SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of Proposed Rule Change To Eliminate Requirements That Will Be Duplicative of CAT

May 26, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that on May 15, 2017, BOX Options Exchange LLC (the “Exchange” or “SRO”) 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 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 Rules 7120, 8060 and 10040 to the extent these rules collect information that is duplicative of the data collection requirements of the consolidated audit trail (“CAT”) adopted pursuant to the National Market System Plan Governing the Consolidated Audit Trail (the “CAT NMS Plan” or “Plan”). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at http://boxexchange.com.

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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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

Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc. (“FINRA”), Investors’ Exchange LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC,4 NASDAQ PHLX LLC, the NASDAQ Stock Market LLC, New York Stock Exchange LLC, NYSE MKT LLC, NYSE Arca, Inc. and NYSE National, Inc.5 (collectively, the “Participants”) filed with the Commission, pursuant to Section 11A of the Exchange Act6 and Rule 608 of Regulation NMS thereunder,7 CAT NMS Plan.8 The Participants filed the Plan to comply with Rule 613 of Regulation NMS under the Exchange Act. The Plan was published for comment in the Federal Register on May 17, 2016,9 and approved by the Commission, as modified, on November 15, 2016.10 The Plan is designed to create, implement and maintain a CAT that would capture customer and order event information for orders in NMS Securities and OTC Equity Securities, across all markets, from the time of order inception through routing, cancellation, modification, or execution in a single consolidated data source. Pursuant to Appendix C of the CAT NMS Plan, each Participant is required to conduct analyses of which of its existing trade and order data rules and systems require the collection of information that is duplicative of information collected for the CAT.11 In addition, among other things, Section C.9 of Appendix C to the Plan, as modified by the Commission, requires each Participant to “file with the SEC the relevant rule change filing to eliminate or modify its duplicative rules within six (6) months of the SEC’s approval of the CAT NMS Plan.”12 The Plan notes that “the elimination of such rules and the retirement of such systems [will] be effective at such time as CAT Data meets minimum standards of accuracy and reliability.”13

After conducting its analysis of its rules in accordance with the CAT NMS Plan, SRO determined that certain audit trail information collected under the BOX Rules is intended to be collected by the CAT. Therefore, SRO believes that these rules may no longer be necessary once the CAT is operational. Accordingly, SRO submits this proposed rule change to amend Rules 7120, 8060 and 10040 once certain accuracy and reliability standards are met. Discussed below is a description of the duplicative rule requirements as well as the timeline for eliminating the duplicative rule.

(1) Duplicative COATS Requirements

The options exchanges utilize the consolidated options audit trail system (“COATS”) to collect and review data regarding options orders, quotes and transactions. The Participants have provided COATS technical specifications to the Plan Processor for the CAT for use in developing the Technical Specifications for the CAT, and the Participants are working with the Plan Processor to include the necessary COATS data elements in the CAT Technical Specifications. Accordingly, although the Technical Specifications for the CAT have not yet been finalized, SRO and the other options exchanges propose to eliminate COATS in accordance with the proposed timeline discussed below.

The proposed rule change proposes to add new Interpretive Materials to Rules 7120,14 8060 and 10040 to clarify how SRO will request data under these rules after members are reporting to the CAT. Specifically, the proposed Interpretive Materials will note that SRO will request information only if the information is not available in the CAT.


717 CFR 242.608.
8See Letter from the Participants to Brent J. Fields, Secretary, Commission, dated September 30, 2014; and Letter from Participants to Brent J. Fields, Secretary, Commission dated February 27, 2015. On December 24, 2015, the Participants submitted an amendment to the CAT NMS Plan. See Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015.
11Appendix C of CAT NMS Plan, Approval Order at 85010.
12Id.
13Id.
because, for example, the transactions in question occurred before the firm was reporting information to the CAT or involved securities that are not reportable to the CAT. In essence, under the new Interpretive Materials, SRO will make requests under these rules if and only if the information is not otherwise available through the CAT.

