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DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Parts 1, 23, 25, 27, 29, 61, 91, 121, 125, and 135

[Docket No.: FAA–2013–0485; Amdt. Nos. 1–70A, 23–63A, 25–144A, 27–48A, 29–56A, 61–139A, 91–345A, 121–376A, 125–66A, and 135–135A]

RIN 2120–AJ94

Revisions to Operational Requirements for the Use of Enhanced Flight Vision Systems (EFVS) and to Pilot Compartment View Requirements for Vision Systems

AGENCY: Federal Aviation Administration (FAA), Department of Transportation (DOT).

ACTION: Final rule; delay of effective date.

SUMMARY: On December 13, 2016, the Federal Aviation Administration (FAA) published a final rule to permit operators to use an enhanced flight vision system in lieu of natural vision to continue descending from 100 feet above the touchdown zone elevation to the runway and to land on certain straight-in instrument approach procedures under instrument flight rules. The FAA is delaying the effective date of this final rule.

DATES: The effective date of the rule amending 14 CFR parts 1, 23, 25, 27, 29, 61, 91, 121, 125, and 135 published at 81 FR 90126, December 13, 2016, is delayed until March 21, 2017, except for the amendments to §§ 61.66 (amendatory instruction no. 15), 91.175 (amendatory instruction no. 18), 91.1039 (amendatory instruction no. 23), 121.651 (amendatory instruction no. 27), 125.325 (amendatory instruction no. 33), 125.381 (amendatory instruction no. 35), and 135.225 (amendatory instruction no. 38), which are effective March 13, 2018.

FOR FURTHER INFORMATION CONTACT: Terry King, Flight Technologies and Procedures Division, AFS–400, Flight Standards Service, Federal Aviation Administration, 800 Independence Avenue SW., Washington, DC 20591; telephone (202) 267–8790; email *Terry.King@faa.gov*.

SUPPLEMENTARY INFORMATION: On December 13, 2016, the FAA published the final rule Revisions to Operational Requirements for the Use of Enhanced Flight Vision Systems (EFVS) and to Pilot Compartment View Requirements for Vision Systems. That final rule permits operators to use an EFVS in lieu of natural vision to continue descending from 100 feet above the touchdown zone elevation to the runway and to land on certain straight-in instrument approach procedures under instrument flight rules. Additionally, the final rule addresses provisions that permit operators who conduct EFVS operations under 14 CFR part 121, 125, or 135 to use EFVS-equipped aircraft to dispatch, release, or takeoff under instrument flight rules, and revises the regulations for those operators to initiate and continue an approach, when the destination airport weather is below authorized visibility minimums for the runway of intended landing. The final rule establishes pilot training and recent flight experience requirements for operators who use EFVS in lieu of natural vision to descend below the decision altitude/decision height or minimum descent altitude. EFVS-equipped aircraft conducting operations to touchdown and rollout are required to meet additional airworthiness requirements. The final rule also revises pilot compartment view certification requirements for vision systems using a transparent display surface located in the pilot's outside field of view.

In accordance with the President's memorandum ''Regulatory Freeze Pending Review'' issued January 20, 2017, and the accompanying M–17–16, Implementation of Regulatory Freeze, issued January 24, 2017, the FAA is hereby delaying the effective date of the final rule from March 13, 2017 to March 21, 2017. This delay in effective date will allow for the review of this final rule in accordance with the President's memorandum.

The FAA emphasizes that the amendments to §§ 61.66 (amendatory instruction no. 15), 91.175 (amendatory instruction no. 18), 91.1039 (amendatory instruction no. 23), 121.651 (amendatory instruction no. 27), 125.325 (amendatory instruction no. 33), 125.381 (amendatory instruction no. 35), and 135.225 (amendatory instruction no. 38), discussed in the December 13, 2016, final rule are not affected by this change in effective date of the final rule. Those provisions will become effective March 13, 2018. This change in effective date of the final rule also does not affect the date by which persons conducting EFVS operations to 100 feet above the TDZE under §§ 91.175(l) and (m) must begin conducting them under § 91.176(b) and thus comply with the training, recent flight experience, and refresher training requirements of § 61.66. The compliance date for these provisions is March 13, 2018. The FAA also notes that the date specified in § 61.66(h)(4) remains unchanged. Section 61.66(h)(4) excepts persons from the ground and flight training requirements in § 61.66(a) and (b) if they are conducting EFVS operations under § 91.176(b) and can document that prior to March 13, 2018, they have satisfactorily completed ground and flight training on EFVS operations to 100 feet above the TDZE.

Administrative Procedure Act

Section 553(b)(3)(B) of Title 5, United States Code, (the Administration Procedure Act) authorizes agencies to dispense with notice and comment procedures for rules when the agency for ''good cause'' finds that those procedures are ''impracticable, unnecessary, or contrary to the public interest.'' Under this section, an agency, upon finding good cause, may issue a final rule without seeking comment prior to the rulemaking. The FAA finds that prior notice and public comment to this final rule is unnecessary due to the brief length of the extension of the effective date and the fact that there is no change to the rule.

Issued under authority provided by 49 U.S.C. 106(f), 44701(a), and 44703 in Washington, DC on February 2, 2017.

Dale A. Bouffiou,

Acting Director, Office of Rulemaking.

[FR Doc. 2017–02582 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–13–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

14 CFR Part 95

[Docket No. 31120; Amdt. No. 531]

IFR Altitudes; Miscellaneous Amendments

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Final rule.

SUMMARY: This amendment adopts miscellaneous amendments to the required IFR (instrument flight rules) altitudes and changeover points for certain Federal airways, jet routes, or direct routes for which a minimum or maximum en route authorized IFR altitude is prescribed. This regulatory action is needed because of changes occurring in the National Airspace System. These changes are designed to provide for the safe and efficient use of the navigable airspace under instrument conditions in the affected areas.

DATES: *Effective Date:* 0901 UTC, March 2, 2017.

FOR FURTHER INFORMATION CONTACT: Richard A. Dunham, Flight Procedure Standards Branch (AMCAFS–420), Flight Technologies and Programs Division, Flight Standards Service, Federal Aviation Administration, Mike Monroney Aeronautical Center, 6500 South MacArthur Blvd. Oklahoma City, OK 73169 (Mail Address: P.O. Box 25082 Oklahoma City, OK 73125) telephone: (405) 954–4164.

SUPPLEMENTARY INFORMATION: This amendment to part 95 of the Federal Aviation Regulations (14 CFR part 95) amends, suspends, or revokes IFR altitudes governing the operation of all aircraft in flight over a specified route or any portion of that route, as well as the changeover points (COPs) for Federal airways, jet routes, or direct routes as prescribed in part 95.

The Rule

The specified IFR altitudes, when used in conjunction with the prescribed changeover points for those routes, ensure navigation aid coverage that is adequate for safe flight operations and free of frequency interference. The reasons and circumstances that create the need for this amendment involve matters of flight safety and operational efficiency in the National Airspace System, are related to published aeronautical charts that are essential to the user, and provide for the safe and efficient use of the navigable airspace. In addition, those various reasons or circumstances require making this amendment effective before the next scheduled charting and publication date of the flight information to assure its timely availability to the user. The effective date of this amendment reflects those considerations. In view of the close and immediate relationship between these regulatory changes and safety in air commerce, I find that notice and public procedure before adopting this amendment are impracticable and contrary to the public interest and that good cause exists for making the amendment effective in less than 30 days.

Conclusion

The FAA has determined that this regulation only involves an established body of technical regulations for which frequent and routine amendments are necessary to keep them operationally current. It, therefore—(1) is not a ''significant regulatory action'' under Executive Order 12866; (2) is not a ''significant rule'' under DOT Regulatory Policies and Procedures (44 FR 11034; February 26, 1979); and (3) does not warrant preparation of a regulatory evaluation as the anticipated impact is so minimal. For the same reason, the FAA certifies that this amendment will not have a significant economic impact on a substantial number of small entities under the criteria of the Regulatory Flexibility Act.

List of Subjects in 14 CFR Part 95

Airspace, Navigation (air).

Issued in Washington, DC on January 27, 2017.

John Duncan,

Director, Flight Standards Service.

Adoption of the Amendment

Accordingly, pursuant to the authority delegated to me by the Administrator, part 95 of the Federal Aviation Regulations (14 CFR part 95) is amended as follows effective at 0901 UTC, March 2, 2017.

■ 1. The authority citation for part 95 continues to read as follows:

Authority: 49 U.S.C. 106(g), 40103, 40106, 40113, 40114, 40120, 44502, 44514, 44719, 44721.

■ 2. Part 95 is amended to read as follows:

REVISIONS TO IFR ALTITUDES AND CHANGEOVER POINT

[Amendment 531 effective date March 2, 2017]

From	To	MEA	MAA
§ 95.3000 Low Altitude RNAV Routes			
§ 95.3326 RNAV Route T326 Is Added To Read			
MISSION BAY, CA VORTAC	HAILE, CA FIX	3800	17500
HAILE, CA FIX	BLLYJ, CA WP	6400	17500
BLLYJ, CA WP	STAXS, CA WP	8000	17500
STAXS, CA WP	GILYY, CA WP	8600	17500
GILYY, CA WP	KUMBA, CA FIX	8600	17500
KUMBA, CA FIX	IMPERIAL, CA VORTAC	4700	17500

From	To	MEA
§ 95.6001 Victor Routes-U.S.		
§ 95.6003 VOR Federal Airway V3 Is Amended To Read in Part		
MODENA, PA VORTAC	*MAZIE, PA FIX	3000
*5000—MRA		
*MAZIE, PA FIX	**HARRS, PA FIX	2500
*5000—MRA		
**5000—MRA		
*HARRS, PA FIX	**BIGGY, NJ FIX	2500
*5000—MRA		

From	To	MEA
**5000—MRA		
*BIGGY, NJ FIX	SOLBERG, NJ VOR/DME	2500
*5000—MRA		
§ 95.6012 VOR Federal Airway V12 Is Amended To Read in Part		
HARRISBURG, PA VORTAC	KUPPS, PA FIX	#000
#UNUSABLE		
§ 95.6026 VOR Federal Airway V26 Is Amended To Read in Part		
EDGRR, WI FIX	*WAUSAU, WI VORTAC	**6000
*7100—MCA WAUSAU, WI VORTAC, E BND		
**3600—MOCA		
**3600—GNSS MEA		
§ 95.6063 VOR Federal Airway V63 Is Amended To Read in Part		
WAUSAU, WI VORTAC	RHINELANDER, WI VOR/DME	#000
#UNUSABLE		
#WAUSAU R–005 UNUSABLE BYD 10NM		
RHINELANDER R185 UNUSABLE BYD 10NM		
RHINELANDER, WI VOR/DME	HOUGHTON, MI VOR/DME	3600
§ 95.6078 VOR Federal Airway V78 Is Amended To Read in Part		
RHINELANDER, WI VOR/DME	IRON MOUNTAIN, MI VOR/DME	4400
§ 95.6147 VOR Federal Airway V147 Is Amended To Read in Part		
YARDLEY, PA VOR/DME	*SPUDS, PA FIX	5000
*6000—MRA		
*SPUDS, PA FIX	EAST TEXAS, PA VOR/DME	**4100
*6000—MRA		
**2500—MOCA		
§ 95.6162 VOR Federal Airway V162 Is Amended To Read in Part		
HARRISBURG, PA VORTAC	BOBSS, PA FIX	#000
#UNUSABLE		
§ 95.6190 VOR Federal Airway V190 Is Amended To Read in Part		
ST JOHNS, AZ VORTAC	ACOMA, NM FIX	11500
§ 95.6191 VOR Federal Airway V191 Is Amended To Read in Part		
OSHKOSH, WI VORTAC	RHINELANDER, WI VOR/DME	*4500
*3100—MOCA		
RHINELANDER, WI VOR/DME	IRONWOOD, MI VORTAC	*8000
*3200—MOCA		
§ 95.6235 VOR Federal Airway V235 Is Amended To Read in Part		
MATZO, UT FIX	*ENOCH, UT VOR/DME	12400
*11400—MCA ENOCH, UT VOR/DME, S BND		
ENOCH, UT VOR/DME	MILFORD, UT VORTAC	10000
§ 95.6293 VOR Federal Airway V293 Is Amended To Read in Part		
BRYCE CANYON, UT VORTAC	*ENOCH, UT VOR/DME	13300
*12100—MCA ENOCH, UT VOR/DME, E BND		
ENOCH, UT VOR/DME	BERYL, UT FIX	9000
BERYL, UT FIX	WILSON CREEK, NV VORTAC	11600
§ 95.6385 VOR Federal Airway V385 Is Amended To Read in Part		
LUBBOCK, TX VORTAC	WAGUN, TX FIX	*8000
*4700—MOCA		
WAGUN, TX FIX	ABILENE, TX VORTAC	*8000
*3900—MOCA		
§ 95.6405 VOR Federal Airway V405 Is Amended To Read in Part		
POTTSTOWN, PA VORTAC	*LANNA, NJ FIX	6000
*5000—MRA		

From	To	MEA
*6000—MCA LANNA, NJ FIX, SW BND		
§ 95.6419 VOR Federal Airway V419 Is Amended To Read in Part		
MODENA, PA VORTAC *5000—MRA	*MAZIE, PA FIX	3000
*MAZIE, PA FIX *5000—MRA **5000—MRA	**HARRS, PA FIX	2500
*HARRS, PA FIX *5000—MRA **5000—MRA	**BIGGY, NJ FIX	2500
*BIGGY, NJ FIX *5000—MRA	SOLBERG, NJ VOR/DME	2500
§ 95.6438 Alaska VOR Federal Airway V438 Is Amended To Read in Part		
FAIRBANKS, AK VORTAC *5000—MOCA	CHATA, AK FIX. N BND S BND	 *8000 *7000

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From	To	Distance	From
§ 95.8003 VOR Federal Airway Changeover Point			
VI Is Amended To Delete Changeover Point			
CAPE CHARLES, VA VORTAC	WATERLOO, DE VOR/DME	31	CAPE CHARLES
V26 Is Amended To Add Changeover Point			
WAUSAU, WI VORTAC	GREEN BAY, WI VORTAC	8	WAUSAU

[FR Doc. 2017–02512 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–13–P

SECURITIES AND EXCHANGE COMMISSION

17 CFR Part 232

[Release Nos. 33–10295; 34–79878; 39–2514; IC–32452]

Adoption of Updated EDGAR Filer Manual

AGENCY: Securities and Exchange Commission.

ACTION: Final rule.

SUMMARY: The Securities and Exchange Commission (the Commission) is adopting revisions to the Electronic Data Gathering, Analysis, and Retrieval System (EDGAR) Filer Manual and related rules to reflect updates to the EDGAR system. The updates are being made primarily to support an upgrade to the passphrase authentication process; and update the recommended Internet browser language for all EDGAR Web sites. The EDGAR system is scheduled to be upgraded to support the functionalities on January 30, 2017.

DATES: Effective February 8, 2017. The incorporation by reference of the EDGAR Filer Manual is approved by the Director of the Federal Register as of February 8, 2017.

FOR FURTHER INFORMATION CONTACT: In the Division of Corporation Finance, for questions concerning the passphrase update process, contact Heather Mackintosh (202) 551–8111; in the Division of Trading and Markets, for questions concerning Form X–17A–5, contact Kathy Bateman at (202) 551–4345; and in the Office of Information Technology, for questions concerning recommended Internet browsers, contact Tammy Borkowski at (202) 551–7802.

SUPPLEMENTARY INFORMATION: We are adopting an updated EDGAR Filer Manual, Volume I, Volume II and Volume III. The Filer Manual describes the technical formatting requirements for the preparation and submission of electronic filings through the EDGAR system.[1] It also describes the requirements for filing using EDGARLink Online and the Online Forms/XML Web site.

The revisions to the Filer Manual reflect changes within Volume I entitled EDGAR Filer Manual, Volume I: ''General Information,'' Version 26 (January 2017), Volume II entitled EDGAR Filer Manual, Volume II: ''EDGAR Filing,'' Version 40 (January 2017), and Volume III: ''N–SAR Supplement'', Version 6 (January 2017). The updated manual will be incorporated by reference into the Code of Federal Regulations.

The Filer Manual contains all the technical specifications for filers to submit filings using the EDGAR system. Filers must comply with the applicable provisions of the Filer Manual in order to assure the timely acceptance and processing of filings made in electronic format.[2] Filers may consult the Filer Manual in conjunction with our rules governing mandated electronic filing when preparing documents for electronic submission.[3]

[1] We originally adopted the Filer Manual on April 1, 1993, with an effective date of April 26, 1993. Release No. 33–6986 (April 1, 1993) [58 FR 18638]. We implemented the most recent update to the Filer Manual on December 12, 2016. *See* Release No. 33–10265 (January 23, 2017) [82 FR 7645].

[2] *See* Rule 301 of Regulation S–T (17 CFR 232.301).

[3] *See* Release No. 33–10265 in which we implemented EDGAR Release 16.4. For additional

The EDGAR system will be upgraded to Release 17.0.2 on January 30, 2017 and will introduce the following changes:

EDGAR will be upgraded with an enhanced authentication process to increase the security surrounding a filer's request for a passphrase update. This includes the issuance of a one-time security token which will be emailed to the registrant at the email address on record. If the email on record is not valid, the filer will need to provide authorization to have their codes reset, and in the case of a company, the request must be on company letterhead. If a Power of Attorney (POA) is provided, it must be manually signed. For more information, please refer to Section 4.1.1 of ''EDGAR Filer Manual Volume I: General Information''.

Filers will have the option to add one or more attachments of type ''FULL'' to submission form types X–17A–5 and X–17A–5/A, which can be designated as ''Public'' or ''Confidential.'' If a ''FULL'' attachment designated as ''Public'' is attached, then all other attachment types are optional.

The EDGAR Portal, EDGAR Company Database, and the landing pages for all EDGAR Web sites will be updated to remove any reference to Internet Explorer (IE) 8.0 and Firefox version 24.x, and to update the language so that vendor supported versions of IE and Google Chrome are the recommended browsers. The references to Internet Explorer 8.0 and Firefox 24.x will be deleted in ''EDGAR Filer Manual, Volume I: General Information,'' ''EDGAR Filer Manual, Volume II: EDGAR Filing,'' and ''EDGAR Filer Manual: Volume III: N–SAR Supplement.''

Along with the adoption of the Filer Manual, we are amending Rule 301 of Regulation S–T to provide for the incorporation by reference into the Code of Federal Regulations of today's revisions. This incorporation by reference was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51.

The updated EDGAR Filer Manual will be available for Web site viewing and printing; the address for the Filer Manual is *https://www.sec.gov/info/edgar/edmanuals.htm.* You may also obtain paper copies of the EDGAR Filer Manual from the following address: Public Reference Room, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m.

history of Filer Manual rules, please see the citations therein.

Since the Filer Manual and the corresponding rule changes relate solely to agency procedures or practice, publication for notice and comment is not required under the Administrative Procedure Act (APA).[4] It follows that the requirements of the Regulatory Flexibility Act [5] do not apply.

The effective date for the updated Filer Manual and the rule amendments is February 8, 2017. In accordance with the APA,[6] we find that there is good cause to establish an effective date less than 30 days after publication of these rules. The EDGAR system upgrade to Release 17.0.2 is scheduled to become available on January 30, 2017. The Commission believes that establishing an effective date less than 30 days after publication of these rules is necessary to coordinate the effectiveness of the updated Filer Manual with these system upgrades.

Statutory Basis

We are adopting the amendments to Regulation S–T under Sections 6, 7, 8, 10, and 19(a) of the Securities Act of 1933,[7] Sections 3, 12, 13, 14, 15, 23, and 35A of the Securities Exchange Act of 1934,[8] Section 319 of the Trust Indenture Act of 1939,[9] and Sections 8, 30, 31, and 38 of the Investment Company Act of 1940.[10]

List of Subjects in 17 CFR Part 232

Incorporation by reference, Reporting and recordkeeping requirements, Securities.

Text of the Amendment

In accordance with the foregoing, Title 17, Chapter II of the Code of Federal Regulations is amended as follows:

PART 232—REGULATION S–T—GENERAL RULES AND REGULATIONS FOR ELECTRONIC FILINGS

■ 1. The authority citation for Part 232 continues to read in part as follows:

Authority: 15 U.S.C. 77f, 77g, 77h, 77j, 77s(a), 77z–3, 77sss(a), 78c(b), 78*l,* 78m, 78n, 78o(d), 78w(a), 78*ll,* 80a–6(c), 80a–8, 80a–29, 80a–30, 80a–37, and 7201 *et seq.;* and 18 U.S.C. 1350, unless otherwise noted.

* * * * *

■ 2. Section 232.301 is revised to read as follows:

[4] 5 U.S.C. 553(b)(A).

[5] 5 U.S.C. 601–612.

[6] 5 U.S.C. 553(d)(3).

[7] 15 U.S.C. 77f, 77g, 77h, 77j, and 77s(a).

[8] 15 U.S.C. 78c, 78*l,* 78m, 78n, 78o, 78w, and 78*ll.*

[9] 15 U.S.C. 77sss.

[10] 15 U.S.C. 80a–8, 80a–29, 80a–30, and 80a–37.

§ 232.301 EDGAR Filer Manual.

Filers must prepare electronic filings in the manner prescribed by the EDGAR Filer Manual, promulgated by the Commission, which sets out the technical formatting requirements for electronic submissions. The requirements for becoming an EDGAR Filer and updating company data are set forth in the updated EDGAR Filer Manual, Volume I: ''General Information,'' Version 26 (January 2017). The requirements for filing on EDGAR are set forth in the updated EDGAR Filer Manual, Volume II: ''EDGAR Filing,'' Version 40 (January 2017). Additional provisions applicable to Form N–SAR filers are set forth in the EDGAR Filer Manual, Volume III: ''N–SAR Supplement,'' Version 6 (January 2017). All of these provisions have been incorporated by reference into the Code of Federal Regulations, which action was approved by the Director of the Federal Register in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. You must comply with these requirements in order for documents to be timely received and accepted. The EDGAR Filer Manual is available for Web site viewing and printing; the address for the Filer Manual is *https://www.sec.gov/info/edgar/edmanuals.htm.* You can obtain paper copies of the EDGAR Filer Manual from the following address: Public Reference Room, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. You can also inspect the document at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202–741–6030, or go to: *https://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.*

By the Commission.

