SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NASDAQ BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange’s Port-Related Fees at Rules 7015 and 7016(a) To Eliminate Prorated Billing

February 23, 2017.

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 February 9, 2017, NASDAQ BX, Inc. (”BX” or “Exchange”) 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 the Exchange’s port-related fees at Rules 7015 and 7016(a) to eliminate prorated billing.

The text of the proposed rule change is available on the Exchange’s Web site at http://nasdaqbx.cchwallstreet.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 purpose of the proposed rule change3 is to harmonize the billing practices for subscription to BX ports and other services provided under Rules 70154 and 7016(a)5 with those of the BX Options Market by no longer applying a prorated fee for subscriptions that are effective other than the first of any given month.6 The Exchange does not prorate BX Options Market

3 The Exchange initially filed the proposed pricing changes on February 1, 2017 (SR–BX–2017–003). On February 9, 2017, the Exchange withdrew that filing and submitted this filing.
4 Rule 7015 is titled “Ports and Other Services” and provides the options for connecting to the BX equity market together with the fees associated with such connectivity.
5 Rule 7016(a) concerns the fees assessed for Pre-trade Risk Management service ports. Pre-trade Risk Management provides Members with the ability to set a wide range of parameters for orders to facilitate pre-trade protection for FIX, RASH, OUCH and FLITE ports.
6 See BX Options Market Rules Chapter XV, Section 3(b).

PLACE: Commissioners’ Conference Room, 11555 Rockville Pike, Rockville, Maryland.

STATUS: Public and Closed.

Week of February 27, 2017

Wednesday, March 1, 2017

10:00 a.m. Briefing on NRC International Activities (Closed Ex. 1 & 9).

Thursday, March 2, 2017

9:00 a.m. Strategic Programmatic Overview of the Fuel Facilities and the Nuclear Materials Users Business Lines (Public Meeting) (Contact: Soly Soto; 301–415–7528).

This meeting will be webcast live at the Web address—http://www.nrc.gov/.

Week of March 6, 2017—Tentative

There are no meetings scheduled for the week of March 6, 2017.

Week of March 13, 2017—Tentative

There are no meetings scheduled for the week of March 13, 2017.

Week of March 20, 2017—Tentative

Thursday, March 23, 2017

9:00 a.m. Hearing on Combined Licenses for North Anna Nuclear Plant, Unit 3: Section 189a, of the Atomic Energy Act Proceeding (Public Meeting) (Contact: James Shea; 301–415–1388).

This meeting will be webcast live at the Web address—http://www.nrc.gov/.

Friday, March 24, 2017

10:00 a.m. Briefing on the Annual Threat Environment (Closed Ex. 1).

Week of March 27, 2017—Tentative

There are no meetings scheduled for the week of March 27, 2017.

Week of April 3, 2017—Tentative

Tuesday, April 4, 2017

10:00 a.m. Meeting with the Organization of Agreement States and the Conference of Radiation Control Program Directors (Public Meeting) (Contact: Paul Michalak; 301–415–5804).

This meeting will be webcast live at the Web address—http://www.nrc.gov/.

Thursday, April 6, 2017

10:00 a.m. Meeting with Advisory Committee on Reactor Safeguards (Public Meeting) (Contact: Mark Banks; 301–415–3718).

This meeting will be webcast live at the Web address—http://www.nrc.gov/.

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The schedule for Commission meetings is subject to change on short notice. For more information or to verify the status of meetings, contact Denise McGovern at 301–415–0981 or via email at Denise.McGovern@nrc.gov.

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The NRC provides reasonable accommodation to individuals with disabilities where appropriate. If you need a reasonable accommodation to participate in these public meetings, or need this meeting notice or the transcript or other information from the public meetings in another format (e.g., braille, large print), please notify Kimberly Meyer, NRC Disability Program Manager, at 301–287–0739, by videophone at 240–428–3217, or by email at Kimberly.Meyer-Chambers@nrc.gov. Determinations on requests for reasonable accommodation will be made on a case-by-case basis.

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Members of the public may request to receive this information electronically. If you would like to be added to the distribution, please contact the Nuclear Regulatory Commission, Office of the Secretary, Washington, DC 20555 (301–415–1969), or email Patricia.Jimenez@nrc.gov or Brenda.Akstulewicz@nrc.gov.


Denise L. McGovern,
Policy Coordinator, Office of the Secretary.

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connectivity subscriptions; thus, Options Participants are assessed a full month’s fee for a connectivity subscription if they direct the Exchange to make the subscribed connectivity live on any day of the month, including the last day thereof. The Exchange notes that the NASDAQ PHLX does not prorate port connectivity under both its equity and options rules.8 Currently, connectivity on BX’s equity market under Rules 7015 and 7016(a) is prorated based on the day that it is activated, with the BX Member only fee liable for the remaining days of the partial month. The Exchange has found that prorating billing has resulted in complexity and increased costs associated with the billing process. As a consequence, the Exchange is harmonizing the billing process with that of the Exchange’s Options market and is not permitting prorated billing effective February 1, 2017.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,10 in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,11 in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that elimination of prorated fees under Rules 7015 and 7016(a) is reasonable because it will reduce complexity and costs associated with the billing process, and will harmonize it with the process applied to Options Participants. As noted above, Members are currently able to choose when they want a new connectivity subscription to become effective and thus make the determination of when they wish to become fee liable. Members will continue to choose when they become fee liable under the proposed change, but now the Exchange will assess the full month’s fee regardless of when the port is subscribed. Thus, Members must weigh whether subscription to a service covered by the rules for less than a full month is worth the full monthly fee. The Exchange believes that elimination of prorated fees under Rules 7015 and 7016(a) is an equitable allocation and is not unfairly discriminatory because it will apply to all new subscribers to the port-related services under Rules 7015 and 7016(a), who are free to choose the date on which their subscription becomes active and thus fee liable. Moreover, the Exchange believes the proposed change is an equitable allocation and is not unfairly discriminatory because it will harmonize the billing process with that of the Options Market. Thus, the Exchange will apply the same process to both its Options Participants and Equities Members.

