SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Adopt Generic Listing Standards for Managed Fund Shares

January 4, 2016.


I. Self-Regulatory Organization’s

designates February 25, 2016, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change [File No. SR–NYSEArca–2015–110].

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

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016–00104 Filed 1–7–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of EDGX Exchange, Inc.

January 4, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”), and Rule 19b–4 thereunder, notice is hereby given that on December 22, 2015, EDGX Exchange, Inc. (the “Exchange” or “EDGX”) 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act and Rule 19b–4(f)(2) thereunder, which renders the proposed rule change effective upon filing with the Commission. 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 fee schedule applicable to Members 5 and non-members of the Exchange pursuant to EDGX Rules 15.1(a) and (c) (“Fee Schedule”) to adopt a new tier called the Investor Depth Tier under footnote 1.

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

Currently, the Exchange determines the liquidity adding rebate that it will provide to Members using the Exchange’s tiered pricing structure. Under such pricing structure, a Member will receive a rebate of anywhere between $0.0025 and $0.0035 per share executed, depending on the volume tier for which such Member qualifies. The Exchange proposes to adopt a new tier called the Investor Depth Tier under footnote 1 of the Fee Schedule. Members who would qualify for the Investor Depth Tier would receive a rebate of $0.0033 per share where they:

i. Add an ADV of at least 0.15% of the TCV; or

ii. Have an “added liquidity” as a percentage of “added plus removed liquidity” of at least 85%; and

iii. Add an ADV of at least 500,000 share as Non-displayed orders that yield fee code HA.

The Exchange proposes to implement this amendment to its Fee Schedule on January 4, 2016.\(^6\)

\(^5\) As defined in the Exchange’s Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.

\(^6\) See Exchange Rule 11.6(e)(2).

\(^7\) See Exchange Rule 11.6(e)(2).

\(^8\) Fee code HA is appended to Non-displayed orders that add liquidity on the Exchange. See the Exchange’s Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.


\(^10\) As defined in the Exchange’s Fee Schedule available at http://batstrading.com/support/fee_schedule/edgx/.
2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,11 in general, and furthers the objectives of Section 6(b)(4).12 in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed tier is equitable and non-discriminatory in it would apply uniformly to all Members. The Exchange believes the rates remain competitive with those charged by other venues and, therefore, reasonable and equitably allocated to Members.

Volume-based rebates such as that proposed herein have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to: (i) The value to an exchange’s market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns; and (iii) introduction of higher volume of orders into the price and volume discovery processes. The Exchange believes that the proposed tier is a reasonable, fair and equitable, and not unfairly discriminatory allocation of fees and rebates because they will provide Members with an additional incentive to reach certain thresholds on the Exchange.

In particular, the Exchange believes the addition of the Investor Depth Tier is a reasonable means to encourage Members to increase their liquidity on the Exchange. The Exchange further believes that the proposed Investor Depth Tier represents an equitable allocation of reasonable dues, fees, and other charges because the thresholds necessary to achieve the tier encourages Members to add displayed liquidity to the EDGX Book each month, as only the displayed liquidity in this tier is awarded the rebate of $0.0033 per share. This tier also recognizes the contribution that non-displayed liquidity provides to the marketplace, including: (i) Adding needed depth to the EDGX market; (ii) providing price support/depth of liquidity; and (iii) increasing diversity of liquidity to EDGX. The increased liquidity benefits all investors by deepening EDGX’s liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also notes that the criteria and rebate under the Investor Depth Tier is equitable and reasonable as compared to other tiers offered by the Exchange. For example, under the Investor Tier Members may receive a rebate of $0.0032 per share where they (i) add an ADV of at least 0.15% of the TCV; and (ii) have an “added liquidity” as a percentage of “added plus removed liquidity” of at least 85%. These thresholds mirror the first two thresholds required to meet the proposed Investor Depth Tier. However, in order to achieve the higher rebate of $0.0033 per share provided by the proposed Investor Depth Tier, Members must also add an ADV of at least 500,000 share as Non-displayed orders that yield fee code HA. Therefore, the Exchange believes the proposed Investor Depth Tier is consistent with Section 6(b)(4) of the Act as the more stringent criteria correlates with the tier’s higher rebate.

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

The Exchange does not believe its proposed amendment to its Fee Schedule would 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 change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange’s competitors. Additionally, Members may opt to disfavor the Exchange’s pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange does not believe that the proposed new tier would burden competition, but instead, enhances competition, as it is intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed change is generally intended to enhance the rebates for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tier would burden intramarket competition as it would apply to all Members uniformly.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act16 and paragraph (f) of Rule 19b-4 thereunder.17 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–EDGX–2015–67 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange

---

13 The EDGX Book is the System’s electronic file of orders. See Exchange Rule 1.5(d).
14 The Exchange notes that Market Depth Tiers 1 and 2 under footnote 1 also require that Members add an ADV of certain number of shares as Non-displayed orders that yield fee code HA, in addition other added ADV requirements.
January 4, 2016.

On November 18, 2015, BATS Exchange, Inc. ("Exchange") 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 BATS Rule 14.11(i) and to adopt generic listing standards for Managed Fund Shares. The proposed rule change was published for comment in the Federal Register on November 25, 2015. \(^3\) The Commission has not received any comments on the proposal.

Section 19(b)(2) of the Act \(^4\) provides that within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is January 9, 2016. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider this proposed rule change. Accordingly, the Commission, pursuant to section 19(b)(2) of the Act, \(^5\) designates February 23, 2016, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR–BATS–2015–100).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^6\)

Robert W. Errett, Deputy Secretary.

BILLING CODE 8011–01–P