Dated: January 26, 2017.

Brent J. Fields,

Secretary.

[FR Doc. 2017–02455 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

ENVIRONMENTAL PROTECTION AGENCY

DEPARTMENT OF DEFENSE

40 CFR Part 1700

[EPA–HQ–OW–2013–0469; FRL–9959–30–OW]

Uniform National Discharge Standards for Vessels of the Armed Forces—Phase II Batch One: Delay of Effective Date

AGENCY: Environmental Protection Agency (EPA) and Department of Defense (DOD).

ACTION: Final rule; delay of effective date.

SUMMARY: In accordance with the Presidential directive as expressed in the memorandum of January 20, 2017, from the Assistant to the President and Chief of Staff, entitled ''Regulatory Freeze Pending Review,'' this action temporarily delays until March 21, 2017, the effective date of the rule entitled Uniform National Discharge Standards for Vessels of the Armed Forces—Phase II Batch One, published in the **Federal Register** on January 11, 2017.

DATES: This final rule is effective February 8, 2017. The effective date of the regulation titled Uniform National Discharge Standards for Vessels of the Armed Forces—Phase II Batch One, published in the **Federal Register** on January 11, 2017, at 82 FR 3173, is delayed from February 10, 2017 to a new effective date of March 21, 2017.

FOR FURTHER INFORMATION CONTACT: Katherine B. Weiler, Marine Pollution Control Branch (4504T), U.S. EPA, 1200 Pennsylvania Avenue NW., Washington, DC 20460; (202) 566–1280; *weiler.katherine@epa.gov,* or Mike Pletke, Chief of Naval Operations (N45), 2000 Navy Pentagon (Rm. 2D253), Washington, DC 20350–2000; (703) 695–5184; *mike.pletke@navy.mil.*

SUPPLEMENTARY INFORMATION: Environmental Protection Agency (EPA) and Department of Defense (DOD) base this action on the Presidential directive as expressed in the memorandum of January 20, 2017, from the Assistant to the President and Chief of Staff, entitled ''Regulatory Freeze Pending Review.'' That memorandum directed the heads of Executive Departments and Agencies to temporarily postpone for sixty days from the date of the memorandum the effective dates of all regulations that had been published in the **Federal Register** but had not yet taken effect. The rule entitled Uniform National Discharge Standards for Vessels of the Armed Forces—Phase II Batch One is subject to the effective date delay. The new effective date for the regulation is March 21, 2017.

The EPA's and DOD's implementation of this action without opportunity for public comment is based on the good cause exceptions in 5 U.S.C. 553(b)(B) and 553(d)(3), in that seeking public comment is impracticable, unnecessary and contrary to the public interest. The temporary delay in effective date until March 21, 2017, is necessary to give the EPA and DOD officials the opportunity for further review and consideration of new regulation, consistent with the memorandum of the Assistant to the President and Chief of Staff, dated January 20, 2017. Given the imminence of the effective date, seeking prior public comment on this temporary delay would have been impractical, as well as contrary to the public interest in the orderly promulgation and implementation of regulations.

By focusing the two agencies' attention on the substance of the regulation rather than soliciting comment on a decision to delay their effective date until March 21, 2017, the EPA and DOD can minimize or obviate the need for further temporary delays beyond March 21, 2017.

For the foregoing reasons, the good cause exceptions in 5 U.S.C. 553(b)(B) and 553(d)(3) also apply to the EPA's and DOD's decisions to make this action effectively immediately.

If deemed appropriate, the EPA and DOD may consider delaying the effective date of this regulation beyond March 21, 2017. If the EPA and DOD were to do so, consistent with the memorandum of the Assistant to the President and Chief of Staff, the two agencies would propose any later effective date for public comment.

Dated: January 27, 2017.

Catherine McCabe,

Acting Administrator.

Dated: January 27, 2017.

Steven R. Iselin,

Acting Assistant Secretary of the Navy (Energy, Installations, and Environment).

[FR Doc. 2017–02594 Filed 2–7–17; 8:45 am]

BILLING CODE 6560–50–P

NATIONAL RAILROAD PASSENGER CORPORATION

49 CFR Part 701

Revision of the Freedom of Information Act Regulations of the National Railroad Passenger Corporation

AGENCY: National Railroad Passenger Corporation.

ACTION: Final rule.

SUMMARY: This final rule sets forth revisions of the Freedom of Information Act (FOIA) regulations of the National Railroad Passenger Corporation (''Amtrak''). Amtrak is revising its FOIA regulations to incorporate the changes brought about by the FOIA Improvement Act of 2016 and to update, clarify, and streamline the language of its regulations to make the FOIA process easier for the public to navigate.

DATES: This final rule is effective March 10, 2017.

FOR FURTHER INFORMATION CONTACT: Sharron H. Hawkins, Lead FOIA Specialist, 202–906–3741 or *foiarequests@amtrak.com.*

SUPPLEMENTARY INFORMATION: Amtrak's FOIA regulations were last revised on February 13, 1998. Since that time, there have been several major changes to the FOIA, including the FOIA Improvement Act of 2016 (Pub. L. 114–185), which requires all agencies to review and update their FOIA regulations in accordance with its provisions. The Act contains several substantive and procedural amendments to the FOIA, which include requirements that agencies establish a minimum of 90 days for requesters to file an administrative appeal and that they provide dispute resolution services at various times throughout the FOIA process.

Based on the amendments to the FOIA, developments in the case law, and the practical experience of its FOIA staff, Amtrak issued a proposed rule on November 23, 2016 to amend its FOIA regulations. *See* 81 FR 84531. Amtrak accepted comments on the proposed rule through December 23, 2016. Amtrak received several comments in response to its proposed rule. Amtrak has given due consideration to the comments it has received and has made a few modifications to its rule. The majority of these changes was stylistic and involved clarifying, reorganizing, or revising provisions. Some of the substantive changes included: Revision of section 701.5(c)(2) so that a revised request will not be treated as a new request; removal of ''staff'' in section 701.5 (e); reformulation of section 701.6;

addition of the ''exceptional circumstances'' exception to section 701.7(e); and modification of Amtrak's definition of ''representative of the news media'' in section 701.11(c)(2). Comments that called for Amtrak to incorporate standards and clarifications arising under current case law were considered but were not ultimately incorporated because Amtrak already adheres to developments in case law without relying on additional regulatory text. Other comments suggesting minor changes were not adopted because the practical experience of Amtrak's FOIA staff advised against adoption.

List of Subjects in 49 CFR Part 701

Freedom of Information.

■ For the reasons stated in the preamble, Amtrak revises 49 CFR part 701 to read as follows:

Part 701—AMTRAK FREEDOM OF INFORMATION ACT PROGRAM

Sec.

701.1 General provisions.
701.2 Definitions.
701.3 Policy.
701.4 Amtrak public information.
701.5 Requirements for making requests.
701.6 Release and processing procedures.
701.7 Timing of responses to requests.
701.8 Responses to requests.
701.9 Business information.
701.10 Appeals.
701.11 Fees.
701.12 Other rights and services.

Authority: 5 U.S.C. 552; 49 U.S.C. 24301(e).

§ 701.1 General provisions.

This part contains the rules that the National Railroad Passenger Corporation (''Amtrak'') follows in processing requests for records under the Freedom of Information Act (FOIA), Title 5 of the United States Code, section 552. Information routinely provided to the public (*i.e.,* train timetables, press releases) may be obtained at Amtrak's Web site www.amtrak.com without following Amtrak's FOIA procedures.

§ 701.2 Definitions.

Unless the context requires otherwise in this part, masculine pronouns include the feminine gender and ''includes'' means ''includes but is not limited to.''

Amtrak or Corporation means the National Railroad Passenger Corporation.

Appeal means a request submitted to the President of Amtrak or designee for review of an adverse initial determination.

Business days means working days; Saturdays, Sundays, and legal public holidays are excluded in computing response time for processing FOIA requests.

Disclose or disclosure means making records available for examination or copying, or furnishing a copy of nonexempt responsive records.

Electronic data means records and information (including email) that are created, stored, and retrievable by electronic means.

Exempt information means information that is exempt from disclosure as permitted by 5 U.S.C. 552.

Final determination means a decision by the President of Amtrak or designee concerning a request for review of an adverse initial determination received in response to an FOIA request.

FOIA Officer means the Amtrak official designated to fulfill the responsibilities of implementing and administering the Freedom of Information Act as specifically designated under this part.

Freedom of Information Act or ''*FOIA*'' means the statute as codified in section 552 of Title 5 of the United States Code as amended.

Initial determination means a decision by the Amtrak FOIA Officer in response to a request for information under the FOIA.

Pages means paper copies of standard office size or the cost equivalent in other media.

President means the President and Chief Executive Officer (CEO) of the National Railroad Passenger Corporation (Amtrak) or designee.

Record means any writing, drawing, map, recording, tape, film, photograph, or other documentary material by which information is preserved in any format, including electronic format. A record must exist and be in the possession and control of Amtrak at the time of the request to be subject to this part and the FOIA. The following are not included within the definition of the word ''record'':

(1) Library materials compiled for reference purposes or objects of substantial intrinsic value.

(2) Routing and transmittal sheets, notes, and filing notes which do not also include information, comments, or statements of substance.

(3) Anything that is not a tangible or documentary record such as an individual's memory or oral communication.

(4) Objects or articles, whatever their historical or value as evidence.

Request means any request for records made pursuant to 5 U.S.C. 552.

Requester or requesting party means any person who has submitted a request to Amtrak.

Responsive records means documents or electronic records determined to be within the scope of a FOIA request.

§ 701.3 Policy.

(a) Amtrak will make records of the Corporation available to the public to the greatest practicable extent in keeping with the spirit of the law. Therefore, records of the Corporation are available electronically, which can be accessed at the Amtrak FOIA Web site *http://www.amtrak.com/foia* and *www.amtrak.com,* as provided in this part with the exception of those that the Corporation specifically determines should not be disclosed either in the public interest, for the protection of private rights, or for the efficient conduct of public or corporate business, but only to the extent withholding is permitted by law.

(b) A record of the Corporation, or parts thereof, may be withheld from disclosure if the Corporation reasonably foresees that disclosure would harm an interest protected by a FOIA exemption or when disclosure is prohibited by law. Disclosure to a properly constituted advisory committee, to Congress, or to Federal agencies does not waive the exemption.

(c) In the event full disclosure of a requested record is not possible, any reasonably segregable portion of the record will be made available to the requesting person after deletion of the exempt portions. The entire record may be withheld if a determination is made that nonexempt material is so inextricably intertwined that disclosure would leave only essentially meaningless words or phrases, or when it can be reasonably assumed that a skillful and knowledgeable person could reconstruct the deleted information.

(d) The procedures in this part apply only to records in existence at the time of a request. The Corporation has no obligation to create a record solely for the purpose of making it available under the FOIA or to provide a record that will be created in the future.

(e) Each officer and employee of the Corporation dealing with FOIA requests is directed to cooperate in making records available for disclosure under the Act in a prompt manner consistent with this part.

(f) The FOIA time limits will not begin to run until a request has been identified as being made under the Act and deemed received by the FOIA Office.

(g) Generally, when a member of the public complies with the procedures established in this part for obtaining records under the FOIA, the request

shall receive prompt attention, and a response shall be made within twenty business days.

§ 701.4 Amtrak public information.

(a) *Amtrak FOIA Web site.* Amtrak will make available electronically records created by the Corporation that are required under the FOIA to be made available for public inspection which can be accessed at the Amtrak FOIA Web site *http://www.amtrak.com/foia* and *www.amtrak.com.*

(b) *Frequently requested information.* The FOIA requires that copies of records, regardless of form or format, that have been released pursuant to a FOIA request under 5 U.S.C. 552(a)(3) be made publicly available in an electronic format if because of the nature of their subject matter they have become or are likely to become the subject of subsequent requests for substantially the same records or they have been requested three or more times.

(1) Amtrak shall decide on a case-by-case basis whether records fall into the first category of ''frequently requested FOIA records'' based on the following factors:

(i) Previous experience with similar records;

(ii) The nature and type of information contained in the records;

(iii) The identity and number of requesters and whether there is widespread media or commercial interest in the records.

(c) *Guide for making requests.* A guide on how to use the FOIA for requesting records from Amtrak shall be made available to the public upon request. Amtrak's major information systems will be described in the guide.

§ 701.5 Requirements for making requests.

(a) *General requirements.* (1) A FOIA request can be made by ''any person'' as defined in 5 U.S.C. 551(2), which encompasses individuals (including foreign citizens; partnerships; corporations; associations; and local, state, tribal, and foreign governments). A FOIA request may not be made by a Federal agency.

(2) A request must be in writing, indicate that it is being made under the FOIA, and provide an adequate description of the records sought. The request should also include applicable information regarding fees as specified in paragraphs (d) and (e) of this section.

(b) *How to submit a request.* (1) The request letter and envelope should be marked prominently that it is a Freedom of Information Act or ''FOIA'' request to ensure that it is properly routed.

(2) The request must be addressed to the Freedom of Information Office; National Railroad Passenger Corporation; 60 Massachusetts Avenue NE., Washington, DC 20002. Requests will also be accepted by facsimile at (202) 906–2004 or via email at *foiarequests@amtrak.com.* Amtrak cannot assure that a timely or satisfactory response under this part will be given to written requests addressed to Amtrak offices, officers, or employees other than the FOIA Office. Amtrak employees receiving a communication in the nature of a FOIA request shall forward it to the FOIA Office expeditiously. Amtrak shall advise the requesting party of the date that an improperly addressed request is received by the FOIA Office.

(c) *Content of the request*—(1) *Description of records.* Identification of records sought under the FOIA is the responsibility of the requester. The records sought should be described in sufficient detail so that Amtrak personnel can locate them with a reasonable amount of effort. When possible, the request should include specific information such as dates, title or name, author, recipient, subject matter of the record, file designation or number, or other pertinent details for each record or category of records sought. Requesters may contact Amtrak's FOIA Public Liaison to discuss the records they seek and to receive assistance in describing the records.

(2) *Reformulation of a request.* Amtrak is not obligated to act on a request until the requester provides sufficient information to locate the record. Amtrak may offer assistance in identifying records and reformulating a request where: The description is considered insufficient, the production of voluminous records is required, or a considerable number of work hours would be required that would interfere with the business of the Corporation. The FOIA Office shall notify the requester within ten business days of the type of information that will facilitate the search. The requesting party shall be given an opportunity to supply additional information and may submit a revised request. Requesters may contact Amtrak's FOIA Public Liaison to receive assistance in reformulating or modifying their request.

(d) *Payment of fees.* The submission of a FOIA request constitutes an agreement to pay applicable fees accessed up to $25.00 unless the requesting party specifies a willingness to pay a greater or lesser amount or seeks a fee waiver or reduction in fees.

(1) *Fees in excess of $25.00.* When Amtrak determines or estimates that applicable fees are likely to exceed $25.00, the requesting party shall be notified of estimated or actual fees, unless a commitment has been made in advance to pay all fees. If only a portion of the fee can be estimated readily, Amtrak shall advise the requester that the estimated fee may be a portion of the total fee.

(i) In order to protect requesters from large and/or unexpected fees, Amtrak will request a specific commitment when it estimates or determines that fees will exceed $100.00.

(ii) A request shall not be considered received and further processing shall not be carried out until the requesting party agrees to pay the anticipated total fee. Any such agreement must be memorialized in writing. A notice under this paragraph will offer the requesting party an opportunity to discuss the matter in order to reformulate the request to meet the requester's needs at a lower cost.

(iii) Amtrak will hold in abeyance for a reasonable amount of time requests requiring agreement to pay fees and will thereafter deem the request closed. This action will not prevent the requesting party from refiling the FOIA request with a fee commitment at a subsequent date.

(2) *Fees in excess of $250.* When Amtrak estimates or determines that allowable charges are likely to exceed $250, an advance deposit of the entire fee may be required before continuing to process the request.

(e) *Information regarding fee category.* In order to determine the appropriate fee category, a request should indicate whether the information sought is intended for commercial use or whether the requesting party is a member of an educational or noncommercial scientific institution or a representative of the news media.

(f) *Records concerning other individuals.* If the request is for records concerning another individual, either of the following may be required in order to process the request:

(1) A notarized written authorization signed by that individual permitting disclosure of those records to the requesting party, together with a copy of a photo ID of that individual; or

(2) Proof that the individual is deceased (*i.e.,* a copy of a death certificate or an obituary). A form of identification from the requesting party may also be required. Such records are also subject to any applicable FOIA exemptions.

§ 701.6 Release and processing procedures.

(a) *General provisions.* In determining records that are responsive to a request,

Amtrak will ordinarily include only records that exist and are in the possession and control of the Corporation as of the date that the search is begun. If any other date is used, the requesting party will be informed of that date.

(b) *Authority to grant or deny requests.* Amtrak's FOIA Officer is authorized to grant or deny any request for records.

(c) *Notice of referral.* If Amtrak refers all or any part of the responsibility for responding to a request to another organization, the requesting party will be notified. A referral shall not be considered a denial of access within the meaning of this part. All consultations and referrals of requests will be handled according to the date that the FOIA request was initially received.

(d) *Creating a record.* There is no obligation on the part of Amtrak to create a record to satisfy a FOIA request. Amtrak may create a new record in its sole discretion, however, when doing so would result in a more useful response to the requesting party or would be less burdensome to Amtrak than providing existing records. The cost of creating such a record may not be charged to the requester unless the fee for creating the record is equal to or less than the fee that would be charged for providing the existing record.

(e) *Incomplete records.* If the records requested are not complete at the time of a request, Amtrak may, at its discretion, inform the requester that complete nonexempt records will be provided when available without having to submit an additional request.

(f) *Electronic records.* Amtrak is not obligated to process a request for electronic records where creation of a record, programming, or a particular format would result in a significant expenditure of resources or interfere with the corporation's operations.

§ 701.7 Timing of responses to requests.

(a) *General.* (1) The time limits prescribed in the FOIA will begin only after the requirements for submitting a request as established in § 701.5 have been met, and the request is deemed received by the FOIA Office.

(2) A request for records shall be considered to have been received on the later of the following dates:

(i) The requester has agreed in writing to pay applicable fees in accordance with § 701.5(d); or

(ii) The fees have been waived in accordance with § 701.11(k); or

(iii) Payment in advance has been received from the requester when required in accordance with § 701.11(i).

(3) The time for responding to requests set forth in paragraph (b) of this section may be delayed if:

(i) The request does not sufficiently identify the fee category applicable to the request;

(ii) The request does not state a willingness to pay all fees;

(iii) A request seeking a fee waiver does not address the criteria for fee waivers set forth in § 701.11(k);

(iv) A fee waiver request is denied, and the request does not include an alternative statement indicating that the requesting party is willing to pay all fees.

(b) *Initial determination.* Whenever possible, an initial determination to release or deny a record shall be made within twenty business days after receipt of the request. In ''unusual circumstances'' as described in paragraph (d) of this section, the time for an initial determination may be extended for ten business days.

(c) *Multitrack processing.* (1) Amtrak may use two or more processing tracks by distinguishing between simple, complex, and expedited requests based on the amount of work and/or time needed to process a request or the number of pages involved.

(2) In general, when requests are received, Amtrak's FOIA Office will review and categorize them for tracking purposes. Requests within each track will be processed according to date of receipt.

(3) The FOIA Office may contact a requester when a request does not appear to qualify for fast track processing to provide an opportunity to limit the scope of the request and qualify for a faster track. Such notification shall be at the discretion of the FOIA Office and will depend largely on whether it is believed that a narrowing of the request could place the request on a faster track.

(d) *Unusual circumstances.* (1) The requesting party shall be notified in writing if the time limits for processing a request cannot be met because of unusual circumstances, and it will be necessary to extend the time limits for processing the request. The notification shall set forth the unusual circumstances for such extension and shall include the date by which the request can be expected to be completed. Where the extension is for more than ten business days, the requesting party will be afforded an opportunity to either modify the request so that it may be processed within the time limits or to arrange an alternative time period for processing the initial request or modified request. In such a case, the requesting party has the right to seek assistance from Amtrak's FOIA Public Liaison and to seek dispute resolution services from the Office of Government Information Services (OGIS).

(2) If Amtrak believes that multiple requests submitted by a requester or by a group of requesters acting in concert constitute a single request that would otherwise involve unusual circumstances and the requests involve clearly related matters, the requests may be aggregated. Multiple requests concerning unrelated matters may not be aggregated.

(3) Unusual circumstances that may justify delay include:

(i) The need to search for and collect the requested records from other facilities that are separate from Amtrak's headquarters offices.

(ii) The need to search for, collect, and examine a voluminous amount of separate and distinct records sought in a single request.

(iii) The need for consultation, which shall be conducted with all practicable speed, with agencies having a substantial interest in the determination of the request, or among two or more Amtrak components having a substantial subject-matter interest in the request.

(e) *Exceptional circumstances.* If a court has determined that exceptional circumstances exist, as defined by the FOIA, a failure to comply with the time limits shall be excused for the length of time provided by the court order.

(f) *Expedited processing.* (1) Requests and appeals may be taken out of order and given expedited treatment whenever it is determined that they involve a compelling need, which means:

(i) Circumstances in which the lack of expedited treatment could reasonably be expected to pose an imminent threat to the life or physical safety of an individual; and

(ii) An urgency to inform the public about an actual or alleged Amtrak activity, if made by a person primarily engaged in disseminating information.

(2) A request for expedited processing may be made at the time of the initial request for records or at a later date.

(3) A requester seeking expedited processing must submit a statement, certified to be true and correct to the best of that person's knowledge and belief, explaining in detail the basis for requesting expedited processing. This statement must accompany the request in order to be considered and responded to within the ten calendar days required for decisions on expedited access.

(4) A requester who is not a full-time member of the news media must

establish that he is a person whose main professional activity or occupation is information dissemination, though it need not be his sole occupation. A requester must establish a particular urgency to inform the public about the Amtrak activity involved in the request.

