Exchange, Inc. (''CBOE'') and International Securities Exchange, LLC (''ISE'') have recently received Commission approval to revise their rules governing complex orders to implement functionality designed to prevent complex orders from effectively bypassing market maker risk parameters.[11]

Implementation

The Exchange will announce the implementation date of the proposed rule change by Trader Update.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Securities Exchange Act of 1934 (the ''Act''),[12] in general, and furthers the objectives of section 6(b)(5) of the Act,[13] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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 proposed rule change would prevent fraudulent and manipulative acts and practices and would remove impediments to and perfect the mechanism of a free and open market because it would enable the Exchange to reject (and therefore prevent the execution of) certain directional complex order strategies that may undermine important Market Maker risk settings, which are required for all Market Maker quotes. The Exchange believes that rejecting the specified directional orders outright provides clarity as to the disposition of ECOs submitted by market participants and assures that the Market Maker risk settings will operate as intended. The Exchange notes that other markets have amended their rules to prevent directional complex orders from undermining market maker risk settings and do not allow such orders to leg out.[14] Because of the non-traditional nature of these directional complex orders, the Exchange believes it unlikely that they would execute against complex interest. Accordingly, the Exchange believes rejecting the orders outright (as opposed to simply preventing them from legging out) would have the same practical impact for the order-sending firms and would be the most effective and transparent means of handling these orders. Furthermore, the Exchange believes that the risk of the specified directional complex orders undermining the efficacy of Market Maker risk settings outweighs any potential benefit to OTP Holders or OTP Firms submitting such orders packaged as ECOs. The Exchange notes that market participants would continue to be able to enter each leg of such complex orders as separate orders. The Exchange also believes this proposal would protect investors and the public interest because it would help eliminate a degree of unnecessary risk borne by Market Makers when fulfilling their quoting obligations to the markets and would encourage them to contribute liquidity on the Exchange. The Exchange believes the strengthened risk settings would encourage Market Makers to provide tighter and deeper markets, to the benefit of all market participants.

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

The proposed rule change would prevent fraudulent and manipulative acts and practices and would remove impediments to and perfect the mechanism of a free and open market because, by rejecting (and therefore preventing the execution of) certain directional complex order strategies that may undermine important Market Maker risk settings, which are required for all Market Maker quotes. The Exchange believes that rejecting the specified directional orders outright provides clarity as to the disposition of ECOs submitted by market participants and assures that the Market Maker risk settings will operate as intended. The Exchange notes that other markets have amended their rules to prevent directional complex orders from undermining market maker risk settings and do not allow such orders to leg out.[15] Because of the non-traditional nature of these directional complex orders, the Exchange believes it unlikely that they would execute against complex interest. Accordingly, the Exchange believes rejecting the orders outright (as opposed to simply preventing them from legging out) would have the same practical impact for the order-sending firms and would be the most effective and transparent means of handling these orders. Furthermore, the Exchange believes that the risk of the specified directional complex orders undermining the efficacy of Market Maker risk settings outweighs any potential benefit to OTP Holders or OTP Firms submitting such orders packaged as ECOs. The Exchange notes that market participants would continue to be able to enter each leg of such complex orders as separate orders. The Exchange also believes this proposal would protect investors and the public interest because it would help eliminate a degree of unnecessary risk borne by Market Makers when fulfilling their quoting obligations to the markets and would encourage them to contribute liquidity on the Exchange. The Exchange believes the strengthened risk settings would encourage Market Makers to provide tighter and deeper markets, to the benefit of all market participants.

---

[11] *See* Securities Exchange Act Release Nos. 73023 (September 9, 2014) 79 FR 55033 (September 15, 2014) (SR–ISE–2014–10) and 72986 (September 4, 2014) 79 FR 53798 (September 10, 2014) (SR–CBOE–2014–017) (Approval Order). *See also* Securities Exchange Act Release Nos. 76106 (October 8, 2015) 80 FR 62125 (October 15, 2015) (SR–CBOE–2014–081); 77297 (March 4, 2016), 81 FR 12764 (March 10, 2016) (SR–CBOE–2016–014) (further amending the complex order rule, as modified by the Approval Order, to limit a potential source of unintended market maker risk). The Exchange acknowledges that, unlike this proposal, CBOE and ISE do not reject the offending ECOs outright.

[12] 15 U.S.C. 78f(b).

[13] 15 U.S.C. 78f(b)(5).

[14] See supra n. 11.

[15] See supra n. 11.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange believes that the proposal qualifies for accelerated effectiveness in accordance with section 19(b)(2) of the Act. The Exchange believes that there is good cause for the Commission to accelerate effectiveness because the proposed rule change is consistent with the rules of at least two competing options markets, which have amended their rules to prevent directional complex orders from undermining market maker risk settings and do not allow such orders to leg out.[16] The Exchange would like to similarly enhance the protection it provides to Market Makers. Because of the non-traditional nature of these directional complex orders, the Exchange believes it unlikely that they would execute against complex interest. Accordingly, the Exchange believes rejecting the orders outright (as opposed to simply preventing them from legging out) would have the same practical impact for the order-sending firms and would be the most effective and transparent means of handling these orders. Thus, accelerated approval of this proposal would enable the Exchange to implement the rule change without delay, thereby strengthening market maker risk settings and enhancing the competitiveness of the Exchange.

In addition, the Exchange believes that the proposed rejection of the specified directional complex orders would prevent such orders from executing before triggering (and thus, bypassing) the Market Maker risk settings. The Exchange believes that the potential risk of these types of directional complex orders undermining the effectiveness of Market Maker risk settings outweighs any potential benefit to OTP Holders or OTP Firms submitting such orders. Market participants would continue to be able to enter each leg of such complex orders as separate orders. Thus, the Exchange believes good cause exists to accelerate effectiveness of this proposal because it would help eliminate a degree of unnecessary risk borne by Market Makers when fulfilling their quoting obligations to the markets, which would in turn benefit all market participants because Market Makers would be encouraged to provide tighter and deeper markets.

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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:

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–NYSEARCA–2016–109 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSEARCA–2016–109. 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 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–NYSEARCA–2016–109 and should be submitted on or before September 7, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–19577 Filed 8–16–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–78554; File No. SR–CBOE–2016–059]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to COPS

August 11, 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 August 1, 2016, Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') 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 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 purpose of the proposed rule change is to re-implement the contributor compensation structure of the Exchange's Customized Option Pricing Service (''COPS''),[3] specifically,

---

[16] See supra n. 11.

[17] 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 Nos. 34–67813 (September 10, 2012), 77 FR 56903 (September 14, 2012) (SR–CBOE–2012–083); 34–67928 (September 26, 2012), 77 FR 60161 (October 2, 2012) (SR–CBOE–2012–090); 34–70705 (October 17, 2013), 78 FR 63265 (October 23, 2013) (SR–CBOE–2013–097); 34–70845 (November 12, 2013),