(2) The EBS Rule

The EBS Rule is SRO’s rule regarding the automated submission of specific trading data to SRO upon request using the Electronic Blue Sheet (“EBS”) system. Once broker-dealer reporting to the CAT has begun, the CAT will contain the data the Participants would otherwise have requested via the EBS system for purposes of NMS Securities and OTC Equity Securities. Consequently, SRO will not need to use the EBS system or request information pursuant to the EBS Rule for NMS Securities for time periods after CAT reporting has begun if the appropriate accuracy and reliability thresholds are achieved, including an acceptable accuracy rate for customer and account information. However, the EBS Rule cannot be completely eliminated immediately upon the CAT achieving the appropriate thresholds because SRO staff may still need to request information pursuant to the EBS Rule for trading activity occurring before a member was reporting to the CAT.14

The proposed rule change proposes to add new Interpretive Material to Rule 10040 to clarify how SRO will request data under these rules after members are reporting to the CAT. Specifically, the proposed Interpretive Material will note that SRO will request information only if the information is not available in the CAT because, for example, the transactions in question occurred before the firm was reporting information to the CAT or involved securities that are not reportable to the CAT. In essence, under the new Interpretive Material, SRO will make requests under these rules if and only if the information is not otherwise available through the CAT.

(3) Timeline for Elimination of Duplicative Rule

The CAT NMS Plan states that the elimination of rules that are duplicative of the requirements of the CAT and the retirement of the related systems should be effective at such time as CAT Data meets minimum standards of accuracy and reliability.15 As discussed in more detail below, SRO and the other options exchanges believe that COATS and EBS may be retired at a date after all Industry Members are reporting to the CAT when the proposed error rate thresholds have been met, and SRO has determined that its usage of the CAT Data has not revealed material issues that have not been corrected, confirmed that the CAT includes all data necessary to allow SRO to continue to meet its surveillance obligations, and confirmed that the Plan Processor is sufficiently meeting all of its obligations under the CAT NMS Plan.

SRO believes COATS and EBS should not be retired until all Participants and Industry Members that report data to COATS and EBS are reporting comparable data to the CAT. In this way, SRO will continue to have access to the necessary data to perform its regulatory duties.

The CAT NMS Plan requires that a rule filing to eliminate a duplicative rule address whether “the availability of certain data from Small Industry Members two years after the Effective Date would facilitate a more expeditious retirement of duplicative systems.”16 SRO believes COATS and EBS should not be retired until all Participants and Industry Members that report data to COATS are reporting comparable data to the CAT. While the early submission of options data to the CAT by Small Industry Members could expedite the retirement of COATS, SRO believes that it premature to consider such a change and that additional analysis would be necessary to determine whether such early reporting by Small Industry Members would be feasible.

The CAT NMS Plan requires that this rule filing address “whether individual Industry Members can be exempted from reporting to duplicative systems once their CAT reporting meets specified accuracy and reliability standards, including, but not limited to, ways in which establishing cross-system regulatory functions or integrating data from existing systems and the CAT would facilitate such Individual Industry Member exemptions.”17 SRO believes that a single cut-over from COATS and EBS to CAT is highly preferable to a firm-by-firm approach and is not proposing to exempt members from the COATS and EBS requirements on a firm-by-firm basis. SRO and the other options exchanges believe that providing such individual exemptions to Industry Members would be inefficient, more costly, and less reliable than the single cut-over. Providing individual exemptions would require the options exchanges to create, for a brief temporary period, a cross-system regulatory function and to integrate data from COATS and EBS and the CAT to avoid creating any regulatory gaps as a result of such exemptions. Such a function would be costly to create and would give rise to a greater likelihood of data errors or other issues. Given the limited time in which such exemptions would be necessary, SRO and the other options exchanges do not believe that such exemptions would be an appropriate use of limited resources.

The CAT NMS Plan also requires that a rule filing to eliminate a duplicative rule to provide “specific accuracy and reliability standards that will determine when duplicative systems will be retired, including, but not limited to, whether the attainment of a certain Error Rate should determine when a system duplicative of the CAT can be retired.”18 SRO believes that it is critical that the CAT Data be sufficiently accurate and reliable for SRO to perform the regulatory functions that it now performs via COATS and EBS. Accordingly, SRO believes that the CAT Data must meet specific qualitative error rates, as well as certain qualitative requirements.

SRO and the other options exchanges believe that, before COATS may be retired, the CAT would need to achieve a sustained error rate for a period of at least 180 days of 5% or lower measured on a pre-correction or as-submitted basis, and 2% or lower on a post-correction basis (measured at T+5).19 SRO proposes to measure the 5% pre-correction and 2% post-correction thresholds by averaging the error rate across the period, not require a 5% pre-correction and 2% post-correction maximum each day for 180 consecutive days. SRO believes that measuring each of the thresholds over the course of 180 days will ensure that the CAT consistently meets minimum accuracy and reliability thresholds while also ensuring that single-day measurements do not unduly affect the overall measurements. SRO proposes to measure the appropriate error rates in the aggregate, rather than firm-by-firm. In addition, SRO proposes to measure the error rates for options only, not

14 Firms are required to maintain the trade information for pre-CAT transactions in equities and options pursuant to applicable rules, such as books and records retention requirements, for the relevant time period, which is generally three or six years depending upon the record. See 17 CFR 240.17a–3(a), 240.17a–4.