(5) Within ten business days of receipt of a request for expedited processing, Amtrak shall determine whether to grant such a request and notify the requester of the decision. If a request for expedited treatment is granted, the request shall be given priority and shall be processed as soon as practicable.

(6) Amtrak shall provide prompt consideration of appeals of decisions denying expedited processing.

§ 701.8 Responses to requests.

(a) *Granting of requests.* When an initial determination is made to grant a request in whole or in part, the requesting party shall be notified in writing and advised of any fees charged under § 701.11(e). The records shall be disclosed to the requesting party promptly upon payment of applicable fees. The requesting party has the right to seek assistance from Amtrak's FOIA Public Liaison.

(b) *Adverse determination of requests*—(1) *Types of denials.* The requesting party shall be notified in writing of a determination to deny a request in any respect. Adverse determinations or denials of records consist of:

(i) A determination to withhold any requested record in whole or in part;

(ii) A determination that a requested record does not exist or cannot be located;

(iii) A denial of a request for expedited treatment; and

(iv) A determination on any disputed fee matter including a denial of a request for a fee waiver.

(2) *Deletions.* Records disclosed in part shall be marked clearly to show both the amount of the information deleted and the exemption under which the deletion was made unless doing so would harm an interest protected by an applicable exemption. If technically feasible, the amount of the information deleted and the exemption under which the deletion is made shall be indicated at the place in the record where such deletion is made.

(3) *Content of denial letter.* The denial letter shall be signed by the FOIA Officer or designee and shall include:

(i) A brief statement of the reason(s) for the adverse determination including any FOIA exemptions applied in denying the request;

(ii) An estimate of the volume of information withheld (number of pages or some other reasonable form of estimation). An estimate does not need to be provided if the volume is indicated through deletions on records disclosed in part, or if providing an estimate would harm an interest protected by an applicable exemption;

(iii) A statement that an appeal may be filed under § 701.10 and a description of the requirements of that section and of the right of the requesting party to seek dispute resolution services from either Amtrak's FOIA Public Liaison or the Office of Government Information Services (OGIS); and

(iv) The name and title or position of the person responsible for the denial.

§ 701.9 Business information.

(a) *General.* Business information held by Amtrak will be disclosed under the FOIA only under this section.

(b) *Definitions.* For purposes of this section, the following definitions apply:

(1) *Business information* means commercial or financial information held by Amtrak that may be protected from disclosure under Exemption 4 of the FOIA, 5 U.S.C. 552(b)(4).

(2) *Submitter* means any person or entity including partnerships; corporations; associations; and local, state, tribal, and foreign governments.

(c) *Designation of business information.* A submitter of business information will use good faith efforts to designate, by appropriate markings, either at the time of submission or at a reasonable time thereafter, any portions of its submission that it considers to be protected from disclosure under Exemption 4. These designations will expire ten years after the date of the submission unless the submitter requests and provides justification for a longer designation period.

(d) *Notice to submitters.* Amtrak shall provide a submitter with prompt written notice of an FOIA request or an appeal that seeks its business information when required under paragraph (e) of this section, except as provided in paragraph (h) of this section, in order to give the submitter an opportunity to object to disclosure of any specified portion of the information under paragraph (f). The notice shall either describe the business information requested or include copies of the requested records or portions of records containing the information.

(e) *When notice is required.* Notice shall be given to a submitter when:

(1) The information has been designated in good faith by the submitter as information considered protected from disclosure under Exemption 4; or

(2) Amtrak has reason to believe that the information may be protected from disclosure under Exemption 4.

(f) *Opportunity to object to disclosure.* Amtrak will allow a submitter a reasonable amount of time, as determined by Amtrak in its sole discretion, to respond to the notice described in paragraph (d) of this section.

(1) A detailed written statement must be submitted to Amtrak if the submitter has any objection to disclosure. The statement must specify all grounds for withholding any specified portion of the information sought under the FOIA. In the case of Exemption 4, it must show why the information is a trade secret or commercial or financial information that is privileged or confidential.

(2) Unless otherwise specified, in the event that a submitter fails to respond within the time specified in the notice, the submitter may, in Amtrak's discretion, be considered to have no objection to disclosure of the information sought under the FOIA.

(3) Information provided by a submitter in response to the notice may be subject to disclosure under the FOIA.

(g) *Notice of intent to disclose.* Amtrak shall consider a submitter's objections and specific grounds for disclosure in making a determination whether to disclose the information. In any instance, when a decision is made to disclose information over the objection of a submitter, Amtrak shall give the submitter written notice which shall include:

(1) A statement of the reason(s) why each of the submitter's objections to disclosure was not sustained;

(2) A description of the information to be disclosed; and

(3) A specified disclosure date, which shall be a reasonable time subsequent to the notice as determined by Amtrak in its sole discretion.

(h) *Exceptions to notice requirements.* The notice requirements of this section shall not apply if:

(1) Amtrak determines that the information should not be disclosed;

(2) The information has been published or has been officially made available to the public;

(3) Disclosure of the information is required by law (other than the FOIA);

(4) The designation made by the submitter under paragraph (c) of this section appears obviously frivolous. In such a case, Amtrak shall, prior to a specified disclosure date, give the submitter written notice of the final decision to disclose the information; or

(5) The information requested is not designated by the submitter as exempt from disclosure in accordance with this

part, unless Amtrak has substantial reason to believe that disclosure of the information would result in competitive harm.

(i) *Notice of a FOIA lawsuit.* Whenever a FOIA requester files a lawsuit seeking to compel disclosure of business information, Amtrak shall promptly notify the submitter.

(j) *Notice to requesters.* (1) When Amtrak provides a submitter with notice and an opportunity to object to disclosure under paragraph (f) of this section, the FOIA Office shall also notify the requester(s).

(2) When Amtrak notifies a submitter of its intent to disclose requested information under paragraph (g) of this section, Amtrak shall also notify the requester(s).

(3) When a submitter files a lawsuit seeking to prevent the disclosure of business information, Amtrak shall notify the requester(s).

§ 701.10 Appeals.

(a) *Appeals of adverse determinations.* (1) The requesting party may appeal:

(i) A decision to withhold any requested record in whole or in part;

(ii) A determination that a requested record does not exist or cannot be located;

(iii) A denial of a request for expedited treatment; or

(iv) Any disputed fee matter or the denial of a request for a fee waiver.

(2) The appeal must be addressed to the President and Chief Executive Officer, in care of the Chief Legal Officer and General Counsel; National Railroad Passenger Corporation; 60 Massachusetts Avenue NE., Washington, DC 20002.

(3) The appeal must be in writing and specify the relevant facts and the basis for the appeal. The appeal letter and envelope should be marked prominently that it is a Freedom of Information Act or ''FOIA'' appeal to ensure that it is properly routed.

(4) The appeal must be received by the President's Office within ninety days of the date of denial.

(5) An appeal will not be acted upon if the request becomes a matter of FOIA litigation.

(b) *Responses to appeals.* The decision on any appeal shall be made in writing.

(1) A decision upholding an adverse determination in whole or in part shall contain a statement of the reason(s) for such action, including any FOIA exemption(s) applied. The requesting party shall also be advised of the provision for judicial review of the decision contained in 5 U.S.C. 552(a)(4)(B).

(2) *Engaging in dispute resolution services provided by OGIS.* Mediation is a voluntary process. If Amtrak agrees to participate in the mediation services provided by OGIS, it will actively engage as a partner to the process in an attempt to resolve the dispute.

(3) If the adverse determination is reversed or modified on appeal in whole or in part, the requesting party shall be notified, and the request shall be reprocessed in accordance with the decision.

(c) *When appeal is required.* The requesting party generally must timely appeal any adverse determination prior to seeking judicial review.

§ 701.11 Fees.

(a) *General.* Amtrak shall charge for processing requests under the FOIA in accordance with this section. A fee of $38 per hour shall be charged for search and review. For information concerning other processing fees, refer to paragraph (e) of this section. Amtrak shall collect all applicable fees before releasing copies of requested records to the requesting party. Payment of fees shall be made by check or money order payable to the National Railroad Passenger Corporation.

(b) *Definitions.* For purposes of this section:

(1) *Direct costs* means those expenses actually incurred in searching for and reproducing (and, in the case of commercial use requests, reviewing) records to respond to a FOIA request. Direct costs include such costs as the salary of the employee performing the work (the basic rate of pay for the employee plus applicable benefits and the cost of operating reproduction equipment). Direct costs do not include overhead expenses such as the costs of space and heating or lighting of the facility.

(2) *Reproduction* means the making of a copy of a record or the information contained in it in order to respond to a FOIA request. Copies can take the form of paper, microform, audiovisual materials, or electronic records (*i.e.,* magnetic tape or disk) among others. Amtrak shall honor a requester's specified preference for the form or format of disclosure if the record is readily reproducible with reasonable effort in the requested form or format by the office responding to the request.

(3) *Review* means the process of examining a record located in response to a request to determine whether one or more of the statutory exemptions of the FOIA apply. Processing any record for disclosure includes doing all that is necessary to redact the record and prepare it for release. Review time includes time spent considering formal objection to disclosure by a commercial submitter under § 701.9 but does not include time spent resolving general legal or policy issues regarding the application of exemptions. Review costs are recoverable even if a record ultimately is not disclosed.

(4) *Search* means the process of looking for and retrieving records or information responsive to a request. It includes page-by-page or line-by-line identification of information within records and also includes reasonable efforts to locate and retrieve information from records maintained in electronic form or format.

(c) *Fee categories.* There are four categories of FOIA requesters for fee purposes: ''commercial use requesters,'' ''representatives of the news media,'' ''educational and non-commercial scientific institution requesters,'' and ''all other requesters.'' The categories are defined in the following paragraphs (c)(1) through (5), and applicable fees, which are the same for two of the categories, will be assessed as specified in paragraph (d) of this section.

(1) *Commercial requesters.* The term ''commercial use'' request refers to a request from or on behalf of a person who seeks information for a use or purpose that furthers his commercial, trade, or profit interests, including furthering those interests through litigation. Amtrak shall determine, whenever reasonably possible, the use to which a requester will put the records sought by the request. When it appears that the requesting party will put the records to a commercial use, either because of the nature of the request itself or because Amtrak has reasonable cause to doubt the stated intended use, Amtrak shall provide the requesting party with an opportunity to submit further clarification. Where a requester does not explain the use or where explanation is insufficient, Amtrak may draw reasonable inferences from the requester's identity and charge accordingly.

(2) *Representative of the news media or news media requester* refers to any person or entity that gathers information of potential interest to a segment of the public, uses its editorial skills to turn the raw materials into a distinct work, and distributes that work to an audience. In this paragraph, the term 'news' means information that is about current events or that would be of current interest to the public. Examples of news-media entities are television or radio stations broadcasting to the public at large and publishers of periodicals (but only if such entities qualify as disseminators of 'news') who make their

products available for purchase by or subscription by or free distribution to the general public. These examples are not all-inclusive. Moreover, as methods of news delivery evolve (for example, the adoption of the electronic dissemination of newspapers through telecommunications services), such alternative media shall be considered to be news-media entities. A freelance journalist shall be regarded as working for a news-media entity if the journalist can demonstrate a solid basis for expecting publication through that entity, whether or not the journalist is actually employed by the entity. A publication contract would present a solid basis for such an expectation, but Amtrak may also consider the past publication record of the requester in making such a determination.

(3) *Educational institution* refers to a preschool, a public or private elementary or secondary school, an institution of undergraduate higher education, an institution of graduate higher education, an institution of professional education, or an institution of vocational education that operates a program of scholarly research. To be in this category, a requester must show that the request is authorized by and is made under the auspices of a qualifying institution and that the records are not sought for commercial use but to further scholarly research.

(4) *Noncommercial scientific institution* refers to an institution that is not operated on a ''commercial'' basis, as that term is defined in paragraph (c)(1) of this section, and that is operated solely for the purpose of conducting scientific research, the results of which are not intended to promote any particular product or industry. To be in this category, the requesting party must show that the request is authorized by and is made under the auspices of a qualifying institution and that the records are not sought for commercial use but to further scientific research.

(5) *Other requesters* refers to requesters who do not come under the purview of paragraphs (c)(1) through (4) of this section.

(d) *Assessing fees.* In responding to FOIA requests, Amtrak shall charge the following fees unless a waiver or a reduction in fees has been granted under paragraph (k) of this section:

(1) ''*Commercial use*'' *requesters:* The full allowable direct costs for search, review, and duplication of records.

(2) ''*Representatives of the news media*'' *and* ''*educational and non-commercial scientific institution*'' *requesters:* Duplication charges only, excluding charges for the first 100 pages.

(3) ''*All other*'' *requesters:* The direct costs of search and duplication of records. The first 100 pages of duplication and the first two hours of search time shall be provided without charge.

(e) *Schedule of fees*—(1) *Manual searches.* Personnel search time includes time expended in either manual searches for paper records, searches using indices, review of computer search results for relevant records, and personal computer system searches.

(2) *Computer searches.* The direct costs of conducting a computer search will be charged. These direct costs will include the cost of operating a central processing unit for that portion of the operating time that is directly attributable to searching for responsive records as well as the costs of operator/programmer salary apportionable to the search.

(3) *Duplication fees.* Duplication fees will be charged all requesters subject to limitations specified in paragraph (d) of this section. Amtrak shall charge 25 cents per page for a paper photocopy of a record. For copies produced by computer (such as tapes or printouts), Amtrak will charge the direct costs, including the operator time in producing the copy. For other forms of duplication, Amtrak will charge the direct costs of that duplication.

(4) *Review fees.* Review fees will be assessed for commercial use requests. Such fees will be assessed for review conducted in making an initial determination, or upon appeal, when review is conducted to determine whether an exemption not previously considered is applicable.

(5) *Charges for other services.* The actual cost or amount shall be charged for all other types of output, production, and duplication (*e.g.,* photographs, maps, or printed materials). Determinations of actual cost shall include the commercial cost of the media, the personnel time expended in making the item available for release, and an allocated cost for the equipment used in producing the item. The requesting party will be charged actual production costs when a commercial service is required. Items published and available through Amtrak will be made available at the publication price.

(6) *Charges for special services.* Apart from the other provisions of this section, when Amtrak chooses as a matter of discretion to provide a special service such as sending records by other than ordinary mail, the direct costs of providing such services shall be charged.

(f) *Commitment to pay fees.* When Amtrak determines or estimates that applicable fees will likely exceed $25.00, the requesting party will be notified of the actual or estimated amount unless a written statement has been received indicating a willingness to pay all fees. To protect requesters from large and/or unexpected fees, Amtrak will request a specific commitment when it is estimated or determined that fees will exceed $100.00. See § 701.5(d) for additional information.

(g) *Restrictions in accessing fees*—(1) *General.* Fees for search and review will not be charged for a quarter-hour period unless more than half of that period is required.

(2) *Minimum fee.* No fees will be charged if the cost of collecting the fee is equal to or greater than the fee itself. That cost includes the costs to Amtrak for billing, receiving, recording, and processing the fee for deposit, which has been deemed to be $10.00.

(3) *Computer searches.* With the exception of requesters seeking documents for commercial use, Amtrak shall not charge fees for a computer search until the cost of search equals the equivalent dollar amount of two hours of the salary of the operator performing the search.

(4) *Unusual circumstances.* If Amtrak has determined that unusual circumstances (as defined in the FOIA) apply and Amtrak has provided timely written notice to the requester in accordance with 5 U.S.C. 552(a)(6)(B), Amtrak may assess search or duplication fees, as applicable, for an additional 10 days. If Amtrak fails to comply with the extended time limit, no search fees (or, in the case of requesters described in paragraph (d)(2) of this section, no duplication fees) may be charged unless more than 5,000 pages are necessary to respond to the request, timely written notice has been sent out, and Amtrak has discussed with the requesting party via written mail, email, or telephone (or made not less than three good-faith attempts to do so) how the requesting party could effectively limit the scope of the request.

(h) *Nonproductive searches.* Amtrak may charge for time spent for search and review even if responsive records are not located or if the records located are determined to be entirely exempt from disclosure.

(i) *Advance payments.* (1) When Amtrak estimates or determines that charges are likely to exceed $250, an advance payment of the entire fee may

be required before continuing to process the request.

(2) Where a requester has previously failed to pay a properly charged FOIA fee within thirty (30) days of the date of billing, Amtrak may require the full amount due plus applicable interest and an advance payment of the full amount of anticipated fees before beginning to process a new request or continuing to process a pending request. The time limits of the FOIA will begin only after Amtrak has received such payment.

(3) Amtrak will hold in abeyance for thirty days requests where deposits are due.

(4) Monies owed for work already completed (*i.e.,* before copies are sent to a requester) shall not be considered an advance payment.

(5) Amtrak shall not deem a request as being received in cases in which an advance deposit or payment is due, and further work will not be done until the required payment is received.

(j) *Charging interest.* Amtrak may charge interest on any unpaid bill for processing charges starting on the 31st day following the date of billing the requester. Interest charges will be assessed at the rate that Amtrak pays for short-term borrowing.

(k) *Waiver or reduction of fees*—(1) *Automatic waiver of fees.* When the costs for a FOIA request total $10.00 or less, fees shall be waived automatically for all requesters regardless of category.

(2) *Other fee waivers.* Decisions to waive or reduce fees that exceed the automatic waiver threshold shall be made on a case-by-case basis. Records responsive to a request will be furnished without charge or at below the established charge where Amtrak determines, based on all available information, that disclosure of the requested information is in the public interest because:

(i) It is likely to contribute significantly to public understanding of the operations or activities of Amtrak, and

(ii) It is not primarily in the commercial interest of the requesting party.

(3) To determine whether the fee waiver requirement in paragraph (k)(2)(i) of this section is met, Amtrak will consider the following factors:

(i) *The subject of the request—whether the subject of the requested records concerns the operations or activities of Amtrak.* The subject of the requested records must concern identifiable operations or activities of Amtrak with a connection that is direct and clear, not remote or attenuated.

(ii) *The informative value of the information to be disclosed—whether the disclosure is likely to contribute to an understanding of Amtrak operations or activities.* The disclosable portions of the requested records must be meaningfully informative about Amtrak's operations or activities in order to be found to be likely to contribute to an increased public understanding of those operations or activities. The disclosure of information that already is in the public domain, in either a duplicative or a substantially identical form, would not be as likely to contribute to such understanding where nothing new would be added to the public's understanding.

(iii) *The contribution to an understanding of the subject by the public likely to result from disclosure—whether disclosure of the requested information will contribute to public understanding.* The disclosure must contribute to the understanding of a reasonably broad audience of persons interested in the subject as opposed to the individual understanding of the requester. A requester's ability and expertise in the subject area as well as the requester's intention to effectively convey information to the public shall be considered. It shall be presumed that a representative of the news media will satisfy this consideration.

(iv) *The significance of the contribution to public understanding—whether the disclosure is likely to contribute significantly to public understanding of Amtrak operations or activities.* The public's understanding of the subject in question, as compared to the level of public understanding existing prior to the disclosure, must be enhanced by the disclosure to a significant extent.

(4) To determine whether the fee waiver requirement in paragraph (k)(2)(ii) of this section is met, Amtrak will consider the following factors:

(i) *The existence and magnitude of a commercial interest—whether the requesting party has a commercial interest that would be furthered by the requested disclosure.* Amtrak shall consider any commercial interest of the requesting party (with reference to the definition of ''commercial use'' in paragraph (c)(1) of this section) or any person on whose behalf the requesting party may be acting that would be furthered by the requested disclosure. Requesters shall be given an opportunity to provide explanatory information regarding this consideration.

(ii) *The primary interest in disclosure—whether the magnitude of the identified commercial interest of the requester is sufficiently large in comparison with the public interest in disclosure, that disclosure is ''primarily in the commercial interest of the requester.''* A fee waiver or reduction is justified where the public interest standard is satisfied and public interest is greater in magnitude than any identified commercial interest in disclosure.

(5) Requests for a fee waiver will be considered on a case-by-case basis, based upon the merits of the information provided. Where it is difficult to determine whether the request is commercial in nature, Amtrak may draw inference from the requester's identity and the circumstances of the request.

(6) Requests for a waiver or reduction of fees must address the factors listed in paragraphs (k)(3) and (4) of this section. In all cases, the burden shall be on the requesting party to present evidence of information in support of a request for a waiver of fees.

(l) *Aggregating requests.* A requester may not file multiple requests at the same time in order to avoid payment of fees. Where Amtrak reasonably believes that a requester or a group of requesters acting in concert is attempting to divide a request into a series of requests for the purpose of avoiding fees, Amtrak may aggregate those requests and charge accordingly. Amtrak may presume that multiple requests of this type made within a thirty-day period have been made in order to avoid fees. Where requests are separated by a longer period, Amtrak may aggregate them only when there exists a reasonable basis for determining that aggregation is warranted in view of all the circumstances involved. Multiple requests involving unrelated matters may not be aggregated.

§ 701.12 Other rights and services.

Nothing in this part shall be construed as entitling any person, as of right, to any service or the disclosure of any record to which such person is not entitled under the FOIA.

Dated: January 11, 2017.

Eleanor D. Acheson,

Executive Vice President, Chief Legal Officer, General Counsel & Corporate Secretary.

[FR Doc. 2017–00950 Filed 2–7–17; 8:45 am]

BILLING CODE 7531–01–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 229

[Docket No. 160219129–6999–02]

RIN 0648–BF78

List of Fisheries for 2017

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule; delay of effective date.

SUMMARY: In accordance with the memorandum of January 20, 2017, from the Assistant to the President and Chief of Staff, entitled ''Regulatory Freeze Pending Review,'' published in the **Federal Register** on January 24, 2017 (the Memorandum), this action delays the effective date of the final rule NMFS published on January 12, 2017.

DATES: Effective February 8, 2017, the effective date of the final rule publishing the final List of Fisheries (LOF), which published on January 12, 2017, at 82 FR 3655, is delayed to March 21, 2017.

