

**POSTAL SERVICE****Product Change—Priority Mail Express, Priority Mail, & First-Class Package Service 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:** *Date of notice required under 39 U.S.C. 3642(d)(1):* November 8, 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 November 3, 2017, it filed with the Postal Regulatory Commission a *USPS Request to Add Priority Mail Express, Priority Mail, & First-Class Package Service Contract 25 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2018–20, CP2018–42.

Elizabeth A. Reed,

Attorney, Corporate and Postal Business Law.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–81997; File No. SR–NASDAQ–2017–116]

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to an Incentive to the Market Access and Routing Subsidy Program**

November 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on October 31, 2017, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) 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 the Exchange's pricing at Chapter XV, Section 2 entitled “Nasdaq Options Market—Fees and Rebates,” which governs pricing for Nasdaq Participants using The Nasdaq Options Market LLC (“NOM”), Nasdaq's facility for executing and routing standardized equity and index options. The Exchange proposes to amend an incentive offered today related to its subsidy program, the Market Access and Routing Subsidy or “MARS.”

While changes to the Pricing Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on November 1, 2017.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.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**

NOM proposes to amend the Exchange's pricing at Chapter XV, Section 2 entitled “Nasdaq Options Market—Fees and Rebates.” Specifically, the Exchange proposes to amend an incentive in note “d” offered to NOM Participants that qualify for any MARS Payment Tier in Chapter XV, Section 2(6) related to the MARS subsidy program. MARS pays a subsidy to NOM Participants that provide certain order routing functionalities to

other NOM Participants and/or use such functionalities themselves.<sup>3</sup>

**Background on MARS**

Today, to qualify for MARS, a NOM Participant's routing system (hereinafter “System”) is required to meet certain criteria.<sup>4</sup>

MARS Payments are made to NOM Participants that have System Eligibility and have routed the requisite number of Eligible Contracts daily in a month (“Average Daily Volume”), which were executed on NOM.<sup>5</sup> Today, NOM Participants that have System Eligibility and have executed the requisite number of Eligible Contracts in a month will be paid the following rebates:<sup>6</sup>

<sup>3</sup> Generally, under MARS, the Exchange pays participating NOM Participants to subsidize their costs of providing routing services to route orders to NOM. The Exchange believes that the proposed amendment to MARS will continue to attract higher volumes of electronic equity and ETF options volume to the Exchange from non-NOM Participants as well as NOM Participants. The order routing functionalities permit NOM Participants to provide access and connectivity to other Participants as well as utilize such access for themselves. The Exchange notes that one NOM Participant is eligible for payments under MARS, while another NOM Participant might potentially be liable for transaction charges associated with the execution of the order, because those orders were delivered to the Exchange through a NOM Participant's connection to the Exchange and that Participant qualified for the MARS Payment.

<sup>4</sup> Specifically the Participant's System is required to: (1) Enable the electronic routing of orders to all of the U.S. options exchanges, including NOM; (2) provide current consolidated market data from the U.S. options exchanges; and (3) be capable of interfacing with NOM's API to access current NOM match engine functionality. The NOM Participant's System would also need to cause NOM to be one of the top three default destination exchanges for (a) individually executed marketable orders if NOM is at the national best bid or offer (“NBBO”), regardless of size or time, (b) orders that establish a new NBBO on NOM's Order Book, but allow any user to manually override NOM as the default destination on an order-by-order basis. Any NOM Participant is permitted to avail itself of this arrangement, provided that its order routing functionality incorporates the features described herein and the Participant satisfies NOM that it appears to be robust and reliable. Participants remain solely responsible for implementing and operating its System.

<sup>5</sup> For the purpose of qualifying for the MARS Payment, Eligible Contracts may include Firm, Non-NOM Market Maker, Broker-Dealer, or Joint Back Office or “JBO” equity option orders that add liquidity and are electronically delivered and executed. Eligible Contracts do not include Mini Option orders.

<sup>6</sup> The specified MARS Payments are paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's System and meet the requisite Eligible Contracts ADV. No payments are made with respect to orders that are routed to NOM, but not executed. Also, a Participant is not entitled to receive any other revenue from the Exchange for the use of its System specifically with respect to orders routed to NOM. Specifically, the specified MARS Payments are paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's

Continued

<sup>1</sup> 15 U.S.C. 78s(b)(1).<sup>2</sup> 17 CFR 240.19b–4.

Tiers	Average daily volume ("ADV")	MARS payment (penny)	MARS payment (non-penny)
1	2,000	*\$0.07	*\$0.15
2	5,000	*0.09	*0.20
3	10,000	*0.11	*0.30
4	20,000	*0.15	*0.50
5	45,000	*0.17	*0.60

Specifically, the specified MARS Payments are paid on all executed Eligible Contracts that add liquidity, which are routed to NOM through a participating NOM Participant's System and meet the requisite Eligible Contracts ADV.<sup>7</sup>

**Incentive**

Today, the Exchange pays certain Customer<sup>8</sup> and Professional<sup>9</sup> Penny Pilot Options Rebates to Add Liquidity. These rebates are structured as an 8 tier rebate program with certain eligibility requirements for each tier. In addition to the Customer and Professional Penny Pilot Options Rebates to Add Liquidity, the NOM Participant may also qualify for an additional rebate provided the NOM Participant qualifies for any MARS Payment Tier for each transaction which adds liquidity in Penny Pilot Options in that month. Today, the Exchange pays an additional \$0.03 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1–8. Also, today, NOM Participants that qualify for a note "c" incentive<sup>10</sup> receive the greater of the note "c" or note "d" incentive. The Exchange proposes to increase the additional incentive in note "d" currently offered to NOM Participants that qualify for any MARS Payment Tier for each transaction, by increasing the additional \$0.03 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1–8, to \$0.04 per contract. The Exchange

System and meet the requisite Eligible Contracts ADV. No payments are made with respect to orders that are routed to NOM, but not executed.

