

consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>12</sup>

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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change 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:

##### *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](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2016-023 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-C2-2016-023. 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-C2-2016-023 and should be submitted on or before December 28, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Brent J. Fields.**

*Secretary.*

[FR Doc. 2016-29286 Filed 12-6-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79450; File No. SR-BatsBZX-2016-80]

### Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing of Proposed Rule Changes to BZX Rule 14.11, Other Securities, and BZX Rule 14.12, Failure To Meet Listing Standards

December 1, 2016.

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> notice is hereby given that on November 18, 2016, Bats BZX Exchange, Inc. (the "Exchange" or "BZX") filed with the Securities and Exchange Commission ("SEC" or "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 filed a proposal to amend the listing rules for exchange-traded products in Bats Rule 14.11 ("ETPs") to add additional continued listing standards as well as a related amendment to Rule 14.12, entitled "Failure to Meet Listing Standards." The Exchange is also proposing to make certain cleanup changes throughout

Rule 14.11 in order to make the rule text more clear.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://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

The Exchange proposes to amend the listing rules for ETPs in Bats Rule 14.11, entitled "Other Securities," to add additional continued listing standards as well as a related amendment to Rule 14.12, entitled "Failure to Meet Listing Standards." The Exchange is also proposing to make certain cleanup changes throughout Rule 14.11 in order to make the rule text more clear.

The proposed rule changes are being made at the request of and as part of discussions with the Commission. Based on concerns about certain of the ETP listing rules applying only on an initial basis, SEC staff has requested that the Exchange adopt certain additional continued listing standards for ETPs. As a result, the proposed amendment reflects guidance provided by SEC staff to clarify that most initial listing standards, as well as certain representations ("Continued Listing Representations") included in Exchange rule filings pursuant to Section 19(b) of the Act<sup>3</sup> to list an ETP on the Exchange ("Rule Filing"), are also considered continued listing standards. Continued Listing Representations will also be required to be maintained on a continuous basis and include any of the representations regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets,

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> 15 U.S.C. 78s(b).

dissemination and availability of index and intraday indicative values (as applicable), and the applicability of Exchange rules and surveillance procedures made in any filing to list a series of ETPs.

The proposed rule changes require that ETPs listed by the Exchange without a Rule Filing must maintain the initial index or reference asset criteria, among other requirements, on both an initial listing and continual basis. For example, in the case of a domestic equity index, these criteria generally include: (a) Stocks with 90% of the weight of the index must have a minimum market value of at least \$75 million; (b) stocks with 70% of the weight of the index must have a minimum monthly trading volume of at least 250,000 shares; (c) the most heavily weighted component cannot exceed 30% of the weight of the index, and the five most heavily weighted stocks cannot exceed 65%; (d) there must be at least 13 stocks in the index; and (e) all securities in the index must be listed in the U.S. Such requirements are currently only applicable on an initial listing basis, but the proposal would require that such criteria be met on a continual basis as well. The Exchange is also proposing similar changes as it relates to the comparable criteria for international indexes, fixed-income indexes, indexes with a combination of components, and other underlying reference assets. Where an ETP fails to meet the proposed applicable continued listing requirements, the Exchange would, generally, initiate delisting proceedings pursuant to Rule 14.12.

If an ETP is listed on the Exchange pursuant to a Rule Filing, this proposed rule change would require that the issuer of the security comply on an ongoing basis with any Continued Listing Representations, which include any of the representations in the rule filing regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of index and intraday indicative values (as applicable), and the applicability of Exchange rules and surveillance procedures made in any filing to list a series of ETPs. As proposed, where an ETP fails to meet the Continued Listing Representations, the Exchange would initiate delisting proceedings pursuant to Rule 14.12.

The Exchange is also proposing to modify its rules such that issuers of securities listed under Rule 14.11 would be required to provide the Exchange with prompt notification after an

Executive Officer<sup>4</sup> of the [sic] becomes aware of any noncompliance. In addition, while listed ETPs are currently subject to the delisting process in Rule 14.12, the rules will be clarified to make this explicit. As proposed, Rule 14.12 will also be clarified to make explicit that an ETP that it is deficient under one or more listing standards may submit a plan to regain compliance to the Listing Qualifications Department. In this regard, the Exchange proposes to allow issuers of ETPs 45 calendar days to submit such a plan, which is consistent with deficiencies from most other rules that allow issuers to submit a plan to regain compliance.<sup>5</sup> Exchange staff will review the plan and may grant a limited period of time for the ETP to regain compliance as permitted under Rule 14.12. If Exchange staff does not accept the plan, a Staff Delisting Determination will be issued, which could be appealed to a Hearings Panel pursuant to Rule 14.12(h).

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general and Section 6(b)(5) of the Act<sup>7</sup> in particular in that it is designed 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 changes accomplish these objectives by enhancing the current continued listing standards by clarifying that most initial listing standards, as well as Continued Listing Representations, are considered continued listing standards. Additionally, the Exchange is proposing to require issuers to provide the Exchange with prompt notification after an Executive Officer of the [sic] becomes aware of any noncompliance and to clarify that deficiencies will be subject to potential trade halts and delisting proceedings pursuant to Rule 14.12. The Exchange believes that these amendments will enhance the

<sup>4</sup> As defined in Rule 14.10(c)(1)(A), the term "Executive Officer" means those officers covered in Rule 16a-1(f) under the Act.