SUPPLEMENTARY INFORMATION: NMFS published its LOF for 2017, as required by the Marine Mammal Protection Act (MMPA), to reflect new information on interactions between commercial fisheries and marine mammals. NMFS must classify each commercial fishery on the LOF into one of three categories under the MMPA based upon the level of mortality and serious injury of marine mammals that occurs incidental to each fishery. The classification of a fishery on the LOF determines whether participants in that fishery are subject to certain provisions of the MMPA, such as registration, observer coverage, and take reduction plan requirements.

On January 20, 2017, the White House issued a memo instructing Federal agencies to temporarily postpone the effective date for 60 days after January 20, 2017, of any regulations or guidance documents that have published in the **Federal Register** but not yet taken effect, for the purpose of ''reviewing questions of fact, law, and policy they raise.'' In accordance with the Memorandum, this action delays the final rule NMFS published on January 12, 2017, at 82 FR 3655, to March 21, 2017.

Authority: 16 U.S.C. 1361 *et seq.*

Dated: February 3, 2017.

Alan D. Risenhoover,

Acting Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.

[FR Doc. 2017–02587 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–22–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 600

[Docket No. 1512–01999–6969–02]

RIN 0648–BF51

Standardized Bycatch Reporting Methodology

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Final rule; delay of effective date.

SUMMARY: In accordance with the memorandum of January 20, 2017, from the Assistant to the President and Chief of Staff, entitled ''Regulatory Freeze Pending Review,'' published in the **Federal Register** on January 24, 2017 (the Memorandum), this action delays the effective date of the final rule NMFS published on January 19, 2017.

DATES: Effective February 8, 2017, the effective date of the final rule amending 50 CFR part 600, that published on January 19, 2017, at 82 FR 6317, is delayed to March 21, 2017.

FOR FURTHER INFORMATION CONTACT: Karen Abrams, 301–427–8508, or by email: *karen.abrams@noaa.gov.*

SUPPLEMENTARY INFORMATION: On January 19, 2017, NMFS published this final rule to interpret and provide guidance on the requirement of the Magnuson-Stevens Fishery Conservation and Management Act (MSA) that all fishery management plans (FMPs), with respect to any fishery, establish a standardized reporting methodology to assess the amount and type of bycatch occurring in a fishery. The final establishes requirements and provides guidance to regional fishery management councils and the Secretary of Commerce regarding the development, documentation, and review of such methodologies, commonly referred to as Standardized Bycatch Reporting Methodologies (SBRMs).

On January 20, 2017, the White House issued a memorandum instructing Federal agencies to temporarily postpone the effective date for 60 days after January 20, 2017, of any regulations or guidance documents that have been published in the **Federal Register** but not yet taken effect, for the purpose of ''reviewing questions of fact, law, and policy they raise.'' In accordance with this memorandum, this action delays the final rule NMFS published on January 19, 2017, at 82 FR 6317, until March 21, 2017.

List of Subjects in 50 CFR Part 600

Administrative practice and procedure, Bycatch, Fisheries, Standardized Reporting Methodology.

Dated: February 3, 2017.

Alan D. Risenhoover,

Acting Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.

[FR Doc. 2017–02592 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–22–P

Proposed Rules

Federal Register
Vol. 82, No. 25
Wednesday, February 8, 2017

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Parts 701, 702, 703, 709, 741, and 745

Alternative Capital

AGENCY: National Credit Union Administration.

ACTION: Advance notice of proposed rulemaking.

SUMMARY: The NCUA Board (Board) is issuing this advanced notice of proposed rulemaking (ANPR) to solicit comments on alternative forms of capital federally insured credit unions could use in meeting capital standards required by statute and regulation. For purposes of this ANPR, alternative capital includes two different categories: Secondary capital and supplemental capital. Secondary capital is currently permissible under the Federal Credit Union Act (Act) only for low-income designated credit unions to issue and to be counted toward both the net worth ratio and the risk-based net worth requirement of NCUA's prompt corrective action standards. The Board is considering changes to the secondary capital regulation for low-income designated credit unions. There are no other forms of alternative capital currently authorized. However, the Board is also considering whether or not to authorize credit unions to issue supplemental capital instruments that would only count towards the risk-based net worth requirement.

DATES: Comments must be received on or before May 9, 2017.

ADDRESSES: You may submit comments by any one of the following methods (Please send comments by one method only):

- *Federal eRulemaking Portal: http://www.regulations.gov.* Follow the instructions for submitting comments.
- *Email:* Address to *regcomments@ncua.gov.* Include ''[Your name]—Comments on Advance Notice of Proposed Rulemaking for Supplemental Capital'' in the email subject line.
- *Fax:* (703) 518–6319. Use the subject line described above for email.
- *Mail:* Address to Gerald Poliquin, Secretary of the Board, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314–3428.
- *Hand Delivery/Courier:* Same as mail address.

Public Inspection: You can view all public comments on NCUA's Web site at *http://www.ncua.gov/Legal/Regs/Pages/PropRegs.aspx* as submitted, except for those we cannot post for technical reasons. NCUA will not edit or remove any identifying or contact information from the public comments submitted. You may inspect paper copies of comments in NCUA's law library at 1775 Duke Street, Alexandria, Virginia 22314, by appointment weekdays between 9 a.m. and 3 p.m. To make an appointment, call (703) 518–6546 or send an email to *OGCMail@ncua.gov.*

FOR FURTHER INFORMATION CONTACT: Steve Farrar, Supervisory Financial Analyst, at (703) 518–6360; or Justin Anderson, Senior Staff Attorney, Office of General Counsel, at (703) 518–6540. You may also contact them at the National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314.

SUPPLEMENTARY INFORMATION: At its October 2016 meeting, the Board held a public briefing on the topic of alternative capital for credit unions. This ANPR provides relevant background information and seeks comment on a broad range of considerations with respect to alternative capital for federally insured credit unions. This ANPR addresses topics including: (1) NCUA's authority to include alternative capital for prompt corrective action purposes; (2) credit unions' authority to issue alternative forms of capital; (3) prudential standards regarding the extent to which various forms of instruments would qualify as capital for prompt corrective action purposes and credit union eligibility for the sale of alternative capital; (4) the utility and suitability of supplemental capital for credit unions; (5) standards for investor protection, including disclosure requirements and investor eligibility criteria for the purchase of alternative capital; (6) implications of securities law for supplemental and secondary capital; (7) potential implications for credit unions, including the credit union tax exemption; and (8) overall regulatory changes the Board would need to make to permit supplemental capital, improve secondary capital standards, and provide or modify related supporting authorities. The Board has posed a number of specific questions on these and other topics, but invites comments on any and all aspects of alternative capital.

I. Background
II. Current Secondary Capital Standards
III. Current and Prospective Use of Alternative Capital
IV. Supplemental Capital Legal Authority and Potential Taxation Implications
V. Securities Law Applicability
VI. Other Investor Considerations
VII. Prudential Standards for Issuing and Counting Alternative Capital for Prompt Corrective Action
VIII. Supporting Regulatory Changes

I. Background

In 1998, Congress passed the Credit Union Membership Access Act (CUMAA) which amended the Act to mandate a system of prompt corrective action for federally insured natural person credit unions (credit unions).[1] The prompt corrective action system incorporates capital standards for credit unions. The Act indexes a credit union's prompt corrective action status to five categories: Well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized.[2] As a credit union's capital level falls, its classification among the prompt corrective action categories can decline below well capitalized, thus exposing it to an expanding range of mandatory and discretionary supervisory actions designed to remedy the problem and minimize any loss to the National Credit Union Share Insurance Fund (Share Insurance Fund).[3]

The Act defines a credit union's capital level based on a net worth ratio requirement for all credit unions and a risk-based net worth requirement for credit unions the Board defines as

[1] *The Credit Union Membership Access Act of 1998,* HR 1151, Public Law 105–219, 112 Stat. 913 (1998).

[2] 12 U.S.C. 1790d(c); 12 CFR part 702; 65 FR 8560 (Feb. 18, 2000); see 702 subpart C for categories for ''new'' credit unions.

[3] *Id.* at § 1790d(e), (f) and (g); 12 CFR 702 subpart B.

complex.[4] The Act also provides the NCUA Board with broad discretion to design the risk-based net worth requirement. However, the net worth ratio is defined in the Act as a credit union's ratio of net worth to total assets. The Act defines net worth as: [5]

- The retained earnings balance of the credit union, as determined under generally accepted accounting principles, together with any amounts that were previously retained earnings of any other credit union with which the credit union is combined;
- Secondary capital of a low-income designated credit union that is uninsured and subordinate to all other claims of the credit union, including the claims of creditors, shareholders, and the Share Insurance Fund; and [6]
- Certain assistance provided under section 208 of the Act pursuant to NCUA regulations.[7]

As noted above, per the Act, secondary capital is currently only permissible for low-income designated credit unions to issue and to be counted toward the net worth ratio. NCUA also counts secondary capital issued by low-income designated credit unions as net worth for the risk-based net worth ratio.

The Board notes that, NCUA cannot change the Act's definition of net worth—only Congress can. However, the Board has broad discretion in designing the risk-based net worth requirement. Thus, it is possible for the Board to authorize a credit union that is not low-income designated to issue alternative capital instruments that would count towards satisfying the risk-based net worth requirement—but not the net worth ratio. (See the discussion of legal authority in Section IV). For purposes of this ANPR, the term supplemental capital includes any form of capital instruments credit unions that are not designated as low-income might be authorized to issue and count only for inclusion in the risk-based net worth requirement.

The risk-based net worth requirement for federally insured credit unions is based on a risk-based net worth ratio calculation in Part 702 of NCUA's Rules and Regulations.[8] Per the Board's October 2015 final rule, on January 1, 2019, the risk-based net worth requirement will be updated to replace the risk-based net worth ratio with a new risk-based capital ratio.[9]

During the risk-based capital rulemaking process, the Board asked for stakeholder input on supplemental capital. Specifically, in the January 2015 risk-based capital (RBC) proposal the NCUA Board posed the following six questions: [10]

1. *Should additional supplemental forms of capital be included in the RBC numerator and how would including such capital protect the Share Insurance Fund from losses?*

2. *If yes, to be included in the RBC numerator, what specific criteria should such additional forms of capital reasonably be required to meet to be consistent with Generally Accepted Accounting Practices (GAAP) and the Act, and why?*

3. *If certain forms of certificates of indebtedness were included in the risk based capital ratio numerator, what specific criteria should such certificates reasonably be required to meet to be consistent with GAAP and the Act, and why?*

4. *In addition to amending NCUA's RBC regulations, what additional changes to NCUA's regulations would be required to count additional supplemental forms of capital in NCUA's RBC ratio numerator?*

5. *For state-chartered credit unions, what specific examples of supplemental capital currently allowed under state law do commenters believe should be included in the RBC ratio numerator, and why should they be included?*

6. *What investor suitability, consumer protection, and disclosure requirements should be put in place related to additional forms of supplemental capital?*

In response to these questions, a majority of the commenters who addressed supplemental capital stated that it was imperative that the Board consider allowing credit unions access to additional forms of capital. The commenters suggested credit union authority to issue supplemental capital was particularly important as credit unions are at a disadvantage in the financial market because most lack access to additional capital outside of retained earnings. While none of the commenters offered specific suggestions on how to implement supplemental capital, a few did suggest that the Board should promulgate broad, non-prescriptive rules to allow credit unions maximum flexibility in issuing supplemental capital.

As the Board did not receive comments with sufficient detail in response to the RBC proposal, the Board is again posing the six questions listed above for commenters to consider and address. Throughout this ANPR, the Board will expand on these six questions and ask more specific questions about the structure, form, regulations, and requirements related to supplemental capital, as well as relevant changes and improvements to secondary capital. The Board encourages all stakeholders to address in detail as many of these questions as possible and provide the Board with specific comments and responses. The Board intends these questions to be a starting point for commenters to present their thoughts, but invites comments on all aspects of alternative capital

Throughout this ANPR the Board discusses several complex topics and uses terms to refer to specific forms of capital. In addition to supplemental, secondary, and alternative capital, the Board will use the term ''regulatory capital'' when referring to financial instruments issued by credit unions or banks, that include both equity and debt, and other financial statement account which meet the criteria contained in regulations for inclusion in the calculation of capital adequacy measures.

II. Current Secondary Capital Standards

The Act's definition of net worth states that secondary capital must be ''uninsured and subordinate to all other claims of the credit union, including the claims of creditors, shareholders, and the Share Insurance Fund.'' [11] This means that any secondary capital issued by a low-income designated credit union must be the most subordinated item on the balance sheet (first loss position after retained earnings) and any losses to secondary capital must be pro-rated equally—that is without preference or priority. The practical effect is that low-income designated

[4] In 2000, NCUA adopted part 702 of NCUA Rules and Regulations to implement the Act's system of prompt corrective action.

[5] *Id.* at § 1790d(o)(3); 12 CFR 702.2(g) and (k).

[6] In 1996, the NCUA Board authorized low-income designated credit unions, including state chartered credit unions to the extent permitted by state law, to count as capital uninsured secondary capital. At the time, the Board recognized that it was difficult for low-income designated credit unions to accumulate capital only through retained earnings. The Board, therefore, permitted low-income designated credit unions to use the borrowing authority in the Act to issue secondary capital accounts. This authority would allow these credit unions to build capital to support greater lending and financial services to their members and their communities, and to absorb losses to protect them from failing. To ensure the safety and soundness of secondary capital activity, the 1996 rule imposed various restrictions on its use and structure. At this time, prompt corrective action and the associated definition of net worth was not yet part of the Act. 61 FR 50696 (Sept. 27, 1996).

[7] 12 U.S.C. 1790d(o)(2).

[8] Unless otherwise noted, throughout this ANPR references to prompt corrective action, risk-based capital, and citations to Part 702 refer to Part 702 as revised by the Board at its October 2015 meeting.

[9] 80 FR 66626 (Oct. 29, 2015).

[10] 80 FR 4340, 4384 (Jan. 27, 2015).

[11] 12 U.S.C. 1790d(o)(C)(ii).

credit unions cannot include payment priority structures within or between secondary capital instruments to enhance investors' interests.

NCUA's rules and regulations also contain various provisions addressing the prudent and appropriate issuance and use of secondary capital by low-income designated credit unions. These provisions are as follows:

- Low-income designed credit unions:
  - May only accept secondary capital accounts from non-natural person members and non-natural person nonmembers.
  - Must submit and receive approval by NCUA of a Secondary Capital Plan.
  - Must execute a Disclosure and Acknowledgement statement.
- A secondary capital account:
  - Must be uninsured;
  - Have a minimum maturity of five years with a reduction in the recognition of the net worth value of accounts with less than five years of remaining maturity;
  - Must be subordinate to all other claims, including those of shareholders, creditors and the Share Insurance Fund;
  - Must be available to cover operating losses that exceed net available reserves and to extent losses are applied the accounts must not be restored;
  - Cannot be pledged by investors as security on a loan;
  - Are subject to restrictions of dividends as provided in prompt corrective action; and
  - May only in certain circumstances be redeemed early and only with prior NCUA approval.[12]

The regulations allow NCUA to prohibit a low-income designated credit union classified as critically undercapitalized from paying principal, dividends, or interest on secondary capital. This provision is to ensure secondary capital is available to cover losses while the low-income designated credit union is operating as a going concern. These payment restrictions are consistent with limitations on principal and interest payments imposed by the federal banking regulators for subordinated debt issued by banks.[13]

Further, due to the fact that secondary capital is not a permanent form of capital, NCUA's regulations reduce the portion of secondary capital that is included in the net worth ratio as it approaches maturity. Once the remaining maturity is less than five years, the regulations require low-income designated credit unions to discount how much a secondary capital account contributes to the credit union's net worth value based on the following schedule: [14]

Remaining maturity	Net worth value of original balance (percent)
Four to less than five years ..	80
Three to less than four years	60
Two to less than three years	40
One to less than two years ..	20
Less than one year	0

Since 2006, low-income credit unions may request NCUA approval to redeem the portion of secondary capital no longer included in net worth if:

- The credit union will have a post-redemption net worth classification of at least adequately capitalized;
- The discounted secondary capital has been on deposit at least two years; and
- The discounted secondary capital will not be needed to cover losses prior to the final maturity date.[15]

With respect to secondary capital, the Board specifically seeks comments on the following:

- Whether or not to permit a low-income designated credit union to sell secondary capital to non-institutional investors (*see* Sections V and VI for more discussion on investor protection and suitability issues), and whether this would be for members only or any party.
- Allowing for broader call options for the low-income designated credit union, other than just the portion no longer counting as net worth and subject to NCUA approval, if provided for in the secondary capital contract.
- Relaxation of pre-approval of issuing secondary capital if a low-income designated credit union meets certain conditions such as being at least adequately capitalized and having prior experience issuing secondary capital.
- Inclusion of more flexibility to fund dividend payments as an operating loss if provided for in the contract.
- Any other prudential restrictions on secondary capital that should be considered.
- Reorganization of the regulation to improve clarity by moving to part 702 (Prompt Corrective Action) all matters related to how the instrument must be structured to qualify for capital treatment. This would move these conditions to the section of NCUA rules and regulations applicable to all insured natural person credit unions, and leave the provisions specific to federal credit union issuance authority in Part 701.

III. Current and Prospective Use of Alternative Capital

This section provides information on community bank use of subordinated debt and low-income designated credit unions' use of secondary capital. This section also provides information on the projected impact of risk-based capital standards on complex credit unions to estimate the potential need for supplemental capital for risk-based net worth requirement purposes. This information provides a basis for estimating the potential for use of supplemental capital, the purpose of its use, the potential purchasers, and the related costs. The Board is interested in receiving comments concerning projections on the volume of supplemental capital that credit unions would be likely to issue. The Board also seeks specific comments on the structures of supplemental capital instruments that would be beneficial, why credit unions will issue supplemental capital, and how it fits into the credit union's business model. The Board is also interested in any comments about who will purchase supplemental capital. Since the costs associated with supplemental capital are significant to the issuing credit union, the Board seeks comments on how any regulations should address the issue of the cost of the instrument and any items that may be helpful in reducing the cost while maintaining adequate protection for investors and the Share Insurance Fund.

A. Community Bank Use of Subordinated Debt

Community bank use of subordinated debt increased in 2016. As of June, 30, 2016, the amount outstanding was $831 million compared to $479 million as of December 31, 2016.[16] Despite the increase, subordinated debt is only 0.34 percent of total community bank capital. The stated purpose of recent issuances of subordinated debt by community banks generally fall into three categories:

- Facilitate mergers and acquisitions;
- Redemption of preferred stock held by the U.S. Treasury Department due to increasing costs; and
- Fund organic growth.[17]

While the interest rate paid on community bank subordinated debt can vary significantly, generally the interest

[12] 12 CFR 701.34.

[13] 12 CFR 5.47(d)(3)(ii)(B)(3).

[14] *Id.* at § 701.34(c).

[15] *Id.* at § 701.34(d).

[16] FDIC Quarterly, Volume 10, Number 2, page 18.

[17] Based on review of a sample of SEC Form D filed by issuers.

rate is from 300 to 400 basis points over ten year treasury note rates.[18] Additionally community banks report expenses associated with sales commissions, ranging from 1.25 percent to 3 percent, and fees along with legal and operational costs.[19] Most buyers of bank subordinated debt are reported to be pension funds, mutual funds, other banks, and high net worth investors.[20]

B. Low-Income Designated Credit Union Use of Secondary Capital

As of June 30, 2016, there were 2,426 low-income designated credit unions. Only 73 low-income designated credit unions (about 3 percent) report total outstanding secondary capital of $181 million.[21] Since December 31, 2011, the number of low-income designated credit unions has increased by 117 percent, from 1,119 to 2,426. However, the number of low-income designated credit unions with outstanding secondary capital has ranged from 72 to 79 during this period.

The $181 million in outstanding secondary capital equates to 13 percent of the total net worth of the low-income designated credit unions that issued it—with an average balance of about $2.5 million. However, outstanding secondary capital is concentrated in four low-income designated credit unions, which hold 74 percent of the total secondary capital outstanding. When excluding these four low-income designated credit unions, the average amount of secondary capital is under $700,000 per low-income designated credit union. The interest rate paid by the four largest holders of the outstanding secondary capital ranges from 0.14 percent to 3.5 percent.

Secondary capital does, however, significantly benefit a low-income designated credit union's net worth ratio. The secondary capital adds an average of nearly 300 basis points to the net worth ratio, which brings the average from just below 7 percent to near 10 percent. Out of the 73 low-income designated credit unions with secondary capital, 66 have a net worth ratio greater than the well capitalized 7 percent level. Without the secondary capital, 25 of the 66 would have a net worth ratio less than 7 percent.[22]

The Board notes that low-income designated credit unions that have issued secondary capital have a higher failure rate than other low-income designated credit unions. The average annual failure rate for low-income designated credit unions with secondary capital was 2.9 percent from 2000–2013, compared to 0.8 percent for low-income designated credit unions without secondary capital during the same period.[23] In a few failures of low-income designated credit unions, the assets in the credit union grew rapidly around the time the secondary capital was issued, which in turn led to higher losses to the Share Insurance Fund. NCUA has noted a pattern of poor practices in some low-income designated credit unions with secondary capital that could account for the higher failure rate, including: [24]

- Poor due diligence, inaccurate cost benefit analysis and weak strategic planning in connection with establishing and expanding member service programs funded by secondary capital.
- Concentrations of secondary capital to support unproven or poorly performing programs.
- Failure to realistically assess and timely curtail programs not meeting expectations.
- Use of secondary capital solely to delay prompt corrective action.
- Insufficient liquidity to repay secondary capital at maturity.

C. Potential for Credit Unions' Use of Supplemental Capital

The potential use of supplemental capital is difficult to predict due to the probable changes in market factors such as interest rates, demographics, and competition. Since supplemental capital would only increase a credit union's risk-based capital ratio, the most likely users would be those credit unions with net worth ratios above the well capitalized level but with a risk-based capital below or near the minimum needed to be well capitalized.