15 Id. [sic].

16 Id.

17 Id.

18 Id.

19 The Plan requires that the Plan Processor must ensure that regulators have access to corrected and linked order and Customer data by 8:00 a.m. Eastern Time on T+5. See CAT NMS Plan, at C–15.
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 (i) as the Commission may designate up to 90 days of such date 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 the 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. Please include File Number SR–BOX–2017–17 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–BOX–2017–17. 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, on business days between the hours of 10:00 a.m. and 3:00 p.m., located at 100 F Street NE.,

21 Approval Order at 84697.
The following areas have been determined to be adversely affected by the disaster:

**Primary Counties:** Adams, Calhoun, Carroll, Claiborne, Holmes, Jefferson, Montgomery, Webster, Yazoo.

The interest rates are:

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<th>For Physical Damage:</th>
<th>Percent</th>
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<tr>
<td>Non-Profit Organizations With Credit Available Elsewhere</td>
<td>2.500</td>
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<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
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<th>For Economic Injury:</th>
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<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.500</td>
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The number assigned to this disaster for physical damage is 151406 and for economic injury is 151416.

(Catalog of Federal Domestic Assistance Number 59008)

**James E. Rivera,**

Associate Administrator for Disaster Assistance.

[FR Doc. 2017–11176 Filed 5–31–17; 8:45 am]

**BILLING CODE 8025–01–P**

**DEPARTMENT OF STATE**

[Public Notice: 10014]

U.S. National Commission for UNESCO Notice of New Date for Teleconference Meeting

The U.S. National Commission for UNESCO conference call that was announced to occur on Friday, June 9, 2017 from 11:00 a.m. until 12:00 p.m. Eastern Daylight Time, has been rescheduled to Monday, June 19 from 11:00 a.m. to 12:00 p.m. Eastern Daylight Time. This will be a single issue, technical teleconference meeting to consider the recommendations of the Commission’s National Committee for the Intergovernmental Oceanographic Commission (IOC). There will be no other items on the agenda. The Commission will accept brief oral comments during a portion of this conference call. The public comment period will be limited to approximately 10 minutes in total, with two minutes allowed per speaker. For more information, or to arrange to participate in the conference call, individuals must make arrangements with the Executive Director of the National Commission by June 16, 2017.

The National Commission may be contacted via email at DCUNESCO@state.gov or telephone (202) 663–2407.

**Paul Mungai,**

Acting Executive Director, U.S. National Commission for UNESCO, Department of State.

[FR Doc. 2017–11264 Filed 5–31–17; 8:45 am]

**BILLING CODE 4710–19–P**

**DEPARTMENT OF STATE**

[Public Notice: 10013]

Notice of Environmental Impact Statement; Withdrawal

**AGENCY:** Department of State.

**ACTION:** Notice of withdrawal of intent to prepare an environmental impact statement.

**SUMMARY:** The U.S. Department of State (Department) is withdrawing the April 15, 2016, Federal Register Notice, which announced its intent to prepare an Environmental Impact Statement (EIS), consistent with the National Environmental Policy Act (NEPA) of 1969 (as implemented by the Council on Environmental Quality regulations found at 40 CFR 1500–1508), to evaluate potential impacts from the construction, connection, operation, and maintenance of a proposed new 20-inch diameter pipeline and associated infrastructure in North Dakota that would export crude oil from the United States to Canada. On May 16, 2017, the applicant, Upland Pipeline, LLC, requested that the Department pause its review of the company’s application for a Presidential permit until further notice.

**DATES:** The withdrawal of the Notice of Intent published April 15, 2016 at 81 FR 22359 is effective on the date of this publication in the Federal Register.

**ADDRESSES:** Upland Project Manager, Office of Environmental Quality and Transboundary Issues, Room 2726, U.S. Department of State, 2201 C Street NW., Washington, DC 20520.

**FOR FURTHER INFORMATION CONTACT:** Jill Reilly at the address listed in ADDRESSES, or by email at UplandReview@state.gov.

**Barton J. Putney,**

Director, Office of Environmental Quality and Transboundary Issues, Department of State.

[FR Doc. 2017–11264 Filed 5–31–17; 8:45 am]

**BILLING CODE 4710–19–P**