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. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, although eliminating prorated fees for subscriptions under the rules may result in an increase in fees for new subscriptions to the extent a Member determines to subscribe to a service under Rules 7015 or 7016(a) on a day other than the first day of a given month, the Exchange notes that it is doing so to both simplify the process and harmonize it with the process applied to the Exchange’s Options Participants. Moreover, Members may choose the day on which such services become effective and may therefore choose the first day of a month, which would result in no fee increase. Last, the proposed change does not impose a burden on competition because the Exchange’s services are completely voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were either solicited or received.

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)(ii) of the Act.12 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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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:

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–BX–2017–010 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–BX–2017–010. This file number should be included on the subject line if email is used. To help the

7 As defined by BX Options Market Rules Chapter I, Section 1(a)(41).
9 As defined by Rule 0120(i).
11 15 U.S.C. 78f(b)(4) and (5).
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE MKT LLC: Order Instituting Proceedings To Determine Whether To Approve or Disapprove A Proposed Rule Change Allowing the Exchange To Trade, Pursuant to Unlisted Trading Privileges, Any NMS Stock Listed on Another National Securities Exchange; Establishing Rules for the Trading Pursuant to UTP of Exchange-Traded Products; and Adopting New Equity Trading Rules Relating to Trading Halts of Securities Traded Pursuant to UTP on the Pillar Platform

February 24, 2017.

On November 17, 2016, NYSE MKT LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act") 1 and Rule 19b–4 thereunder, 2 a proposed rule change to (1) allow the Exchange to trade, pursuant to unlisted trading privileges ("UTP"), any NMS Stock listed on another national securities exchange; (2) establish rules for the trading pursuant to UTP of exchange-traded products ("ETPs" or "Exchange-Traded Products"); and (3) adopt new equity trading rules relating to trading halts of securities traded pursuant to UTP on the Exchange’s Pillar trading platform. The proposed rule change was published for comment in the Federal Register on December 1, 2016. 3

On January 4, 2017, 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 approve or disapprove the proposed rule change. 5 The Commission has received no comments on the proposed rule change.

This order institutes proceedings under Section 19(b)(2)(B) of the Act 6 to determine whether to approve or disapprove the proposed rule change.

I. Summary of the Proposed Rule Change

The Exchange states that it does not currently trade any securities on a UTP basis. The Exchange proposes new rules to trade all Tape A and Tape C symbols, on a UTP basis, on its new trading platform, Pillar. 7 In addition, the Exchange proposes to adopt rules for the trading of the following types of Exchange-Traded Products: 8 Equity Linked Notes; Investment Company Units; Index-Linked Exchangeable Notes; Equity Gold Shares; Equity Index-Linked Securities; Commodity-Linked Securities; Currency-Linked Securities; Fixed-Income Index-Linked Securities; Futures-Linked Securities; Multifactor-Index-Linked Securities; Trust Certificates; Currency and Index Warrants; Portfolio Depositary Receipts; Trust Issued Receipts; Commodity-Based Trust Shares; Currency Trust Shares; Commodity Index Trust Shares; Commodity Futures Trust Shares; Partnership Units; Paired Trust Shares; Trust Units; Managed Fund Shares; and Managed Trust Securities. 9

The Exchange represents that the proposed rules for these ETPs are substantially identical (other than with respect to certain non-substantive and technical amendments) to the rules of the NYSE Arca Equities exchange for the qualification, listing, and trading of these ETPs. 10

According to the Exchange, it will trade securities pursuant to UTP only on its Pillar platform, not on its current trading platform. Further, the Exchange states that it does not at this time intend to list ETPs pursuant to the proposed rules. The Exchange does not propose to change any of the current rules of the Exchange pertaining to the listing and trading of ETPs in the NYSE MKT Company Guide or in its other rules.

II. Commission’s Analysis

A. Whether the Proposed Rule Change is Discretionary

The Exchange states that the proposed rule change is discretionary to the extent that it defines terms and does not change any of its existing rules. 11 According to the Exchange, it is not within the discretion of the Commission to require the Exchange to adopt additional rules.

B. Overview of the Proposed Rule Change

The Exchange proposes to define the term “Exchange-Traded Product” 12 to mean a security that meets the definition of “derivative securities product” 13 in Rule 1b–6(e) under the Exchange Act. This proposed definition is identical to the definition of “Derivative Securities Product” 14 in NYSE Arca Equities Rule 1.1(bbb).

C. Discussion of the Proposed Rule Change

1. Definition of “Exchange-Traded Product”:

The Exchange proposes to define the term “Exchange-Traded Product” to mean a security that meets the definition of “derivative securities product” in Rule 1b–6(e) under the Exchange Act. This proposed definition is identical to the definition of “Derivative Securities Product” in NYSE Arca Equities Rule 1.1(bbb).