The following table contains an estimate of the number of credit unions likely to issue supplemental capital and the potential amount of supplemental capital that might be issued. Using Call Report data as of December 31, 2015, applied to FICUs with more than $100 million in assets,[25] results in the following:

Number of credit unions that do not have a low-income designation with a net worth ratio greater than 8% and an estimated risk-based capital ratio less than 13.5%.	140.
Net worth of the 140 credit unions that do not have a low-income designation with a net worth ratio greater than 8% and an estimated risk-based capital ratio less than 13.5%.	$9.2 billion.
Maximum amount of subordinated debt that could be issued with a limit set at 50% of net worth [26]	$4.5 billion.
Amount of supplemental capital needed by the 140 to achieve a 13.5% risk-based capital ratio	$1.0 billion.

The Board is interested in commenter's thoughts on whether credit unions that are not designated as low-income use of supplemental capital could affect the availability of secondary capital for low-income designated credit unions. If so, are there any measures the Board could take to protect against this?

IV. Supplemental Capital Legal Authority and Potential Taxation Implications

A. Risk-Based Net Worth Requirement

In addition to the Act's requirements related to the net worth ratio, the Act requires the Board to design ''a risk-based net worth requirement for credit unions defined as complex.'' [27] The risk-based net worth requirement for credit unions meeting the definition of ''complex'' was first applied on the basis of data in the Call Report as of March 31, 2001.[28] Since its inception, the risk-based net worth requirement has included secondary capital issued

[18] Based on review of a sample of capital market announcements and publications of completed offerings.

[19] Based on review of a sample of SEC Form D filed by issuers.

[20] Based on review of a sample of capital market announcements, publication of completed offerings, and SEC Form D.

[21] NCUA Call Report data.

[22] Secondary capital is estimated to add an average of 414 basis points to the risk-based capital ratio that will go into effect on January 1, 2019.

[23] *See.* Secondary Capital Best Practices Guide available at *https://www.ncua.gov/services/Pages/small-credit-union-learning-center/Documents/secondary-capital-guide.pdf.*

[24] *Id.*

[25] The new risk-based net worth requirements will only apply to credit unions with assets of $100 million or more.

[26] The Board would contemplate some limit on how much supplemental capital will count for risk-based capital requirements to ensure it remains a supplemental but not the primary source of capital. For illustration purposes the estimate uses a 50% limit so that it would not become the primary form of capital held by these credit unions.

[27] 12 U.S.C. 1790d(d)(1).

[28] 65 FR 44950 (July 20, 2000).

by low-income designated credit unions.

While the Act defined the term ''net worth,'' it did not define the risk-based net worth requirement, nor how to calculate any corresponding risk-based ratio. In contrast to the narrow definition of net worth, the lack of a statutory prescription for the risk-based net worth requirement gives the Board the latitude to include within that requirement items that would not meet the statutory definition of ''net worth'' but otherwise serve as capital in protecting the Share Insurance Fund from losses when a credit union fails. Given the statutory objective of prompt corrective action ''to resolve the problems of insured credit unions at the least possible long-term loss'' to the Share Insurance Fund, the Board believes it should explore expanded options for credit unions to build capital beyond retained earnings.

For a credit union defined as complex to be classified well capitalized, the Act requires the credit union to have a net worth ratio of 7 percent or greater (6 percent for adequately capitalized) and to meet the applicable risk-based net worth requirement. Starting in January 2019, the risk-based net worth requirement will require the risk-based capital ratio to be 10 percent or greater to be well capitalized (8 percent for adequately capitalized). The Act classifies a credit union as undercapitalized if it is unable to achieve the applicable risk-based net worth requirement, even if it has a high net worth ratio, thus subjecting the credit union to the corresponding prompt corrective action supervisory consequences.[29]

B. Authority To Issue Supplemental Capital

The authority for low-income designated credit unions to issue secondary capital is established in the Act. Conversely, there is no express authority for credit unions not designated as low-income to issue alternative forms of capital. However, the Act does provide federal credit unions with relatively broad authority to borrow from any source in accordance with such rules and regulations as may be prescribed by the Board.[30] The Board has reviewed all applicable sections of the Act to determine the ability of federal credit unions to issue various types of financial instruments that could serve as alternative capital.[31] Other than as a form of debt, there is no other explicit authority in the Act for federal credit unions to issue an instrument that is uninsured and could be structured as loss absorbing capital. As a result, the Board believes only the borrowing authority is available for federal credit unions to issue supplemental capital.[32] This means that federal credit unions could only issue supplemental capital as subordinated debt. However, the Board invites commenters to identify any other provisions of the Act they believe could provide alternative authority for federal credit unions to issue supplemental capital instruments other than as subordinated debt.

C. Supplemental Capital Relationship to Secondary Capital

Supplemental capital and secondary capital are similar in that, for federal credit unions, both are uninsured accounts issued as borrowings and subject to applicable statutory borrowing limits. Secondary capital, however, is included in the statutory definition of net worth and counts towards both the net worth ratio and the risk-based net worth requirement. Supplemental capital is not included the statutory definition of net worth and can only be considered for inclusion in the computation of the risk-based net worth requirement.

Supplemental capital would have to be subordinate to the Share Insurance Fund and uninsured shareholders in the payout priorities. However, since secondary capital, per the Act, must be subordinate to all other claims, supplemental capital would be senior to secondary capital in the payout priorities. Credit unions issuing supplemental capital could be provided flexibility to include payment priority structures within or between supplemental capital instruments to enhance investors' interests.

D. Need for Comprehensive Borrowing Rule for Federal Credit Unions

The Board is considering expanding the borrowing rule to clarify this authority for federal credit unions. As noted above, the Act states that federal credit unions may ''borrow, in accordance with such rules and regulations as may be prescribed by the Board, from any source.'' Currently, NCUA's regulations only contain a rule addressing when federal credit unions borrow from natural persons. Given that the wording of the Act could suggest a federal credit union's borrowing authority is contingent on rules and regulations prescribed by the Board, it may appear to investors that federal credit unions are restricted to only borrowing from natural persons. While the Board disagrees with this reading of the Act, the Board is concerned that some supplemental capital investors may question a federal credit union's authority to issue supplemental capital instruments to anyone other than natural persons. Clarity and certainty about a federal credit union's borrowing authority may be important to the sale of supplemental capital—by expanding the potential investor base and reducing unnecessary transaction complications. With respect to this topic, the Board is interested in commenter's views on whether the Board should promulgate a more comprehensive borrowing rule as part of any authorization of supplemental capital, and what the rule should address.

E. Authority for Federally Insured State Chartered Credit Unions To Issue Supplemental Capital

The authority under which a federally insured state chartered credit union could issue alternative capital instruments is distinct from whether and to what extent NCUA, as insurer, would recognize it as regulatory capital for prompt corrective action purposes. A federally insured state chartered credit union's authority to issue supplemental capital would be derived from applicable state law and regulation regarding its ability to issue liability and equity instruments. Such state laws may be narrower or broader than those for federal credit unions. Recognition as regulatory capital will depend on the characteristics of the instrument and its availability to protect the Share Insurance Fund—which would be based on uniform criteria that apply to all federally insured credit unions. (*see* section VI for more discussion)

For federal credit unions, the Act limits the aggregate amount of borrowed funds to 50 percent of paid-in and unimpaired capital and surplus.[33] Per

[29] 12 U.S.C. 1790d(c)(1)(C)(ii).

[30] 12 U.S.C. 1757(9).

[31] Authority to issue capital instruments for FISCUs is determined under applicable state law.

[32] In December 2010, the Board issued Letter to Federal Credit Unions 10–FCU–03: Sales of Nondeposit Investments, which stated that federal credit unions are not authorized under the Act to sell nondeposit investments directly to their members. After further consideration, the Board believes federal credit unions have the authority to issue supplemental capital instruments under the borrowing authority in the Act, even though these instruments may be considered securities for purposes of state and federal securities laws.

[33] Section 700.2 of NCUA Rules and Regulations defines *Paid-in and unimpaired capital and surplus* as shares plus post-closing, undivided earnings. This does not include regular reserves or special reserves required by law, regulation or special

Continued

§ 741.2, NCUA's rules and regulations limit borrowing by federally insured state chartered credit unions to 50 percent of paid-in and unimpaired capital and surplus. The regulation does provide the ability for state credit unions to obtain a waiver up to the amount of borrowing allowed under state law.[34] The Board is not aware of any federally insured state chartered credit unions that have requested a waiver to the borrowing limit in the past decade. While authority to issue alternative capital instruments for federally insured state chartered credit union is determined under state law, it is possible that some states will only allow their credit unions to issue alternative capital instruments under applicable borrowing authority. As NCUA's borrowing limit for federally insured state chartered credit union is not statutory, the Board can entertain removing this limit and requests comment on this option.

F. Potential Taxation Implications

The Board recognizes that supplemental capital could have an impact on the credit union tax exemption. The Act specifically exempts federal credit unions from taxation by the United States or by any State or local taxing authority, except real and personal property taxes.[35] With respect to federal credit unions, the Board is aware that part of the basis for the credit union tax exemption was that Congress recognized most credit unions could not access the capital markets to raise capital.[36] If all credit unions, not just low-income designated credit unions, have the ability to access the capital markets to meet capital standards, it could call into question one of the bases for the credit union tax exemption. The Board invites comments on this topic and would like to hear from stakeholders on the possible impact a supplemental capital rule may have on the federal credit union tax exemption.

Unlike federal credit unions, the Act does not exempt federally insured state chartered credit unions from taxation. Federally insured state chartered credit unions are exempt from federal income tax under § 501(c)(14)(A) of the Internal Revenue Code. Section 501(c)(14)(A) of the Internal Revenue Code provides for exemption from federal income taxes for state credit unions *without capital stock* organized and operated for mutual purposes without profit. At this time, there does not appear to be an established definition of ''capital stock'' used by the IRS. It is possible federally insured state chartered credit unions in some states will have broad authority to issue supplemental capital instruments that have the characteristics of capital stock, and by doing so could subject themselves to taxation. The Board therefore requests comment on whether NCUA should limit the types of instruments issued by federally insured state chartered credit unions to those that would clearly not meet the definition of capital stock. Other options the Board could consider, include requiring a federally insured state chartered credit unions to provide a formal opinion from the IRS that the supplemental capital instrument it is issuing will not be classified as capital stock or requiring the credit union to provide projections in advance of issuing the supplemental capital demonstrating that it can afford to be taxed and the benefits of the supplemental capital outweigh the cost of any taxes it might become subject to.

G. Mutual Ownership Structure of Credit Unions

The Board also invites comments on the potential effect supplemental capital may have on the mutual ownership structure and governance of credit unions. The Board invites comments on how it should structure any potential rule to avoid issues impacting the mutuality of credit unions, and the members' rights to govern the affairs of the institution. Specifically, the Board invites comments on restrictions it might impose on characteristics of supplemental capital to avoid these issues, such as: Non-voting and limits on covenants in the investment agreement that may give investors levels of control over the credit union.

V. Securities Law Applicability

The Board believes that both secondary and supplemental capital would be considered securities for purposes of state and federal securities laws. The Board invites comment on this topic and its relationship to credit unions issuing securities as supplemental capital.

Being subject to securities laws can impose requirements on the issuer to register with the Securities Exchange Commission (SEC), issue SEC mandated disclosures, and comply with the SEC's broad anti-fraud rules. The Board, however, is aware that there are two exemptions that would likely be available to credit unions:

- Section 3(a)(5) of the Securities Act, which is available to certain types of financial institutions, including credit unions, for the issuance of any type of security to any type of investor; [37] and
- Rule 506 under Regulation D under the Securities Act, which is available to any entity offering any type of security, provided that purchasers of the securities are ''accredited investors'' (although sales to a limited number of investors who are not accredited are also possible under certain circumstances).[38]

While these exemptions are likely to relieve credit unions of the requirements to register with the SEC and issue SEC mandated disclosures, there are a number of other issues that credit unions must consider and comply with before issuing any instrument that would be considered a security. The Board briefly addresses each of these issues below.

A. Federal Securities Requirements

Regardless of any exemption from registration and disclosure, credit unions issuing alternative capital must still comply with the SEC's broad anti-fraud regulations.[39] The Securities Exchange Act of 1934's (Exchange Act) general anti-fraud prohibitions are embodied in § 10(b), which generally prohibits the use of manipulative or deceptive devices or contrivances that violate SEC rules in connection with the purchase or sale of securities. Most of the litigation brought with respect to the rules promulgated under § 10(b) has been brought under the general anti-fraud provision, Rule 10b–5, which provides as follows:

It shall be unlawful for any person, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange,

(a) To employ any device, scheme, or artifice to defraud,

agreement between the credit union and its regulator or share insurer. 12 CFR 700.2.

[34] 12 CFR 741.2.

[35] 12 U.S.C. 1768.

[36] It is noteworthy that, in 1951, thrift institutions lost their tax exemption. The Senate report to the Revenue Act of 1951 stated that mutual savings banks and savings and loan associations were losing their tax exemption because they had evolved into commercial bank competitors. In addition, thrifts had evolved from mutual organizations to ones that operated in a similar manner to banks. Finally, the exemption had given thrifts a competitive advantage over taxable commercial banks and life insurance companies.

[37] 17 CFR 240.3a5.

[38] *Id.* at § 230.506.

[39] *See, e.g.,* Regulation D, Rule 501(a): ''Users of Regulation D (§§ 230.500 *et seq.*) should note the following:

(a) Regulation D relates to transactions exempted from the registration requirements of section 5 of the Securities Act of 1933 (the Act) (15 U.S.C. 77a *et seq.,* as amended). Such transactions are not exempt from the anti-fraud, civil liability, or other provisions of the federal securities laws.''

(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.[40]

The primary intent of Rule 10b–5 and, more broadly, the anti-fraud provisions of the Securities Act of 1933 (Securities Act) and Exchange Act, is to prevent fraud, deceit, and incorrect or misleading statements or omissions in the offering, purchase and sale of securities. Given that intent, clear and complete disclosure is the critical factor in ensuring the anti-fraud provisions of the Securities Act and Exchange Act are not breached in any offering by credit unions, regardless of whether the offering is registered with the SEC under the Securities Act or exempt from registration.

In the absence of SEC-mandated disclosure delivery requirements, the practical concern for credit unions relying on either the Section 3(a)(5) or Regulation D, Rule 506 exemption is determining what type and amount of disclosure is appropriate to meet the anti-fraud standards. The Board is aware that the amount of disclosure varies depending on multiple factors, including:

- The nature of the potential investors (focusing on their level of sophistication);
- The nature of the security being offered (focusing on the complexity of the instrument);
- The nature of the business of the issuer and the industry in which the issuer operates (focusing on the complexity of the business or industry); and
- Market practices (focusing on the types of disclosure commonly provided by peer companies).

In addition, the Board is aware that for any disclosure to meet the standards of Rule 10b–5, the disclosure must not contain any untrue statement of a material fact and must not omit to state a material fact, the absence of which renders any disclosure being made misleading. Further, the disclosure must be clear, accurate and verifiable, and should cover topics that are typically important to investors in making an investment decision, including:

- Material risks relating to the issuer and the industry in which the issuer operates;
- Material risks relating to the security being offered;
- The issuer's planned uses for the proceeds of the offering;
- Regulatory matters impacting the issuer and its operations;
- Tax issues associated with the security being offered; and
- How the securities are being offered and sold, including any conditions to be met in order to complete the offering.

The Board is also aware that the Office of Comptroller of the Currency (OCC) promulgated regulations that require supervised banks issuing securities to register directly with the OCC and issue OCC mandated disclosures. The OCC mandated disclosures are very similar to those required by the SEC.[41] The Board is considering requiring similar registration and disclosures for credit unions issuing alternative capital. The Board is concerned that without mandated disclosures, credit unions may be at greater risk for anti-fraud suits, which, if successful, would impair not only the credit union but also the Share Insurance Fund's ability to use secondary or supplemental capital to cover losses. Further, the Board also believes it is important that investors in credit union alternative capital instruments have similar protections to those provided investors in SEC and OCC covered entities. The Board is interested in comments on the following questions in particular:

- Should the Board require credit unions issuing alternative capital to register with NCUA?
- How could NCUA protect the Share Insurance Fund against potential anti-fraud claims that could impair the alternative capital's ability to cover losses?
- Should the Board mandate disclosures all credit unions issuing alternative capital must provide to investors? If the Board should mandate disclosures, should it base them on the SEC's, the OCC's, or create a unique set of disclosures for credit unions? If the Board creates a unique set of disclosures, what should it include in those disclosures? Should the level of disclosures vary based on the level of the investor (institutional, accredited, natural person)?
- Should the Board require credit unions to develop policies and procedures to ensure ongoing compliance with anti-fraud requirements before it begins issuing alternative capital?

The Board is also aware that there may be potential broker-dealer registration issues related to secondary and supplemental capital. Specifically, marketing activities by a credit union and its employees could require the credit union to register as a broker-dealer. While there are exemptions available to credit unions and their employees, the Board notes that these exemptions are complex and require a thorough evaluation of a credit union's practices and the activities of its employees. If a credit union or its employees fail to qualify for an exemption, the credit union or employee could be required to register as a broker-dealer or face penalties for failure to comply with applicable rules. The Board has previously stated that federal credit unions are not permitted to register as broker-dealers.[42] The Board invites comments on how it should ensure a credit union has determined if it or its employees are required to register.

In addition, it is unlikely that credit unions and their employees would be subject to investment adviser registration requirements. The Board notes that certain marketing activities and relationships with other credit unions could raise investment adviser requirements. The Board, therefore, invites comments on this issue and if NCUA should require credit unions to have policies and procedures to ensure their activities do not trigger investment adviser registration requirements.

B. State Securities Requirements

First, certain provisions of the Securities Act and SEC rules have preempted state securities laws with respect to most covered securities. However, states may require issuers to register with the state and/or pay state registration fees. Further, states may also pursue fraud-based claims. The Board invites comment on how it should ensure that any credit union issuing alternative capital has considered and complied with all applicable state laws.

C. Director and Officer Liability Coverage

The Board also notes that issuing securities can affect a credit union's director and officer liability coverage. A lack of coverage could not only impair the credit union, but also threaten the Share Insurance Fund in the event there are losses that the credit union is ultimately responsible for. Before engaging in supplemental or secondary capital activities, therefore, credit unions will need to evaluate coverage to

[40] 17 CFR 240.10b–5.

[41] 12 CFR part 16.

[42] NCUA Letter to FCUs 10–FCU–03, Sale of Nondeposit Investments, December 2010.

ensure these activities are covered under their policy. The Board requests comments on if it should mandate that credit unions certify that they have evaluated their policies and have sufficient coverage before beginning secondary or supplemental capital activities.

D. Contractual Matters and Communications

A credit union will need to address contractual provisions between the credit union and its investors. Often these provisions will include requiring ongoing communications with investors, reporting of compliance with the contractual covenants, and sharing of information with current and prospective investors. Credit unions will have to develop policies and procedures to comply with these covenants and provisions and ensure that they are not providing non-public information to investors that is not generally available to all investors. Failure to comply with the investment contracts or to properly monitor communications and sharing of information could subject the credit union to liability, which could negatively impact the Share Insurance Fund. As such, the Board requests comment on if it should mandate comprehensive policies addressing compliance with investment contracts, communications, and information sharing. The Board invites commenters to provide suggestions on the specific details that should be in the policy and if sufficient policies should be a prerequisite to engaging in supplemental or secondary capital activities.

VI. Other Investor Considerations

Section 701.34(b) of NCUA's regulations limits eligible investors in secondary capital to institutional investors, referenced as non-natural persons.[43] This limitation is not required by the Act. This limitation prevents the sale of secondary capital to consumers who could lack the ability to understand the risks associated with secondary capital, especially when there is opportunity for confusion given that the low-income designated credit union is federally insured. Also, low-income designated credit unions can sell secondary capital to nonmembers. When the secondary capital regulations were written in 1996 the purchasers of secondary capital were presumed to be foundations and other philanthropic-minded institutional investors.[44]

From an investor protection standpoint, the issue of limiting the sale of secondary capital and supplemental capital largely focuses on providing adequate protections to the purchasers through the issuance of initial disclosures, transparency standards with respect to reporting of information about the operations and performance of the credit union, and whether the purchaser has the necessary sophistication relative to the complexity and risk of the instrument. As discussed in more detail in the Section V, Securities Law Applicability, of this ANPR, the OCC requires banks issuing subordinated debt to comply with the securities offering disclosure rules in its regulations.[45] The OCC's regulations establish registration statement and prospectus requirements for the offer and sale of securities issued, subject to exemptions and disclosure requirements based on the sophistication of the investor. As banks are not restricted in who they can sell securities to, these rules, in part, help provide a level of investor protection, particularly for less sophisticated, non-institutional investors.

The issue of permissible investors is also related to anti-fraud considerations. As noted above, the level of disclosures necessary to comply with anti-fraud rules varies, in part, on the level of sophistication of the investors. In practice, selling to non-sophisticated investors would likely involve a much higher initial and ongoing disclosure and communications burden for credit unions.

Thus, the Board requests comment on whether the sale of secondary and supplemental capital should be limited to only institutional investors, include accredited investor, or allow for anyone to purchase. If the Board were to allow credit unions to sell alternative capital to non-accredited investors, should there be limits on the amount individual investors can purchase? Also, should there be conditions on how the sale to non-accredited investors must be handled to minimize potential confusion about its lack of federal insurance?

Whether credit unions that are not low-income designated should be able sell supplemental capital instruments to nonmembers with equity like characteristics is a matter relevant to considerations about the mutual model of credit unions. The Board requests comments on the extent to which credit unions should be allowed to sell alternative capital with equity like characteristics to nonmembers, and if so, what controls are necessary to preserve the mutual ownership structure and democratic governance of credit unions. The Board invites comments on how it should structure any potential rule to avoid issues impacting the mutuality of credit unions, and the members' rights to govern the affairs of the institution.

VII. Prudential Standards for Issuing and Counting Alternative Capital for Prompt Corrective Action

For a financial instrument to be considered regulatory capital for prompt corrective action purposes, NCUA must consider the instrument's degree of permanence, capacity to absorb losses as a going concern, the flexibility of principal and interest payments, and intended use of the proceeds. These characteristics are consistent with the Basel Tier 2 capital criteria.[46] These same criteria are also contained in the regulatory capital quality distinctions for the U.S. banking system.[47] Provisions related to these characteristics are intended to ensure the funds will be available to protect the Share Insurance Fund and do not create incentives for credit unions to engage in unsafe or unsound practices.

