

are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2017-125, CP2017-177.

**Ruth B. Stevenson,**

*Attorney, Federal Compliance.*

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**BILLING CODE 7710-12-P**

## 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.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on April 27, 2017, it filed with the Postal Regulatory Commission a *Request of the United States Postal Service to Add Priority Mail Contract 314 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2017-124, CP2017-176.

**Ruth B. Stevenson,**

*Attorney, Federal Compliance.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80542; File No. SR-NYSE-2017-18]

### 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)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> 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](http://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.<sup>4</sup> Holders of Acquisition Company units typically have the right to separate the units shortly after the IPO and the

<sup>4</sup> The number of warrants included in the units sold in an Acquisition Company IPO varies. Sometimes there is a warrant to purchase one common share included as part of each unit. Recently the units sold in some Acquisition Company IPOs have included a fractional warrant to purchase a share. In order to exercise these fractional warrants or trade them separate from the units, an investor would need to acquire sufficient warrants to be able to exercise them for whole numbers of shares.

Exchange lists the common equity securities and the warrants (in addition to the units) upon separation.

Currently, Section 902.11 of the Manual specifies that the common shares listed as part of an Acquisition Company unit offering are subject to the annual fee schedule for common stock set forth in Section 902.03 of the Manual and the warrants are subject to the annual fee schedule set forth in Section 902.06 for short-term warrants to purchase equity securities.<sup>5</sup> The Exchange proposes to retain this annual fee structure, but proposes to establish a limit of \$85,000 on the aggregate of all annual fees payable by an Acquisition Company with respect to its listed common shares and warrants in any calendar year.

An Acquisition Company's listing often lasts for a brief period of time. Under the Acquisition Company structure, the company's charter provides that it must either enter into a business combination within a specified limited period of time (typically two years or less, but no longer than three years is permitted under Section 102.06) or return the funds held in trust to the company's shareholders and dissolve the company. Acquisition Company business combinations do not always result in a continued listing of the post-business combination entity, as the resultant entity may be a private company or list on another exchange or the Acquisition Company may be acquired by another company that is already listed. In contrast to an Acquisition Company, an operating company that lists on the Exchange will typically remain listed for many years.

Acquisition Companies do not have the same right to receive services from the Exchange under Section 907.00 as operating companies do. An Acquisition Company is not deemed eligible for the services provided to an Eligible New Listing at the time of its initial listing, but becomes eligible for those services at such time as it has completed one or more business combinations having an aggregate fair market value of at least 80% of the value of the trust account as specified in Section 102.06 if it remains listed after meeting that requirement. As discussed above, many Acquisition Companies either liquidate or do not remain listed after their business combination is consummated.

<sup>5</sup> Section 902.03 requires listed companies to pay annual fees of \$0.00105 per share for common stock, subject to a minimum of \$59,500. Section 902.06 requires a fee of \$0.00105 per warrant, subject to a \$5,000 annual cap. All of the fees payable on both a company's common stock and warrants are subject to the overall annual cap on listing fees of \$500,000 set forth in Section 902.02.

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

Consequently, many Acquisition Companies would never become eligible for services under Section 907.00.<sup>6</sup> 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,<sup>7</sup> in general, and furthers the objectives of Sections 6(b)(4)<sup>8</sup> of the Exchange Act, in particular, in 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 notes 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 proposed rule change is designed to limit the amount a listed Acquisition Company pays in annual listing fees and should therefore increase competition for Acquisition Company listings by making the Exchange a more attractive listing venue.

### 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 foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>10</sup> thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 shall institute proceedings under Section 19(b)(2)(B)<sup>11</sup> of the Act 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-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.

<sup>6</sup> 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.

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

<sup>8</sup> 15 U.S.C. 78f(b)(4).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

<sup>11</sup> 15 U.S.C. 78s(b)(2)(B).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80537; File No. SR-OCC-2017-802]

### 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")<sup>1</sup> and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934<sup>2</sup> ("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.<sup>3</sup> 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<sup>4</sup> to another clearing member in exchange for an agreed-upon value of U.S. dollar cash collateral and then novate the loan to OCC for clearing.<sup>5</sup> 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.<sup>6</sup> 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.<sup>7</sup> 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.<sup>8</sup> 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.<sup>9</sup> First, to improve trade

and has not received any comments on the proposal to date. See Securities Exchange Act Release No. 34-80323 (March 8, 2017), 82 FR 13690 (March 14, 2017) (File No. SR-OCC-2017-002).

<sup>4</sup> See OCC Rules 2202 and 2202A (providing that stock loans under the Hedge Program and the Market Loan Program, respectively, must effect transfer only of "Eligible Stock," as defined in Article I of OCC's By-laws). OCC permits clearing members to execute stock loans involving 6,191 eligible securities as March 29, 2017, available at <https://www.theocc.com/webapps/stock-loan-eligible-securities>.

<sup>5</sup> The Hedge Program is governed by Article XXI of OCC's By-Laws and Chapter XXII of OCC's Rules. The Market Loan Program is governed by Article XXIA of OCC's By-Laws and Chapter XXIIA of OCC's Rules. The Commission understands that OCC cleared approximately 10–15% of the overall U.S.-equities stock loan market through the two programs, as of November 2015.

<sup>6</sup> The Commission understands that the Hedge Program accounts for approximately 95% of cleared stock loan volume at OCC, as of November 2015.

<sup>7</sup> Automated Equity Finance Markets, Inc. is the sole loan market through which clearing members can execute stock loans in the Market Loan Program.

<sup>8</sup> See OCC Rules 2202(b) and 2202A(b).

<sup>9</sup> For a more detailed description of the specific rule changes OCC is proposing, see Notice of Filing of Advance Notice, *supra* note 3.

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.

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

<sup>1</sup> 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council designated OCC a systemically important financial market utility ("SIFMU") on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, OCC is required to comply with the Payment, Clearing and Settlement Supervision Act and file advance notices with the Commission.

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> See Securities Exchange Act Release No. 34-80323 (March 28, 2017), 82 FR 16260 (April 3, 2017) (File No. SR-OCC-2017-802) ("Notice of Filing of Advance Notice"). OCC also filed a proposed rule change with the Commission pursuant to Section 19(b)(1) of the Securities Exchange Act ("Exchange Act") and Rule 19b-4 thereunder, seeking approval of changes to its rules necessary to implement the Advance Notice. 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The Commission published notice of the proposed rule change in the **Federal Register**