<sup>7</sup>No payments are made with respect to orders that are routed to NOM, but not executed.

<sup>8</sup>The term "Customer" or ("C") applies to any transaction that is identified by a Participant for clearing in the Customer range at The Options Clearing Corporation which is not for the account of broker or dealer or for the account of a "Professional." See Chapter XV.

believes that this proposal will continue to attract Penny Pilot and Non-Penny Pilot Options liquidity to NOM. All market participants benefit from the increased order interaction when more order flow is available on NOM.

**2. Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>12</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among Participants and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange's proposal to amend note "d" in Chapter XV, Section 2(1) to permit any MARS Payment tier to qualify a NOM Participant for an additional \$0.04 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying for Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1–8,<sup>13</sup> is reasonable because the proposed amendment should continue to encourage NOM Participants to qualify for both a MARS Payment tier and a Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity, thereby executing a greater amount of order flow on NOM to the benefit of all market participants who may interact with the order flow.

The Exchange's proposal to amend note "d" in Chapter XV, Section 2(1) to permit any MARS Payment tier to qualify a NOM Participant for an additional \$0.04 per contract Penny Pilot Options Customer and/or

<sup>9</sup>The term "Professional" or ("P") means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to Chapter I, Section 1(a)(48). All Professional orders shall be appropriately marked by Participants. See Chapter XV.

<sup>10</sup>The note "c" incentive can be found at Chapter XV, Section 2(1) and provides additional incentives

Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying for Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1–8,<sup>14</sup> is equitable and not unfairly discriminatory. All NOM Participants are eligible to qualify for a MARS Payment, provided they have System Eligibility, and all NOM Participants may be eligible for a Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity provided they execute qualifying volume. All NOM Participants are eligible to qualify for the note "d" incentive provided the requisite requirements are met. The Exchange would uniformly pay the additional note "d" incentive to all qualifying NOM Participants.

*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.

The Exchange's proposal to amend note "d" in Chapter XV, Section 2(1) to permit any MARS Payment tier to qualify a NOM Participant for an additional \$0.04 per contract Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity for each transaction which adds liquidity in Penny Pilot Options in that month, in addition to qualifying for Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity Tiers 1–8,<sup>15</sup>

to NOM Participants for meeting certain criteria specified therein.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>13</sup> If the Participant qualified for a higher note "c" rebate, the Participant would receive the appropriate note "c" rebate they qualified for in that month.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

does not impose an undue burden on intra-market competition. All NOM Participants are eligible to qualify for a MARS Payment, provided they have System Eligibility, and all NOM Participants may be eligible for a Penny Pilot Options Customer and/or Professional Rebate to Add Liquidity provided they execute qualifying volume. All NOM Participants are eligible to qualify for the note “d” incentive provided the requisite requirements are met. The Exchange would uniformly pay the additional note “d” incentive to all qualifying NOM Participants.

*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.<sup>16</sup>

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](mailto:rule-comments@sec.gov). Please include File Number SR–NASDAQ–2017–116 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–NASDAQ–2017–116. 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. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–NASDAQ–2017–116 and should be submitted on or before November 29, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

**Eduardo A. Aleman,**  
*Assistant Secretary.*

[FR Doc. 2017–24251 Filed 11–7–17; 8:45 am]

**BILLING CODE 8011–01–P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34–82005; File No. SR–PHLX–2017–055]

**Self-Regulatory Organizations; NASDAQ PHLX LLC; Order Approving Proposed Rule Changes To Amend Rules 1024, Conduct of Accounts for Options Trading, and 1025, Supervision of Accounts**

November 2, 2017.

**I. Introduction**

On September 7, 2017, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed

with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”) <sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> proposed rule changes to amend Phlx Rules 1024 (Conduct of Accounts for Options Trading) and 1025 (Supervision of Accounts) to conform them more closely to the comparable rules of the Chicago Board Options Exchange (“CBOE”) and to make minor clarifications and corrections to the text.

The proposed rule changes were published for comment in the **Federal Register** on September 22, 2017.<sup>3</sup> The public comment period closed on October 13, 2017. The Commission received no comments on the proposed rule changes. This order approves the proposed rule changes.

**II. Description of the Proposed Rule Changes**<sup>4</sup>

Rules 1024 and 1025 contain regulatory requirements generally applicable to Phlx members and member organizations that conduct a public customer options business. The Exchange is proposing changes to certain sections of those rules to clarify the language and to correct inaccuracies. The Exchange also proposes to change certain rule language to conform the rules more closely to CBOE rules dealing with the same subject matter, in order to prevent inadvertent misunderstandings of the rules’ requirements. These rule changes are intended to promote more effective regulatory compliance by Exchange members and member organizations. The proposed changes are detailed below.

*Rule 1024(a)(i)*

Rule 1024(a)(i) governs registration of Options Principals.<sup>5</sup> The rule currently provides that no member or member organization or individual associated with a member organization shall be approved to transact options business with the public until such persons, who are designated as Options Principals, have been approved by and registered with the Exchange. Additionally, it provides that persons engaged in the supervision of options sales practice or a person to whom the designated general partner or executive officer

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> See Exchange Act Release No. 81642 (Sept. 18, 2017), 82 FR 44481 (Sept. 22, 2017) (“Notice”).

<sup>4</sup> The subsequent description of the proposed rule changes is substantially excerpted from the Exchange’s description in the Notice. See Notice, 82 FR 44481–83.

<sup>5</sup> See Rule 612(d).

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>17</sup> 17 CFR 200.30–3(a)(12).