The function of supplemental capital is to protect the credit union and the Share Insurance Fund in the event of loss. Supplemental capital, therefore, must be able to absorb losses ahead of the Share Insurance Fund while not conferring control of the credit union to the investor. The instruments must be uninsured and cannot be guaranteed or secured by the credit union or its assets. These features ensure supplemental capital fulfils its ultimate purpose and does not result in unintended encumbrances to the credit union or the Share Insurance Fund.

The degree of permanence is important because the instrument must create sufficient stability in the credit union's capital base to be available to cover losses over a long time period. This is the reason for the minimum five year maturity contained in the Basel accords, the U.S. banking capital regulations, and for secondary capital

[43] 12 CFR 701.34(b).

[44] 61 FR 378 (Feb. 2, 1996).

[45] 12 CFR 5.47(d)(3)(iii).

[46] Basel III was published in December 2010 and revised in June 2011. The text is available at *http://www.bis.org/publ/bcbs189.htm.* The BCBS is a committee of banking supervisory authorities, which was established by the central bank governors of the G–10 countries in 1975. More information regarding the BCBS and its membership is available at *http://www.bis.org/bcbs/about.htm.* Documents issued by the BCBS are available through the Bank for International Settlements Web site at *http://www.bis.org.* See paragraph number 58 for criteria for inclusion in Tier 2 Capital.

[47] 12 U.S.C. 324.20.

for low-income designated credit unions. With respect to secondary capital, a low-income designated credit unions is allowed to have a call option for the portion no longer qualifying as net worth so that they may retire the instrument if it is no longer needed or market conditions allow them to reprice the capital at a lower rate. However, supervisory approval is needed before any call is exercised because it represents a potentially material change to the risk to the Share Insurance Fund.

The alternative capital must be able to absorb losses while the institution is still a going concern, and not just in the case of liquidation. The existing regulatory language regarding secondary capital requires that it is available to ''cover operating losses.'' [48] The term ''operating losses'' has been interpreted to not include the payment of dividends on shares.[49] However, a credit union's inability to fund a dividend rate that is consistent with prevailing rates can create liquidity and reputation risk. Therefore, credit unions may need the flexibility to issue alternative capital instruments that are available to absorb all losses in excess of retained earnings, *including* the payment of dividends on shares.[50] The Board is seeking comment on the exclusion of dividend expenses as an operating expense and seeks comment on how to resolve the complexity that can result from excluding dividend expense from losses applied to secondary capital but not from losses applied to supplemental capital.

Further, the payment of interest on the instruments must be capable of being cancelled on a permanent, noncumulative basis without constituting a default. The interest provisions must also not contain any feature which would provide incentive for the credit union to exercise a call option, such as a large increase in the interest rate. The flexibility of payments ensures investors cannot obviate any risk exposure to their principal through problematic dividend and interest provisions. These criteria are consistent with the criteria for inclusion in Tier 2 capital used by the other banking regulators [51] and are contained in Basel III.[52]

Because of these characteristics, most alternative capital instruments can have relatively low liquidity for the purchaser and there is no guarantee of a secondary market. These characteristics also impact the interest rate the credit union must pay for alternative capital. The Board seeks comment on how to maintain protection of the Share Insurance Fund while minimizing the impact the criteria would have on the cost and marketability of the alternative capital instruments.

A. Approval To Issue and Notice

The Board is considering including an application and notice requirement in any supplemental capital regulations it may issue.[53] The Board notes that requiring a credit union to obtain approval to issue alternative capital and provide a notice of issuance can contribute to ensuring alternative capital instruments are issued in accordance with applicable regulations, part of a sound management plan, and are structured to properly protect the Share Insurance Fund.[54]

The Board notes that currently NCUA requires a low-income designated credit union to submit a ''Secondary Capital Plan'' prior to the acceptance of secondary capital that includes: [55]

- The maximum aggregate amount of secondary capital the low-income designated credit union plans to accept;
- The purpose for which the secondary capital will be used and how it will be repaid;
- Demonstration that the uses of the secondary capital conform to the low-income designated credit union's strategic plan, business plan, and budget; and
- Supporting pro forma financial statements covering a minimum of two years.

The account agreement associated with any alternative capital needs to conform to the standards that ensure it protects the Share Insurance Fund and provide the credit union with flexibility in conducting its daily affairs. The secondary capital regulation currently requires that the low-income designated credit union retain the original account agreement and the ''Disclosure and Acknowledgment'' for the term of the agreement.[56] The regulation does not specifically require a low-income designated credit union to submit to NCUA either a draft account agreement with the application or the executed agreement.

For all forms of alternative capital, the Board seeks comments on the utility of a prior approval process and a post-issuance notification process. The Board can also consider under what conditions prior approval would not be necessary, such as credit unions that are well capitalized with a successful history of issuing alternative capital. When prior approval would be necessary, however, the Board requests comments on what should be required in an application for authority to issue alternative capital, and how long the credit union would have to issue the alternative capital after approval. In addition, the Board request comment on the evaluation criteria NCUA should use to approve or deny the application, including whether or not certain credit unions that are already in danger of failing should be precluded from issuing alternative capital as a form of investor protection. Also, the Board seeks comment on the manner of and what should be included in any post-issuance notice credit unions would file with NCUA.

B. Subordination

Secondary capital must be subordinate to all other claims per the Act.[57] Thus, supplemental capital must have a payout priority senior to secondary capital but still subordinate to the Share Insurance Fund. The requirement that alternative capital instruments are subordinate to the Share Insurance Fund, uninsured shareholders, and general creditors is consistent with the Basel criteria for Tier 2 capital.[58]

Unlike secondary capital, supplemental capital is not subject to provisions in the Act that limit flexibility in structuring payment priorities within and between supplemental capital instruments. For example, a credit union could issue a supplemental capital instrument with

[48] 12 CFR 701.34(b)(7).

[49] 12 CFR 701.34.

[50] If the Board authorizes supplemental capital, it could be possible for low income designated credit unions to concurrently offer both supplemental and secondary capital instruments. The differing treatment of payments on dividends could make the administration of losses applied to alternative capital complex and potentially confusing.

[51] 12 CFR 5.47.

[52] Basel III was published in December 2010 and revised in June 2011. The text is available at *http://www.bis.org/publ/bcbs189.htm. See* paragraph 58 for criteria for inclusion in Tier 2 Capital.

[53] Secondary capital provisions already require low income designated credit unions to obtain prior NCUA approval.

[54] *See.* 12 CFR 5.47(f) and (h) for the OCC's requirements for prior approval for issuance of subordinated debt and for the notice procedure for inclusion as tier 2 capital.

[55] 12 CFR 701.34(b)(1).

[56] *Id.* at § 701.34(b)(11).

[57] 12 U.S.C. 1790d(o)(2)(C)(ii).

[58] Basel III was published in December 2010 and revised in June 2011. The text is available at *http://www.bis.org/publ/bcbs189.htm.* The BCBS is a committee of banking supervisory authorities, which was established by the central bank governors of the G–10 countries in 1975. More information regarding the BCBS and its membership is available at *http://www.bis.org/bcbs/about.htm.* Documents issued by the BCBS are available through the Bank for International Settlements Web site at *http://www.bis.org.* See paragraph number 58 for criteria for inclusion in Tier 2 Capital.

two tranches, a high-yield-high-risk supporting tranche and a lower-yielding-lower risk tranche. Credit unions could also issue supplemental capital instruments that have first in-first out, or last in-first out contractual payment priorities. This flexibility could help credit unions attract investors of different risk tolerances and profiles. The Board seeks comment on whether authorizing supplemental capital regulations should contain any restrictions on payment priority options, and if so, what should they be.

C. Limit on Amount of Supplemental Capital That Counts as Regulatory Capital

While supplemental capital can protect the Share Insurance Fund and uninsured shares from losses, reliance on alternative capital as the primary source of capital is generally unsafe and unsound. Even with a high level of permanent capital, such as retained earnings and common stock, heavy reliance on alternative capital can result in wide fluctuations in capital measures due to the timing of its maturity and negative impact on earnings due to the associated costs.

U.S. bank capital regulations require banks to hold minimum levels of common equity tier 1 capital, total tier 1 capital, and total tier 1 and tier 2 capital to total risk assets that ensures that permanent capital is generally the primary source of regulatory capital.[59] An FDIC-supervised institution must maintain the following minimum capital ratios: [60]

- A common equity tier 1 capital ratio of 4.5 percent;
- A tier 1 capital ratio of 6 percent;
- A total capital ratio of 8 percent; and
- A leverage ratio of 4 percent.[61]

Additionally to be classified as well capitalized a bank must have:

- A total risk-based capital ratio of 10.0 percent or greater;
- A Tier 1 risk-based capital ratio of 8.0 percent or greater;
- A common equity tier 1 capital ratio of 6.5 percent or greater; and
- A leverage ratio of 5.0 percent or greater.[62]

As a result, banks are inherently limited in how much Tier 2 forms of capital will be included in meeting their regulatory capital standards. Most forms of alternative capital likely available to credit unions will be in the form of subordinated debt—which does not meet the standards to qualify as Tier 1 capital.

Neither the Act nor NCUA regulations limit the amount of secondary capital that can make up a low income designated credit union's net worth. Given their unique needs and mission, low-income designated credit unions can primarily rely on secondary capital to meet prompt corrective action requirements, provided their use of the proceeds and overall ongoing management of their secondary capital is otherwise safe and sound. However, the Board believes any regulation for supplemental capital needs to contain some method of preventing supplemental capital, a lower quality of capital, from becoming the primary component of regulatory capital for credit unions. The Board seeks comments on how capital regulations could be designed to limit the amount of supplemental capital included in regulatory capital calculations.

Consistent with Basel, U.S. bank capital standards,[63] and secondary capital regulations, the portion of supplemental capital that would be considered as regulatory capital and included in the calculation of the risk-based net worth requirement would be subject to reductions during the last five years of the life of the instrument. Consistent with secondary capital, at the beginning of the each of last five years of the life of the supplemental capital, the amount that is eligible to be included in the risk-based net worth requirement would be reduced by 20 percent of the original amount of the instrument (less any redemptions that may have occurred). The Board seeks comments on this concept and how to reflect the increasingly limited utility as loss absorbing capital for supplemental capital approaching maturity.

The Board also notes that changing conditions and circumstances may warrant early repayment of alternative capital, in part or in whole. The decision on early repayment must reside with the issuing credit union and not the holder of the instrument, to ensure the permanence of the instrument and prevent undue influence by investors. Currently the secondary capital regulations only allow for early redemption of the amount of secondary capital that is not recognized as net worth, with approval by NCUA.[64]

Regulatory controls over early repayment are necessary to protect the Share Insurance Fund and uninsured shares. Regulatory controls over early repayment are also consistent with the Basel framework for subordinated debt and the other banking agencies' regulations, which provide control over the early repayment of subordinated debt by:

- Requiring all banks to obtain prior approval to prepay or call subordinated debt included in tier 2 capital.[65]
- Prohibiting the holder of subordinated debt from having a contractual right to accelerate principal or interest payments in the instrument, except in the event of a receivership, insolvency, liquidation, or other similar proceeding.[66]
- Prohibiting the exercise of a call option in the first five years following issuance, except in certain very limited circumstances.

Enabling regulations for supplemental capital will need to address the issue of prepayment and call provisions for supplemental capital. The options regarding the abilities of a credit union to prepay supplemental capital could include minimum capital measures after repayment, current and expected future performance measures and notice criteria of varying degrees. The Board invites comments on the topic of prepayment and call provisions for alternative capital and how it should structure any related requirements. Allowing credit unions greater flexibility to eliminate the cost of alternative capital or reprice the instrument under better terms could provide benefits to the credit union. Any alternative to the redemption process would be contingent on the credit union no longer relying on the alternative capital to achieve an appropriate level of capital.

D. Reciprocal Holdings

Regulations for alternative capital need to address reciprocal holdings. Reciprocal holdings exist when two or more credit unions hold each other's alternative capital. Reciprocal holdings

[59] 12 CFR 324.10(a).

[60] The standardized capital ratio calculations are defined in 12 CFR 3.10(b). The Common Equity Tier 1 Capital Ratio is the ratio of Common Equity Tier 1 Capital to standardized total risk-weighted assets. The Tier 1 Capital Ratio is the ratio of Tier 1 Capital to standardized total risk-weighted assets. The Total Capital Ratio is the ratio of total capital (Tier 1 Capital plus Tier 2 Capital) to standardized total risk-weighted assets. The Leverage Ratio is generally Tier 1 Capital to total consolidated assets. The components of regulatory capital are defined in 12 CFR 3.20. Common Equity Tier 1 Capital is generally common stock, retained earnings, and accumulated other comprehensive income. Additional Tier 1 Capital primarily includes noncumulative perpetual preferred stock. Tier 2 Capital generally includes limited allowance for loan and lease losses, certain subordinated debt and preferred stock, and qualifying capital minority interests.

[61] *Id.* at § 324.10(a).

[62] *Id.* at § 324.403(b)(1).

[63] 12 CFR 324.20(d)(iv).

[64] 12 CFR 701.34(d).

[65] *Id.* at § 5.47(d)(1)(vii).

[66] *Id.* at § 5.47(d)(2).

of alternative capital, without some form of adjustment, would artificially inflate the level of capital in the credit union system, create loss transmission channels between credit unions, and could be subject to abuse.

The Board notes a national bank or federal savings association must deduct investments in the capital of other financial institutions it holds reciprocally, where such reciprocal cross holdings result from a formal or informal arrangement to swap, exchange, or otherwise intent to hold each other's capital instruments, by applying the corresponding deduction approach.[67] The Board requests comment on how NCUA should address this concern.

E. Merger

Per the current regulation, in the event of merger of a low-income designated credit union (other than merger into another low-income designated credit union) the secondary capital accounts will be closed and paid out to the investor to the extent they are not needed to cover losses at the time of merger or dissolution. The OCC prohibits a covenant or provision in subordinated debt instruments that requires the prior approval of a purchaser or holder of the subordinated debt note in the case of a voluntary merger where the resulting institution assumes the due and punctual performance of all conditions of the subordinated debt note and where the agreement is not in default of the various other covenants.[68]

In order to avoid any perceptions of an alternative capital holder having ownership rights, any restrictions on merger or other change of control must not interfere with the credit union's ability to exercise its business judgement and management of the credit union in a manner that avoids unsafe and unsound practices. The Board seeks comment on the issue of merging credit unions and how alternative capital should be treated post-merger.

F. Other Restrictions

Supplemental capital must not contain contractual terms that would limit or impede the authority of NCUA or a State Supervisory Authority to undertake supervisory action, as necessary, to protect the issuing credit union's members or the Share Insurance Fund. Any such contractual terms would impose unsafe and unsound limits on the credit union's and regulators' ability to manage the institution and address problems. Affirmative covenants within the supplemental capital note or agreement must not restrict operations or potentially require a credit union to violate a law or regulation. Negative covenants should not unreasonably impair the credit union's flexibility in conducting its operations or interfere with management. Without these restrictions, contractual terms could undermine the purpose of supplemental capital and provide holders of these obligations with unintended rights and control over the credit union's operations. Any representation or warranties contained in the agreements that would require acceleration and repayment of the subordinated debt note because of a technical violation that does not reflect underlying credit issues could be contrary to safety and soundness. The Board seeks comments on the issue of contractual restrictions for alternative capital instruments.

VIII. Supporting Regulatory Changes

A. 701.32—Payment on Shares by Public Unit Nonmembers

Due to the potential use of alternative capital as a funding source similar to public units and nonmembers, the NCUA Board is seeking comment on § 701.32 of NCUA's regulations as it prescribes limits placed on these accounts.

Section 1757(6) of the FCU Act grants federal credit unions the power ''to receive from its members, from other credit unions, from an officer, employee, or agent of those nonmember units of Federal, Indian tribal, State, or local governments and political subdivisions thereof enumerated in section 1787 of this title and in the manner so prescribed, from the Central Liquidity Facility, and from nonmembers in the case of credit unions serving predominately low-income members (as defined by the Board) payments, representing equity, on—(A) shares which may be issued at varying dividend rates; (B) share certificates which may be issued at varying dividend rates and maturities; and (C) share draft accounts authorized under section 1785(f) of this title; subject to such terms, rates, and conditions as may be established by the board of directors, within limitations prescribed by the Board.'' [69]

Currently the regulation limits total public unit and nonmember shares to 20 percent of the total shares of the federal credit union or $3 million, whichever is greater.[70] Federal credit unions seeking to exceed the limit must:

- Adopt a specific written plan concerning the intended use of these shares and provide it to the Regional Director before accepting the funds; and
- Submit a written request to the Regional Director for a new maximum level of public unit and nonmember shares.[71]

Under § 741.204, federally insured state chartered credit unions must adhere to the requirements of § 701.32 regarding public unit and nonmember accounts.[72] This regulation also addresses a federally insured state chartered credit union obtaining a low-income designation, as provided under state law, in order to accept nonmember accounts other than from public units or other credit unions.[73] Additionally this section addressed the ability of a federally insured state chartered credit union to receive and redeem secondary capital consistent with § 701.34 and consistent with applicable state law and regulation.[74]

Because the limitations the NCUA board may prescribe to these accounts is not statutory, the NCUA Board is interested in comments on revisions to this regulation which would reduce the regulatory burden of the waiver process but still provide for adequate protection of the Share Insurance Fund.

B. 701.34—Designation of Low-Income Status; Acceptance of Secondary Capital Accounts by LICUs

Section 701.34 of NCUA's Rules and Regulations sets out the requirements and process for a credit union to receive a low-income designation, the criteria for accepting secondary capital and the inclusion of secondary capital as regulatory capital. NCUA is seeking comment on whether the criteria and process for obtaining the low income designation, the criteria for issuing secondary capital, and the criteria for inclusion of secondary capital as regulatory capital should be in separate regulations.

Section 701.34 could be solely focused on the process to receive a low-income designation. A new section of 701 could be used to address:

- The authority and requirements of secondary capital;
- Grandfathering treatment of existing secondary capital in the event of regulatory changes;

[67] 12 CFR 3.22(c)(3).

[68] 12 CFR 5.47(d)(2)(iv).

[69] 12 U.S.C. 1785(f).

[70] 12 CFR 701.32(b)(1).

[71] *Id.* at § 701.32(b)(2).

[72] *Id.* at § 741.204(a).

[73] *Id.* at § 741.204(b).

[74] *Id.* at § 741.204(c) and (d).

- Requirement to comply with all applicable federal and state laws in the issuance of secondary capital;
- Requirements for written contract agreements covering the terms and conditions of the secondary capital;
- Requirements for disclosures and acknowledgement;
- Investor suitability; and
- Prohibitions.

The items specific to secondary capital's and supplemental capital's inclusion in regulatory capital and related capital adequacy issues could be consolidated into Section 702—Capital Adequacy, including:

- Standards for alternative capital instruments to be counted as regulatory capital;
- Any limits on the amount of alternative capital counted as regulatory capital;
- The role of supplemental capital in approval of a net worth restoration plan;
- Provisions for discounting regulatory capital treatments such as violations of applicable laws or regulation, including any deficiency cure alternatives; and
- Risk weight for an investment in supplemental capital.

C. Payout Priorities

To conform the regulatory payout priorities for supplemental capital, the payout priorities for an involuntary liquidation will need to be revised.[75] Supplemental capital would be listed in the payout priority after uninsured shareholders and the Share Insurance Fund.

D. Other Regulations

The Board seeks comments on any other related changes to existing regulations, such as:

- Modifying the definition of insured shares in 741.4(b) to exclude any equity shares allowed under state law, if they are in fact uninsured;
- Modifying 741.9 to provide for the existence of uninsured accounts issued under state law by FISCUs; and
- Any cohering changes to part 745 as necessary.

By the National Credit Union Administration Board on January 19, 2017.

Gerard Poliquin,

Secretary of the Board.

[FR Doc. 2017–01713 Filed 2–7–17; 8:45 am]

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[75] 12 CFR 709.5.

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

18 CFR Part 40

[Docket No. RM16–20–000]

Remedial Action Schemes Reliability Standard

AGENCY: Federal Energy Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Federal Energy Regulatory Commission proposes to approve Reliability Standard PRC–012–2 (Remedial Action Schemes) submitted by the North American Electric Reliability Corporation. The purpose of proposed Reliability Standard PRC–012–2 is to ensure that remedial action schemes do not introduce unintentional or unacceptable reliability risks to the bulk electric system.

DATES: Comments are due April 10, 2017

ADDRESSES: Comments, identified by docket number, may be filed in the following ways:

- Electronic Filing through *http://www.ferc.gov.* Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format.
- *Mail/Hand Delivery:* Those unable to file electronically may mail or hand-deliver comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street, NE., Washington, DC 20426.

Instructions: For detailed instructions on submitting comments and additional information on the rulemaking process, see the Comment Procedures Section of this document.

FOR FURTHER INFORMATION CONTACT:

Syed Ahmad (Technical Information), Office of Electric Reliability, Division of Reliability Standards and Security, 888 First Street NE., Washington, DC 20426, Telephone: (202) 502–8718, *Syed.Ahmad@ferc.gov.*

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SUPPLEMENTARY INFORMATION:

1. Pursuant to section 215 of the Federal Power Act (FPA), the Commission proposes to approve proposed Reliability Standard PRC–012–2 (Remedial Action Schemes). The North American Electric Reliability Corporation (NERC), the Commission-certified Electric Reliability Organization (ERO), submitted proposed Reliability Standard PRC–012–2 for approval. The purpose of proposed Reliability Standard PRC 012–2 is to ensure that remedial action schemes (RAS) do not introduce unintentional or unacceptable reliability risks to the bulk electric system. In addition, the Commission proposes to approve the associated violation risk factors and violation severity levels, implementation plan, and effective date proposed by NERC. NERC also submitted proposals to retire two currently-effective Reliability Standards and to withdraw three Reliability Standards that are pending review before the Commission. While proposing to approve Reliability Standard PRC–012–2, the Commission seeks clarifying comments addressing ''limited impact'' RAS. Based on comments and information received, the Commission may issue directives as appropriate.