<sup>5</sup> The Exchange notes that the following deficiencies are allowed 45 calendar days to submit a plan to regain compliance: Deficiencies from the standards of Rules 14.10(f)(3) (Quorum), 14.10(h) (Review of Related Party Transactions), 14.10(i) (Shareholder Approval), 14.6(c)(3) (Auditor Registration), 14.7 (Direct Registration Program), 14.10(d) (Code of Conduct), 14.10(e)(1)(D)(v) (Quorum of Limited Partnerships), 14.10(e)(1)(D)(vii) (Related Party Transactions of Limited Partnerships), or 14.10(j) (Voting Rights).

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(5).

Exchange's listing rules, thereby serving to improve the national market system and protect investors and the public interest.

The Exchange does not believe that the cleanup changes have any impact on the reasonable and equitable and not unfairly discriminatory nature of the proposal.

For these reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, as amended. The Exchange believes that the proposed rule change to amend Rule 14.11 related to the listing of ETPs, the notification requirement in Rule 14.11(a), and the proposed related amendments to Rule 14.12 will have no impact on competition. Furthermore, since Commission staff has provided the same guidance regarding ETP continued listing requirements to all listing exchanges, the Exchange believes that there will be no effect on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

## 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 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 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](mailto:rule-comments@sec.gov). Please include File Number SR-BatsBZX-2016-80 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-BatsBZX-2016-80. 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-BatsBZX-2016-80 and should be submitted on or before December 28, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Brent J. Fields,**  
Secretary.

[FR Doc. 2016-29294 Filed 12-6-16; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. IA-4580; File No. 803-00235]

**UBS Financial Services Inc.; Notice of Application**

December 1, 2016.

**AGENCY:** Securities and Exchange Commission ("Commission").

**ACTION:** Notice of application for an exemptive order under section 206A of the Investment Advisers Act of 1940 ("Advisers Act") providing an exemption from the written disclosure and consent requirements of section 206(3).

**APPLICANT:** UBS Financial Services Inc. ("Applicant").

**RELEVANT ADVISERS ACT SECTIONS:** Exemption requested under section 206A from the written disclosure and consent requirements of section 206(3).

**SUMMARY OF APPLICATION:** Applicant requests that the Commission issue an order under section 206A exempting it and Future Advisers (as defined below) from the written disclosure and consent requirements of section 206(3) with respect to principal transactions with nondiscretionary advisory client accounts.

**FILING DATES:** The application was filed on November 22, 2016.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 27, 2016, and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0-5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

**ADDRESSES:** Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. Applicant, Laura E. Flores and Steven W. Stone, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Ave. NW., Washington, DC 20004.

**FOR FURTHER INFORMATION CONTACT:** Robert Shapiro, Senior Counsel, at (202) 551-7758 (Chief Counsel's Office,

Division of Investment Management) or Melissa Harke, Senior Special Counsel, at (202) 551-6787 (Investment Adviser Regulation Office, Division of Investment Management).

**SUPPLEMENTARY INFORMATION:** The following is a summary of the application. The complete application may be obtained via the Commission's Web site at <http://www.sec.gov/rules/ia/releases.shtml> or by calling (202) 551-8090.

Applicant seeks relief from the written disclosure and consent requirements of section 206(3) of the Advisers Act that would be similar to relief currently provided by Advisers Act rule 206(3)-3T (the "Rule"), which will expire by its terms on December 31, 2016. The relief sought by Applicant, if granted, would be subject to conditions similar to those under the Rule, as well as certain revised or additional conditions.

**Applicant's Representations**

1. The Applicant is registered as an investment adviser with the Commission and is a registered broker-dealer. The Applicant is a subsidiary of UBS AG, a diversified financial services company with operations around the world. The Applicant offers a number of advisory programs, including the UBS Strategic Advisor Program (the "Program"), a nondiscretionary advisory program.

2. In 2007, many of the Applicant's fee-based brokerage accounts were converted to nondiscretionary advisory accounts in the Program, following the invalidation of former rule 202(a)(11)-1 under the Advisers Act. When these accounts had been fee-based brokerage accounts, the Applicant, in its capacity as a broker-dealer, engaged in principal transactions with its customers in accordance with applicable law. The Applicant currently relies on the Rule to engage in principal transactions with its client accounts in the Program.

3. The Applicant currently has approximately 115,982 client accounts enrolled in the Program. Those accounts have approximately \$65 billion in assets under management as of September 20, 2016. In the period January 1, 2015 through December 31, 2015, 11,619 trades were effected in reliance on the Rule in the Program. Approximately 66% percent of the trades done in reliance on the Rule in this period were purchases by client accounts; the average purchase was approximately \$109,838. Approximately 34% percent of the trades done in reliance on the Rule in this period were sales from client accounts; the average sale was approximately \$105,022.

<sup>8</sup> 17 CFR 200.30-3(a)(12).