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POSTAL SERVICE
Product Change—Priority Mail Negotiated Service Agreement

AGENCY: Postal Service™.

ACTION: Notice.

SUMMARY: The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule’s Competitive Products List.

DATES: Effective date: May 3, 2017.

FOR FURTHER INFORMATION CONTACT: Elizabeth A. Reed, 202–268–3179.


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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt an Annual Fee Cap for Acquisition Companies

April 27, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)2 and Rule 19b–4 thereunder,3 notice is hereby given that, on April 14, 2017, 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 adopt an annual fee cap for Acquisition Companies. 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.

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 to adopt an annual fee cap for Acquisition Companies.

Acquisition Companies (commonly referred to in the marketplace as “special purpose acquisition companies” or “SPACs”) are listed pursuant to Section 102.06 of the NYSE Listed Company Manual (the “Manual”). Acquisition Companies typically sell units in their initial public offering, consisting of a common equity security and a whole or fractional warrant to purchase common stock.4 Holders of Acquisition Company units typically have the right to separate the units shortly after the IPO and the
Consequently, many Acquisition Companies would never become eligible for services under Section 907.00.6 Moreover, an Acquisition Company that remains listed after its business combination will be subject to the higher annual fees charged to operating companies commencing with its first full year of listing after consummation of its business combination.

6 Moreover, an Acquisition Company that remains listed after its business combination will be subject to the higher annual fees charged to operating companies commencing with its first full year of listing after consummation of its business combination.

Consequently, the Exchange believes it is reasonable to limit the amount of annual fees a listed Acquisition Company must pay, as the ineligibility of Acquisition Companies to receive services under Section 907.00 means that the cost of servicing an Acquisition Company listing would be generally lower than the cost to the Exchange of servicing the listing of an operating company of comparable size.

The Exchange does not expect the financial impact of the proposed amendment to be material in terms of the level of listing fees collected from issuers on the Exchange. Specifically, the Exchange notes that Acquisition Companies represent a relatively small number of potential listings and therefore anticipates that only a limited number of Acquisition Companies will list. In addition, the Exchange does not anticipate that the annual fees payable by all Acquisition Companies would exceed the proposed cap, so the reduction in revenue would not be relevant to all listed Acquisition Companies. Accordingly, the Exchange believes that the proposed rule change will not impact the Exchange’s resource commitment to its regulatory oversight of the listing process or its regulatory programs.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Exchange Act,7 in general, and furthers the objectives of Sections 6(b)(4)8 of the Exchange Act, in particular, that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges and is not designed to permit unfair discrimination among its members and issuers and other persons using its facilities. The Exchange also believes that the proposed rule change is consistent with Section 6(b)(5) of the Exchange Act, in particular in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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 Exchange believes that the proposed rule change is consistent with Sections 6(b)(4) and 6(b)(5) of the Exchange Act in that it represents an equitable allocation of fees and does not unfairly discriminate among listed companies. In particular, the Exchange believes that the proposed amendment is not unfairly discriminatory as Acquisition Companies frequently have a much shorter period of listing on the Exchange than operating companies and they are ineligible to receive services from the Exchange that are generally available to newly-listed operating companies.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed rule change will not impact the Exchange’s resource commitment to its regulatory oversight of the listing process or its regulatory programs.

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 rulecomments@sec.gov. Please include File Number SR–NYSE–2017–18 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–NYSE–2017–18. 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–NYSE–2017–18 and should be submitted on or before May 24, 2017.
For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 12
Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection To Advance Notice Filing Concerning the Options Clearing Corporation’s Enhancements to OCC’s Stock Loan Programs

April 27, 2017.

The Options Clearing Corporation ("OCC") filed on February 28, 2017 with the Securities and Exchange Commission ("Commission") advance notice SR–OCC–2017–802 ("Advance Notice") pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Payment, Clearing and Settlement Supervision Act") 1 and Rule 19b–4(n)(1)(i) under the Securities Exchange Act of 1934 2 ("Exchange Act") to propose a number of enhancements to its Stock Loan/Hedge Program ("Hedge Program") and Market Loan Program (collectively, the "Stock Loan Programs"). The proposed changes would supplement OCC’s risk management framework for the Stock Loan Programs to provide greater certainty concerning each participant’s stock loan exposures and to mitigate risks that may arise in the event of a clearing member suspension. The Advance Notice was published for comment in the Federal Register on April 3, 2017.3 The Commission has not received any comments on the Advance Notice to date. This publication serves as notice of no objection to the Advance Notice.

I. Background

OCC operates two Stock Loan Programs—the Hedge Program and Market Loan Program—in which a participating clearing member can lend an agreed-upon number of shares of eligible stock 4 to another clearing member in exchange for an agreed-upon value of U.S.-equities stock collateral and then novate the loan to OCC for clearing.5 The Hedge Program permits clearing members to bilaterally execute stock loans and negotiate collateralization and other terms before submitting such stock loans to OCC for novation and clearing.6 The Market Loan Program is operationally similar to the Hedge Program, but it permits clearing members to execute stock loans through a multilateral loan market.7 In each case, upon completion of the novation process, OCC, in its capacity as a central counterparty, guarantees return of (i) loaned stock, or that stock’s value, to the lending clearing member, and (ii) the value of cash collateral to the borrowing clearing member.8 In addition, OCC makes mark-to-market margin payments on a daily basis to ensure stock loans remain fully collateralized.

II. Description of the Advance Notice

OCC’s Advance Notice proposes a number of changes to the Stock Loan Programs and its Rules governing those Programs.9 First, to improve trade certainty and transparency concerning clearing member exposures, OCC proposes amendments to its rules governing the Stock Loan Programs to do the following: (1) Require clearing members to have policies and procedures to reconcile stock loan positions each business day; (2) state explicitly that the controlling record for stock loan positions for margin and other purposes is OCC’s "golden" record; and (3) provide that stock loan positions remain in effect until OCC’s records reflect stock loan terminations. Second, to mitigate risks that may arise in the event of a clearing member suspension, OCC proposes amendments to its rules governing the Stock Loan Programs to do the following: (1) Provide a two-day trading window in which clearing members must execute close-out transactions, also known as "buy-in" or "sell-out" transactions; (2) provide broad authority for OCC to use reasonable prices to settle close-out transactions; and (3) permit OCC to close out and re-establish the matched-book stock loan positions of a suspended Hedge Program clearing member through termination by offset and "re-matching" with other clearing members. Each of these proposals is discussed in more detail below.

A. Proposed Measures To Improve Trade Certainty and Transparency

OCC’s Advance Notice proposes three amendments to the rules governing its Stock Loan Programs that are intended to improve trade certainty and transparency for clearing members and OCC.

1. Daily Reconciliation of Stock Loan Positions

Clearing members that participate in the Hedge Program and the Market Loan Program execute and terminate stock loans on a bilateral basis. Following execution or termination of stock loans, OCC requires clearing members to promptly report stock loans directly to OCC, or to facilitate such reporting to OCC through the Depository Trust Corporation (“DTC”), ensuring OCC accepts stock loans for clearing and records the novation or termination for margin and other purposes. Under the current trade-reporting process, clearing members may fail to report (or to have DTC report) stock loans to OCC in a timely manner, increasing uncertainty in the novation process and decreasing transparency with respect to OCC’s stock loan positions and obligations as a central counterparty and guarantor. The current process thereby presents risk management risks both to OCC and clearing members.

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