I. Background

A. Section 215 and Mandatory Reliability Standards

2. Section 215 of the FPA requires a Commission-certified ERO to develop mandatory and enforceable Reliability Standards, subject to Commission review and approval.[1] Once approved, the Reliability Standards may be enforced by the ERO subject to Commission oversight, or by the Commission independently.[2] In 2006, the Commission certified NERC as the ERO pursuant to section 215 of the FPA.[3]

B. Order No. 693

3. On March 16, 2007, the Commission issued Order No. 693, approving 83 of the 107 Reliability Standards filed by NERC, including Reliability Standards PRC–015–1 (Remedial Action Scheme Data and Documentation) and PRC–016–1 (Remedial Action Scheme Misoperation).[4] Reliability Standard PRC–015–1 requires transmission owners, generator owners, and distribution providers to maintain a

[1] 16 U.S.C. 824o(c), (d) (2012).

[2] *Id.* 824o(e).

[3] *North American Electric Reliability Corp.,* 116 FERC ¶ 61,062 (ERO Certification Order), *order on reh'g and compliance,* 117 FERC ¶ 61,126 (2006), *order on compliance,* 118 FERC ¶ 61,190, *order on reh'g,* 119 FERC ¶ 61,046 (2007), *aff'd sub nom. Alcoa Inc.* v. *FERC,* 564 F.3d 1342 (D.C. Cir. 2009).

[4] *Mandatory Reliability Standards for the Bulk-Power System,* Order No. 693, FERC Stats. and Regs. ¶ 31,242, *order on reh'g,* Order No. 693–A, 120 FERC ¶ 61,053 (2007).

listing; retain evidence of review; and provide documentation of existing, new or functionally modified special protection systems.[5] Reliability Standard PRC–016–1 requires transmission owners, generator owners, and distribution providers to provide the regional reliability organization with documentation, analyses and corrective action plans for misoperation of special protection systems.[6]

4. In Order No. 693, the Commission determined that proposed Reliability Standard PRC–012–0 was a ''fill-in-the-blank'' Reliability Standard because, while it was proposed to require regional reliability organizations to ensure that all special protection systems are properly designed, meet performance requirements, and are coordinated with other protection systems, NERC had not submitted any regional review procedures with this standard.[7] The Commission also determined that proposed Reliability Standard PRC–013–0 was a ''fill-in-the-blank'' Reliability Standard because, although it was proposed to ensure that all special protection systems are properly designed, meet performance requirements, and are coordinated with other protection systems by requiring the regional reliability organization to maintain a database of information on special protection systems, NERC had not filed any regional procedures for maintaining the databases.[8] Further, the Commission determined that proposed Reliability Standard PRC–014–0 was a ''fill-in-the-blank'' Reliability Standard because, while it was proposed to ensure that special protection systems are properly designed, meet performance requirements, and are coordinated with other protection systems by requiring the regional reliability organization to assess and document the operation, coordination, and compliance with NERC Reliability Standards and effectiveness of special protection systems at least once every five years, NERC had not submitted any regional procedures for this assessment and documentation.[9] The Commission stated that it would not approve or remand proposed Reliability Standards PRC–012–0, PRC–013–0 or PRC–014–0 until NERC submitted the additional necessary information to the Commission.[10]

C. Remedial Acton Schemes

5. On June 23, 2016, the Commission approved NERC's revision to NERC Glossary of Terms that redefines special protection system to have the same definition as RAS, effective April 1, 2017.[11] Effective April 1, 2017, the NERC Glossary of Terms will define Remedial Action Scheme to mean:

> A scheme designed to detect predetermined System conditions and automatically take corrective actions that may include, but are not limited to, adjusting or tripping generation (MW and Mvar), tripping load, or reconfiguring a System(s). RAS accomplish objectives such as:
> • Meet requirements identified in the NERC Reliability Standards;
> • Maintain Bulk Electric System (BES) stability;
> • Maintain acceptable BES voltages;
> • Maintain acceptable BES power flows;
> • Limit the impact of Cascading or extreme events.[12]

The revised RAS definition also identifies fourteen items that do not individually constitute a RAS.

D. NERC Petition and Proposed Reliability Standard PRC–012–2

6. On August 5, 2016, NERC submitted a petition seeking Commission approval of proposed Reliability Standard PRC–012–2.[13] NERC contends that proposed Reliability Standard PRC–012–2 is just, reasonable, not unduly discriminatory or preferential, and in the public interest.[14] NERC explains that the intent of proposed Reliability Standard PRC–012–2 is to supersede ''pending'' Reliability Standards PRC–012–1, PRC–013–1, and PRC–014–1 and to retire and replace currently-effective Reliability Standards PRC–015–1 and PRC–016–1.[15] NERC states that proposed Reliability Standard PRC–012–2 represents substantial improvements over these Reliability Standards because it streamlines and consolidates existing requirements; corrects the applicability of previously unapproved Reliability Standards; and implements a continent-wide RAS review program.[16]

7. NERC states that, in the United States, proposed Reliability Standard PRC–012–2 will apply to reliability coordinators, planning coordinators, and RAS-entities. Proposed Reliability Standard PRC–012–2 defines RAS-entities to include the transmission owner, generation owner, or distribution provider that owns all or part of a RAS.

8. NERC states that proposed Reliability Standard PRC–012–2 includes nine requirements that combine all existing (both effective and ''pending'') Reliability Standards into a single, consolidated, continent-wide Reliability Standard to address all aspects of RAS.[17] NERC states that all of the requirements in Reliability Standard PRC–012–1 except R2 are now covered in Requirements R1, R2, R3, R4, R5, R6, and R8 of proposed Reliability Standard PRC–012–2.[18] NERC explains that Reliability Standard PRC–012–1, Requirement R2 is ''administrative in nature and does not contribute to reliability.'' [19] NERC also states that it established Requirement R9 of proposed Reliability Standard PRC–012–2 to replace the mandate in Reliability Standard PRC–013–1 that responsible entities maintain a RAS database with pertinent technical information for each RAS.[20] NERC explains that proposed Reliability Standard PRC–012–2 Requirements R4 and R6 cover the review and the mandate to take corrective action required by Reliability Standard PRC–014–1.[21] NERC states that it integrated the performance requirements in Reliability Standard PRC–015–1 into proposed Reliability Standard PRC–012–2 Requirements R1, R2, and R3.[22] NERC maintains that it integrated the performance requirements in Reliability Standard PRC–016–1 into proposed Reliability Standard PRC–012–2 Requirements R5, R6, and R7.[23]

9. NERC explains how the nine Requirements in proposed Reliability

[5] *Id.* PP 1529–1533.

[6] *Id.* PP 1534–1540.

[7] *Id.* PP 1517–18, 1520. The Commission used the term ''fill-in-the-blank'' standards to refer to proposed Reliability Standards that required the regional reliability organizations to develop at a later date criteria for use by users, owners or operators within each region. *Id.* P 297.

[8] *Id.* PP 1521, 1522, 1524.

[9] *Id.* PP 1525, 1526, 1528.

[10] *Id.* PP 1520, 1524, 1528.

[11] *N. Am. Elec. Reliability Corp.,* Docket No. RD16–5–000 (June 23, 2016) (delegated letter order); NERC Glossary of Terms, *http://www.nerc.com/files/glossary_of_terms.pdf.*

[12] NERC Glossary of Terms, *http://www.nerc.com/files/glossary_of_terms.pdf; see also Revisions to Emergency Operations Reliability Standards; Revisions to Undervoltage Load Shedding Reliability Standards; Revisions to the Definition of ''Remedial Action Scheme'' and Related Reliability Standards,* Order No. 818, 153 FERC ¶ 61,228, at PP 24, 31 (2015).

[13] Proposed Reliability Standard PRC–012–2 is not attached to this Notice of Proposed Rulemaking. The proposed Reliability Standard is available on the Commission's eLibrary document retrieval system in Docket No. RM16–20–000 and is posted on NERC's Web site, *http://www.nerc.com.*

[14] NERC Petition at 2.

[15] NERC notes that it submitted ''for completeness'' revised versions of Reliability Standards PRC–012–1, PRC–013–1, and PRC–014–1 in its petition to revise the definition of RAS, but NERC did not request Commission approval of the revised Reliability Standards in that proceeding. *Id.* at 1 n.5.

[16] *Id.* at 12–13.

[17] *Id.* at 3.

[18] *Id.* at 40.

[19] *Id.* at 41.

[20] *Id.* at 42.

[21] *Id.* at 43.

[22] *Id.* at 43–44.

[23] *Id.* at 44–45.

Standard PRC–012–2 work together and with other Reliability Standards. Proposed Requirements R1, R2, and R3, together, establish a process for the reliability coordinator to review new or modified RAS schemes.[24] The reliability coordinator must complete the review before an entity places a new or functionally modified RAS into service.

10. Proposed Requirement R4 requires the planning coordinator to perform a periodic evaluation of each RAS within its planning area, at least once every five years.[25] The evaluation must determine, *inter alia,* whether each RAS: (1) Mitigates the system conditions or contingencies for which it was designed; and (2) avoids adverse interactions with other RAS and protection systems. Proposed Requirement R4, Part 4.1.3 footnote 1 defines a certain subset of RAS as ''limited impact'' RAS to mean ''A RAS designated as limited impact cannot, by inadvertent operation or failure to operate, cause or contribute to BES Cascading, uncontrolled separation, angular instability, voltage instability, voltage collapse, or unacceptably damped oscillations.'' [26] Further, proposed Requirement R4, Parts 4.1.3, 4.1.4, and 4.1.5 provide certain exceptions to ''limited impact'' RAS. For example, Part 4.1.5 states that:

> Except for limited impact RAS, a single component failure in the RAS, when the RAS is intended to operate does not prevent the BES from meeting the same performance requirements (defined in Reliability Standard TPL–001–4 or its successor) as those required for the events and conditions for which the RAS is designed.[27]

NERC explains that proposed Requirement R4 ''does not supersede or modify [planning coordinator] responsibilities under Reliability Standard TPL–001–4.'' [28] NERC continues that even though Part 4.1.5 exempts ''limited impact'' RAS from certain aspects of proposed Requirement R4, proposed Reliability Standard PRC–012–2 does not exempt ''limited impact'' RAS from meeting each of the performance requirements in Reliability Standard TPL–001–4.[29]

11. NERC states that prior to development of proposed Reliability Standard PRC–012–2, two NERC Regions, the Northeast Power Coordinating Council (NPCC) and the Western Electric Coordinating Council (WECC), used individual RAS classification regimes to identify RAS that would meet criteria similar to those for RAS described as ''limited impact'' in proposed Reliability Standard PRC–012–2.[30] NERC continues that the standard drafting team identified the Local Area Protection Scheme (LAPS) classification in WECC and the Type III classification in NPCC as consistent with the ''limited impact'' designation.[31] According to NERC, RAS implemented prior to the effective date of proposed Reliability Standard PRC–012–2 that have gone through the regional review processes of WECC or NPCC and that are classified as either a LAPS by WECC or a Type III by NPCC, would be considered a ''limited impact'' RAS for purposes of proposed Reliability Standard PRC–012–2.[32]

12. Proposed Requirements R5, R6, and R7 pertain to the analysis of each RAS operation or misoperation.[33] The RAS-entity must perform an analysis of each RAS operation or misoperation and provide the results to the reviewing reliability coordinator. Further, the RAS-entity must develop and submit a corrective action plan to the reviewing reliability coordinator after learning of a deficiency with its RAS, implement the corrective action plan, and update it as necessary. Proposed Requirement R8 requires periodic testing of RAS performance: Every six years for normal RAS and 12 years for ''limited impact'' RAS.[34] Proposed Requirement R9 requires the reliability coordinator to annually update its RAS database.[35]

13. NERC proposes an implementation plan that includes an effective date for proposed Reliability Standard PRC–012–2 that is the first day of the first calendar quarter that is thirty-six months after the date that the Commission approves the proposed Reliability Standard. Concurrent with the effective date, the implementation plan calls for the retirement of currently-effective Reliability Standards PRC–015–1 and PRC–016–1 and withdrawal of ''pending'' Reliability Standards PRC–012–1, PRC–013–1, and PRC–014–1.

II. Discussion

14. Pursuant to section 215(d)(2) of the FPA, we propose to approve proposed Reliability Standard PRC–012–2 as just, reasonable, not unduly discriminatory or preferential, and in the public interest. We also propose to approve the associated violation risk factors and violation severity levels, implementation plan, and effective date proposed by NERC. Further, we propose to approve the withdrawal of ''pending'' Reliability Standards PRC–012–1, PRC–013–1, and PRC–014–1 and retirement of currently-effective Reliability Standards PRC–015–1 and PRC–016–1, as proposed by NERC.

15. Proposed Reliability Standard PRC–012–2 enhances reliability by addressing all aspects of RAS in a single, continent-wide Reliability Standard and by assigning specific RAS responsibilities to appropriate functional entities. Accordingly, proposed Reliability Standard PRC–012–2 satisfies the relevant directive in Order No. 693. In addition, we agree with NERC that Reliability Standards PRC–015–1 and PRC–016–1 can be retired as proposed in the implementation plan due to their consolidation with proposed Reliability Standard PRC–012–2.

16. NERC's petition states that proposed Reliability Standard PRC–012–2 does not exempt ''limited impact'' RAS from meeting all system performance requirements of Reliability Standard TPL–001–4. We propose to clarify that, consistent with NERC's explanation, proposed Reliability Standard PRC–012–2 will not modify or supersede any system performance obligations under Reliability Standard TPL–001–4.[36] For example, under Reliability Standard TPL–001–4, Table 1 non-consequential load loss may not exceed 75 MW for certain Category P1, P2, or P3 contingencies following the Reliability Standard TPL–001–4 stakeholder process.[37] We seek comment on this proposal.

17. We also seek comment on the processes used to ensure the LAPS or Type III RAS will be compliant with Reliability Standard TPL–001–4 prior to the effective date of Reliability Standard PRC–012–2, including a description of considerations on whether the load disconnected by each RAS installation is consequential or non-consequential, and if non-consequential load loss is greater than 75 MW.[38] We further seek comment on whether the term ''limited

[24] *Id.* at 15–18.

[25] *Id.* at 18–22.

[26] *Id.* at 19 & n.44.

[27] *Id.* at 19.

[28] *Id.* at 28.

[29] *Id.* at 28–29.

[30] *Id.* at 25.

[31] *Id.* at 25–26.

[32] *Id.* at 26.

[33] *Id.* at 29–34.

[34] *Id.* at 34–36.

[35] *Id.* at 36–38.

[36] *See* NERC Petition at 28 (''Requirement R4 of PRC–012–2 does not supersede or modify [planning coordinator] responsibilities under Reliability Standard TPL–001–4. . .'').

[37] Reliability Standard TPL–001–4, Table 1 (Steady State & Stability Performance Extreme Events), footnote 12 and Attachment 1.

[38] The Commission notes that WECC's and NPCC's RAS criteria and associated regional terms found in the ''Technical Justification'' section of proposed Reliability Standard PRC–012–2 were not submitted for approval by NERC and as such are not part of this proceeding.

impact RAS'' should be defined in the Glossary of Terms Used in NERC Reliability Standards.

III. Information Collection Statement

18. The collection of information addressed in this Notice of Proposed Rulemaking is subject to review by the Office of Management and Budget (OMB) under section 3507(d) of the Paperwork Reduction Act of 1995.[39] OMB's regulations require approval of certain information collection requirements imposed by agency rules.[40] Upon approval of a collection(s) of information, OMB will assign an OMB control number and an expiration date. Respondents subject to the filing requirements of a rule will not be penalized for failing to respond to these collections of information unless the collections of information display a valid OMB control number.

19. The Commission will submit the information collection requirement to OMB for its final review and approval. The Commission solicits public comments on the need for this information, whether the information will have practical utility, the accuracy of the burden estimates, ways to enhance the quality, utility, and clarity of the information to be collected or retained, and any suggested methods for minimizing respondents' burden, including the use of automated information techniques.

20. The information collection requirements in this Notice of Proposed Rulemaking in Docket No. RM16–20–000 is associated with FERC–725A (OMB Control No. 1902–0244) and FERC–725G (OMB Control No. 1902–0252).

21. *Public Reporting Burden:* The Commission proposes to approve Reliability Standard PRC–012–2. The proposed Reliability Standard PRC–012–2 consolidates so-called ''fill-in-the-blank'' Reliability Standards PRC–012–1, PRC–013–1 and PRC–014–1, as well as, Commission-approved Reliability Standards PRC–015–1 and PRC–016–1, into one standard. The proposed Reliability Standard PRC–012–2 improves upon the existing standards because it removes ambiguity in NERC's original ''fill-in-the-blank'' Reliability Standards by assigning responsibility to appropriate functional entities. It also streamlines and consolidates the RAS Reliability Standards into one clear, effective Reliability Standard. The number of respondents below is based on an examination of the NERC compliance registry for reliability coordinators, planning coordinators, transmission owners, generation owners, and distribution providers and an estimation of how many entities from that registry will be affected by the proposed Reliability Standard. At the time of Commission review of proposed Reliability Standard PRC–012–2, 15 reliability coordinators, 71 planning coordinators, 328 transmission owners, 930 generation owners, and 367 distribution providers in the United States were registered in the NERC compliance registry. However, under NERC's compliance registration program, entities may be registered for multiple functions, so these numbers incorporate some double counting. The Commission notes that many generation sites share a common generation owner. The following table illustrates the estimated burden to be applied to the information collection.[41]

RM16–20–000 (MANDATORY RELIABILITY STANDARDS: RELIABILITY STANDARD PRC–012–2)

Requirement and respondent category for PRC–012–2	Number of respondents (1)	Number of responses per respondent (2)	Total number of responses (1) * (2) = (3)	Average burden hours and cost per response[42] (4)	Annual burden hours and total annual cost (3) * (4) = (5)
R1. Each RAS-entity (TO, GO, DP).	1,595	1	1,595	(Eng.) 24 hrs. ($1,543); (R.K.) 12 hrs. ($453).	57,420 hrs. (38,280 Eng., 19,140 R.K.); $3,183,556 ($2,461,021 Eng., $722,535 R.K.).
R2. Each Reliability Coordinator.	15	1	15	(Eng.) 16 hrs. ($1,029); (R.K.) 4 hrs. ($151).	300 hrs. (240 Eng., 60 R.K.); $17,695 ($15,430 Eng., $2,265 R.K.).
R4. Each Planning Coordinator.	71	1	71	(Eng.) 16 hrs. ($1,029); (R.K.) 4 hrs. ($151).	1,420 hrs. (1,136 Eng., 284 R.K.); $85,754 ($73,033 Eng., $10,721 R.K.).
R5, R6, R7, and R8. Each RAS-entity (TO, GO, DP).	1,595	1	1,595	(Eng.) 24 hrs. ($1,543); (R.K.) 12 hrs. ($453).	57,420 hrs. (38,280 Eng., 19,140 R.K.); $3,183,556 ($2,461,021 Eng., $722,535 R.K.).
R9. Each Reliability Coordinator.	15	1	15	(Eng.) 10 hrs. ($653); (R.K.) 4 hrs. ($151).	210 hrs. (150 Eng., 60 R.K.); $11,909 ($9,644 Eng., $2,265 R.K.).
TOTAL			3,291		116,770 hrs. (78,086 Eng., 38,684 R.K.); $6,480,470 ($5,020,149 Eng.; $1,460,321 R.K.).

Title: FERC–725A (Mandatory Reliability Standards); FERC–725G (Mandatory Reliability Standards: PRC–012–2).

Action: Revision to existing collections.

[39] 44 U.S.C. 3507(d) (2012).

[40] 5 CFR 1320.11 (2016).

[41] In the burden table, engineering is abbreviated as ''Eng.'' and record keeping is abbreviated as ''R.K.''

[42] The estimates for cost per response are derived using the following formula: Burden Hours per Response * $/hour = Cost per Response. The $64.29/hour figure for an engineer and the $37.75/hour figure for a record clerk are based on the average salary plus benefits data from the Bureau of Labor Statistics.

OMB Control No: 1902–0244 (FERC–725A); 1902–0252 (FERC–725G).

Respondents: Business or other for profit, and not for profit institutions.

Frequency of Responses: Annually.

Necessity of the Information: Proposed Reliability Standard PRC–012–2 sets forth Requirements for remedial action schemes to ensure that remedial action schemes do not introduce unintentional or unacceptable reliability risks to the bulk electric system and are coordinated to provide the service to the system as intended.

Internal review: The Commission has assured itself, by means of its internal review, that there is specific, objective support for the burden estimates associated with the information requirements.

22. Interested persons may obtain information on the reporting requirements by contacting the Federal Energy Regulatory Commission, Office of the Executive Director, 888 First Street NE., Washington, DC 20426 [Attention: Ellen Brown, email: *DataClearance@ferc.gov,* phone: (202) 502–8663, fax: (202) 273–0873].

23. Comments concerning the information collection proposed in this Notice of Proposed Rulemaking and the associated burden estimates should be sent to the Commission in this docket and may also be sent to the Office of Management and Budget, Office of Information and Regulatory Affairs [Attention: Desk Officer for the Federal Energy Regulatory Commission]. For security reasons, comments should be sent by email to OMB at the following email address: *oira_submission@omb.eop.gov.* Please reference FERC–725A and FERC–725G and the docket number of this Notice of Proposed Rulemaking (Docket No. RM16–20–000) in your submission.

IV. Environmental Analysis

24. The Commission is required to prepare an Environmental Assessment or an Environmental Impact Statement for any action that may have a significant adverse effect on the human environment.[43] The action proposed here falls within the categorical exclusion in the Commission's regulations for rules that are clarifying, corrective or procedural, for information gathering, analysis, and dissemination.[44]

V. Regulatory Flexibility Act

25. The Regulatory Flexibility Act of 1980 (RFA)[45] generally requires a description and analysis of proposed rules that will have significant economic impact on a substantial number of small entities.

26. The proposed Reliability Standard PRC–012–2 will apply to approximately 1,681 entities in the United States. Comparison of the applicable entities with the Commission's small business data indicates that approximately 1,025 are small entities or 61 percent of the respondents affected by proposed Reliability Standard PRC–012–2.[46] The Commission estimates for these small entities, proposed Reliability Standard PRC–012–2 may need to be evaluated and documented every five years with a cost of $6,322 for each evaluation. The Commission views this as a minimal economic impact for each entity. Accordingly, the Commission certifies that the proposed Reliability Standard PRC–012–2 will not have a significant economic impact on a substantial number of small entities.

VI. Comment Procedures

27. The Commission invites interested persons to submit comments on the matters and issues proposed in this notice to be adopted, including any related matters or alternative proposals that commenters may wish to discuss. Comments are due April 10, 2017. Comments must refer to Docket No. RM16–20–000, and must include the commenter's name, the organization they represent, if applicable, and their address in their comments.

28. The Commission encourages comments to be filed electronically via the eFiling link on the Commission's Web site at *http://www.ferc.gov.* The Commission accepts most standard word processing formats. Documents created electronically using word processing software should be filed in native applications or print-to-PDF format and not in a scanned format. Commenters filing electronically do not need to make a paper filing.

29. Commenters that are not able to file comments electronically must send an original of their comments to: Federal Energy Regulatory Commission, Secretary of the Commission, 888 First Street NE., Washington, DC 20426.

30. All comments will be placed in the Commission's public files and may be viewed, printed, or downloaded remotely as described in the Document Availability section below. Commenters on this proposal are not required to serve copies of their comments on other commenters.

VII. Document Availability

31. In addition to publishing the full text of this document in the **Federal Register**, the Commission provides all interested persons an opportunity to view and/or print the contents of this document via the Internet through the Commission's Home Page (*http://www.ferc.gov*) and in the Commission's Public Reference Room during normal business hours (8:30 a.m. to 5:00 p.m. Eastern time) at 888 First Street NE., Room 2A, Washington, DC 20426.

32. From the Commission's Home Page on the Internet, this information is available on eLibrary. The full text of this document is available on eLibrary in PDF and Microsoft Word format for viewing, printing, and/or downloading. To access this document in eLibrary, type the docket number excluding the last three digits of this document in the docket number field.

33. User assistance is available for eLibrary and the Commission's Web site during normal business hours from the Commission's Online Support at 202–502–6652 (toll free at 1–866–208–3676) or email at *ferconlinesupport@ferc.gov,* or the Public Reference Room at (202) 502–8371, TTY (202) 502–8659. Email the Public Reference Room at *public.referenceroom@ferc.gov.*

By direction of the Commission.

Issued: January 19, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02331 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

25 CFR Part 140

[178A2100DD/AAKC001030/A0A501010.999900 253G]

RIN 1076–AF30

Traders With Indians

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Advance notice of proposed rulemaking; Tribal consultation.

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[43] *Regulations Implementing the National Environmental Policy Act of 1969,* Order No. 486, 52 FR 47897 (Dec. 17, 1987), FERC Stats. & Regs. Preambles 1986–1990 ¶ 30,783 (1987).

[44] 18 CFR 380.4(a)(2)(ii) (2016).

[45] 5 U.S.C. 601–612 (2012).

[46] The Small Business Administration sets the threshold for what constitutes a small business. Public utilities may fall under one of several different categories, each with a size threshold based on the company's number of employees, including affiliates, the parent company, and subsidiaries. For the analysis in this Notice of Proposed Rulemaking, we apply a 500 employee threshold for each affected entity. Each entity is classified as Electric Bulk Power Transmission and Control (NAICS code 221121).

SUMMARY: This document announces details for Tribal consultation sessions to discuss the advance notice of proposed rulemaking on Licensed Indian Traders, which the Department of the Interior (Department) published on December 9, 2016. The Department is interested in whether to address the Indian trader regulations and, if so, how.

DATES: Please see the **SUPPLEMENTARY INFORMATION** section of this document for dates of the Tribal consultation sessions.

ADDRESSES: Please see the **SUPPLEMENTARY INFORMATION** section of this document for venue information on Tribal consultation sessions.

FOR FURTHER INFORMATION CONTACT: Elizabeth Appel, Director, Office of Regulatory Affairs and Collaborative Action, Office of the Assistant Secretary—Indian Affairs; telephone (202) 273–4680, *elizabeth.appel@bia.gov*.

SUPPLEMENTARY INFORMATION: The Department of the Interior will be hosting consultation sessions with Indian Tribes on the ANPRM regarding whether and how to address the Indian Trader regulations at 25 CFR part 140. We will accept both oral and written communications at these consultation sessions. The following table lists dates and locations for the consultations.

Date	Time (local time zone)	Location
Thursday, February 23, 2017	8:30 a.m.–12 p.m	Swinomish Casino & Lodge, 12885 Casino Drive, Anacortes, WA 98221.
Tuesday, February 28, 2017	8:30 a.m.–12 p.m	Miccosukie Resort & Gaming, 500 SW., 177th Avenue, Miami, FL 33194.
Thursday, March 2, 2017	8:30 a.m.–12 p.m	Harrah's Resort Southern California, 777 Harrah's Rincon Way, Valley Center, CA 92802.
Tuesday, March 7, 2017	8:30 a.m.–12 p.m	The Northern Hotel, 19 N. Broadway, Billings, MT 59101.
Thursday, March 9, 2017	8:30 a.m.–12 p.m	Holiday Inn—Rushmore Plaza, 505 N. 5th Street, Rapid City, SD.
Monday, March 13, 2017	Please see the agenda at the RES 2017 conference hosted by the National Center for American Indian Enterprise Development.	Mirage Resort & Casino, 3400 S. Las Vegas Blvd., Las Vegas, NV 89109.
Tuesday, March 14, 2017	8:30 a.m.–12 p.m	Mystic Lake Casino Hotel, 2400 Mystic Lake Blvd., Prior Lake, MN 55372.
Thursday, March 16, 2017	8:30 a.m.–12 p.m	Seneca Allegany Resort & Casino, 777 Seneca Allegany Blvd., Salamanca, NY 14779.

Please refer to the publication on December 9 (81 FR 89015) for background and information the Department is seeking through this consultation.

Dated: January 31, 2017.

Michael S. Black,

Acting Assistant Secretary—Indian Affairs.

[FR Doc. 2017–02573 Filed 2–7–17; 8:45 am]

BILLING CODE 4337–15–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

50 CFR Part 224

[Docket No. 141216999–6999–02]

RIN 0648–XD669

Endangered and Threatened Wildlife and Plants: Notice of 12-Month Finding on a Petition To List the Gulf of Mexico Bryde's Whale as Endangered Under the Endangered Species Act (ESA); Reopening of Public Comment Period

AGENCY: National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Proposed rule; reopening of public comment period.

SUMMARY: On December 8, 2016, NMFS published a proposed rule to list the Gulf of Mexico Bryde's whale as an endangered species under the Endangered Species Act of 1973 (ESA), with comments due by February 6, 2017. However, in response to a request to extend the public comment period, NMFS has decided to reopen the public comment period by an additional 15 calendar days.

DATES: The deadline for receipt of comments on the proposed rule published on December 8, 2016 (81 FR 88639) is reopened from February 8, 2017 to February 23, 2017. NMFS must receive written comments and information on or before February 23, 2017.

ADDRESSES: You may submit comments, information, or data on this document, identified by docket number NOAA–NMFS–2014–0157 by any of the following methods:

- *Electronic Submissions:* Submit all electronic comments via the Federal eRulemaking Portal. Go to *https://www.regulations.gov/docket?D=NOAA-NMFS-2014-0157,* click the ''Comment Now!'' icon, complete the required fields, and enter or attach your comments;
- *Mail:* NMFS, Southeast Regional Office, 263 13th Avenue South, St. Petersburg, FL 33701;
- *Hand delivery:* You may hand deliver written information to our office during normal business hours at the street address given above.

Instructions: Comments must be submitted by one of the above methods to ensure they are received, documented, and considered by NMFS. Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered. All comments received are a part of the public record and will generally be posted for public viewing on *www.regulations.gov* without change. All personal identifying information (*e.g.,* name, address, etc.) submitted voluntarily by the sender will be publicly accessible. Do not submit confidential business information, or otherwise sensitive or protected information. NMFS will accept anonymous comments (enter ''N/A'' in the required fields if you wish to remain anonymous). The proposed rule, status review report, and other reference materials regarding this determination are available electronically at the NMFS Web site at: *http://sero.nmfs.noaa.gov/protected_resources/brydes_whale/index.html.*

FOR FURTHER INFORMATION CONTACT: Laura Engleby or Calusa Horn, NMFS, Southeast Regional Office (727) 824–

5312 or Marta Nammack, NMFS, Office of Protected Resources (301) 427–8469.

SUPPLEMENTARY INFORMATION: On December 8, 2016, NMFS published a 12-month finding and proposed rule in the **Federal Register** (81 FR 88639) proposing to list the Gulf of Mexico Bryde's whale as an endangered species under the ESA. On December 20, 2016, we published a document in the **Federal Register** (81 FR 92760) correcting two errors made in the proposed rule regarding the scheduled close date of the public comment period and the reference number used to identify public comments submitted electronically through the Federal eRulemaking portal. The 60-day public comment period for the proposed rule ends on February 6, 2017. On January 25, 2017, representatives of potentially affected parties requested an extension of the public comment period to aid in their review of the proposed rulemaking. NMFS has considered the request and will reopen the comment period for 15 calendar days, from February 8, 2017 to February 23, 2017. This reopening provides a total of 75 days for public input and continuing Federal agency reviews to inform NMFS' final decision. NMFS refers the reader to the December 8, 2016, proposed rule (81 FR 88639) for background information concerning the proposed rulemaking as this notice does not repeat the information.

Dated: February 2, 2017.

Alan D. Risenhoover,

Acting Deputy Assistant Administrator for Regulatory Programs, National Marine Fisheries Service.

[FR Doc. 2017–02529 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–22–P

Notices

Federal Register
Vol. 82, No. 25
Wednesday, February 8, 2017

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

Foreign-Trade Zones Board

[S–154–2016]

Approval of Subzone Status; AxisCare Health Logistics, Inc.; Toa Baja, Puerto Rico

On November 4, 2016, the Acting Executive Secretary of the Foreign-Trade Zones (FTZ) Board docketed an application submitted by CODEZOL, C.D., grantee of FTZ 163, requesting subzone status subject to the existing activation limit of FTZ 163, on behalf of AxisCare Health Logistics, Inc., in Toa Baja, Puerto Rico.

The application was processed in accordance with the FTZ Act and Regulations, including notice in the **Federal Register** inviting public comment (81 FR 78773, November 9, 2016). The FTZ staff examiner reviewed the application and determined that it meets the criteria for approval.

Pursuant to the authority delegated to the FTZ Board's Executive Secretary (15 CFR Sec. 400.36(f)), the application to establish Subzone 163E is approved, subject to the FTZ Act and the Board's regulations, including Section 400.13, and further subject to FTZ 163's 923.36-acre activation limit.

Dated: February 2, 2017.

Andrew McGilvray,

Executive Secretary.

[FR Doc. 2017–02589 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation; Opportunity To Request Administrative Review

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

FOR FURTHER INFORMATION CONTACT: Brenda E. Waters, Office of AD/CVD Operations, Customs Liaison Unit, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, telephone: (202) 482–4735.

Background

Each year during the anniversary month of the publication of an antidumping or countervailing duty order, finding, or suspended investigation, an interested party, as defined in section 771(9) of the Tariff Act of 1930, as amended (''the Act''), may request, in accordance with 19 CFR 351.213, that the Department of Commerce (''the Department'') conduct an administrative review of that antidumping or countervailing duty order, finding, or suspended investigation.

All deadlines for the submission of comments or actions by the Department discussed below refer to the number of calendar days from the applicable starting date.

Respondent Selection

In the event the Department limits the number of respondents for individual examination for administrative reviews initiated pursuant to requests made for the orders identified below, the Department intends to select respondents based on U.S. Customs and Border Protection (''CBP'') data for U.S. imports during the period of review. We intend to release the CBP data under Administrative Protective Order (''APO'') to all parties having an APO within five days of publication of the initiation notice and to make our decision regarding respondent selection within 21 days of publication of the initiation **Federal Register** notice. Therefore, we encourage all parties interested in commenting on respondent selection to submit their APO applications on the date of publication of the initiation notice, or as soon thereafter as possible. The Department invites comments regarding the CBP data and respondent selection within five days of placement of the CBP data on the record of the review.

In the event the Department decides it is necessary to limit individual examination of respondents and conduct respondent selection under section 777A(c)(2) of the Act:

In general, the Department finds that determinations concerning whether particular companies should be ''collapsed'' (*i.e.,* treated as a single entity for purposes of calculating antidumping duty rates) require a substantial amount of detailed information and analysis, which often require follow-up questions and analysis. Accordingly, the Department will not conduct collapsing analyses at the respondent selection phase of a review and will not collapse companies at the respondent selection phase unless there has been a determination to collapse certain companies in a previous segment of this antidumping proceeding (*i.e.,* investigation, administrative review, new shipper review or changed circumstances review). For any company subject to a review, if the Department determined, or continued to treat, that company as collapsed with others, the Department will assume that such companies continue to operate in the same manner and will collapse them for respondent selection purposes. Otherwise, the Department will not collapse companies for purposes of respondent selection. Parties are requested to (a) identify which companies subject to review previously were collapsed, and (b) provide a citation to the proceeding in which they were collapsed. Further, if companies are requested to complete a Quantity and Value Questionnaire for purposes of respondent selection, in general each company must report volume and value data separately for itself. Parties should not include data for any other party, even if they believe they should be treated as a single entity with that other party. If a company was collapsed with another company or companies in the most recently completed segment of a proceeding where the Department considered collapsing that entity, complete quantity

and value data for that collapsed entity must be submitted.

Deadline for Withdrawal of Request for Administrative Review

Pursuant to 19 CFR 351.213(d)(1), a party that requests a review may withdraw that request within 90 days of the date of publication of the notice of initiation of the requested review. The regulation provides that the Department may extend this time if it is reasonable to do so. In order to provide parties additional certainty with respect to when the Department will exercise its discretion to extend this 90-day deadline, interested parties are advised that, with regard to reviews requested on the basis of anniversary months on or after February 2017, the Department does not intend to extend the 90-day deadline unless the requestor demonstrates that an extraordinary circumstance prevented it from submitting a timely withdrawal request. Determinations by the Department to extend the 90-day deadline will be made on a case-by-case basis.

The Department is providing this notice on its Web site, as well as in its ''Opportunity to Request Administrative Review'' notices, so that interested parties will be aware of the manner in which the Department intends to exercise its discretion in the future.

Opportunity To Request a Review: Not later than the last day of February 2017,[1] interested parties may request administrative review of the following orders, findings, or suspended investigations, with anniversary dates in February for the following periods:

	Period of review
Antidumping Duty Proceedings Period of Review	
BRAZIL:	
Frozen Warmwater Shrimp, A–351–838	2/1/16–1/31/17
Stainless Steel Bar, A–351–825	2/1/16–1/31/17
FRANCE: Uranium, A–427–818	2/1/16–1/31/17
INDIA:	
Certain Preserved Mushrooms, A–533–813	2/1/16–1/31/17
Certain Cut-To-Length Carbon-Quality Steel Plate, A–533–817	2/1/16–1/31/17
Frozen Warmwater Shrimp, A–533–840	2/1/16–1/31/17
Stainless Steel Bar, A–533–810	2/1/16–1/31/17
INDONESIA:	
Certain Cut-To-Length Carbon-Quality Steel Plate, A–560–805	2/1/16–1/31/17
Certain Preserved Mushrooms, A–560–802	2/1/16–1/31/17
ITALY: Stainless Steel Butt-Weld Pipe Fittings, A–475–828	2/1/16–1/31/17
JAPAN:	
Carbon Steel Butt-Weld Pipe Fittings, A–588–602	2/1/16–1/31/17
Stainless Steel Bar, A–588–833	2/1/16–1/31/17
MALAYSIA: Stainless Steel Butt-Weld Pipe Fittings, A–557–809	2/1/16–1/31/17
MEXICO: Large Residential Washers, A–201–842	2/1/16–1/31/17
PHILIPPINES: Stainless Steel Butt-Weld Pipe Fittings, A–565–801	2/1/16–1/31/17
REPUBLIC OF KOREA:	
Certain Cut-To-Length Carbon-Quality Steel Plate, A–580–836	2/1/16–1/31/17
Large Residential Washers, A–580–868	2/1/16–1/31/17
SOCIALIST REPUBLIC OF VIETNAM:	
Frozen Warmwater Shrimp, A–552–802	2/1/16–1/31/17
Steel Wire Garment Hangers, A–552–812	2/1/16–1/31/17
Utility Scale Wind Towers, A–552–814	2/1/16–1/31/17
TAIWAN: Crystalline Silicon Photovoltaic Products, A–583–853	2/1/16–/31/17
THAILAND: Frozen Warmwater Shrimp, A–549–822	2/1/16–1/31/17
THE PEOPLE'S REPUBLIC OF CHINA:	
Certain Preserved Mushrooms, A–570–851	2/1/16–1/31/17
Crystalline Silicon Photovoltaic Products, A–570–010	2/1/16–1/31/17
Frozen Warmwater Shrimp, A–570–893	2/1/16–1/31/17
Heavy Forged Hand Tools, With or Without Handles, A–570–803	2/1/16–1/31/17
Small Diameter Graphics Electrodes, A–570–929	2/1/16–1/31/17
Uncovered Innerspring Units, A–570–928	2/1/16–1/31/17
Utility Scale Wind Towers, A–570–981	2/1/16–1/31/17
Countervailing Duty Proceedings	
INDIA:	
Certain Cut-To-Length Carbon-Quality Steel Plate, C–533–818	1/1/16–12/31/16
Prestressed Concrete Steel Wire Strand, C–533–829	1/1/16–12/13/16
INDONESIA: Certain Cut-To-Length Carbon-Quality Steel Plate, C–560–806	1/1/16–12/31/16
REPUBLIC OF KOREA:	
Certain Cut-To-Length Carbon-Quality Steel Plate, C–580–837	1/1/16–12/31/16
Large Residential Washers, C–580–869	1/1/16–12/31/16
SOCIALIST REPUBLIC OF VIETNAM: Steel Wire Garment Hangers, C–552–813	1/1/16–12/31/16
THE PEOPLE'S REPUBLIC OF CHINA:	
Crystalline Silicon Photovoltaic Products, C–570–011	1/1/16–12/31/16
Utility Scale Wind Towers, C–570–982	1/1/16–12/31/16

[1] Or the next business day, if the deadline falls on a weekend, federal holiday or any other day when the Department is closed.

Suspension Agreements

None.

In accordance with 19 CFR 351.213(b), an interested party as defined by section 771(9) of the Act may request in writing that the Secretary conduct an administrative review. For both antidumping and countervailing duty reviews, the interested party must specify the individual producers or exporters covered by an antidumping finding or an antidumping or countervailing duty order or suspension agreement for which it is requesting a review. In addition, a domestic interested party or an interested party described in section 771(9)(B) of the Act must state why it desires the Secretary to review those particular producers or exporters. If the interested party intends for the Secretary to review sales of merchandise by an exporter (or a producer if that producer also exports merchandise from other suppliers) which was produced in more than one country of origin and each country of origin is subject to a separate order, then the interested party must state specifically, on an order-by-order basis, which exporter(s) the request is intended to cover.

Note that, for any party the Department was unable to locate in prior segments, the Department will not accept a request for an administrative review of that party absent new information as to the party's location. Moreover, if the interested party who files a request for review is unable to locate the producer or exporter for which it requested the review, the interested party must provide an explanation of the attempts it made to locate the producer or exporter at the same time it files its request for review, in order for the Secretary to determine if the interested party's attempts were reasonable, pursuant to 19 CFR 351.303(f)(3)(ii).

As explained in *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties,* 68 FR 23954 (May 6, 2003), and *Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties,* 76 FR 65694 (October 24, 2011), the Department clarified its practice with respect to the collection of final antidumping duties on imports of merchandise where intermediate firms are involved. The public should be aware of this clarification in determining whether to request an administrative review of merchandise subject to antidumping findings and orders.[2]

The Department no longer considers the non-market economy (NME) entity as an exporter conditionally subject to an antidumping duty administrative reviews.[3] Accordingly, the NME entity will not be under review unless the Department specifically receives a request for, or self-initiates, a review of the NME entity.[4] In administrative reviews of antidumping duty orders on merchandise from NME countries where a review of the NME entity has not been initiated, but where an individual exporter for which a review was initiated does not qualify for a separate rate, the Department will issue a final decision indicating that the company in question is part of the NME entity. However, in that situation, because no review of the NME entity was conducted, the NME entity's entries were not subject to the review and the rate for the NME entity is not subject to change as a result of that review (although the rate for the individual exporter may change as a function of the finding that the exporter is part of the NME entity). Following initiation of an antidumping administrative review when there is no review requested of the NME entity, the Department will instruct CBP to liquidate entries for all exporters not named in the initiation notice, including those that were suspended at the NME entity rate.

All requests must be filed electronically in Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (''ACCESS'') on Enforcement and Compliance's ACCESS Web site at *http://access.trade.gov*.[5] Further, in accordance with 19 CFR 351.303(f)(l)(i), a copy of each request must be served on the petitioner and each exporter or producer specified in the request.

The Department will publish in the **Federal Register** a notice of ''Initiation of Administrative Review of Antidumping or Countervailing Duty Order, Finding, or Suspended Investigation'' for requests received by the last day of February 2017. If the Department does not receive, by the last day of February 2017, a request for review of entries covered by an order, finding, or suspended investigation listed in this notice and for the period identified above, the Department will instruct CBP to assess antidumping or countervailing duties on those entries at a rate equal to the cash deposit of (or bond for) estimated antidumping or countervailing duties required on those entries at the time of entry, or withdrawal from warehouse, for consumption and to continue to collect the cash deposit previously ordered.

For the first administrative review of any order, there will be no assessment of antidumping or countervailing duties on entries of subject merchandise entered, or withdrawn from warehouse, for consumption during the relevant provisional-measures ''gap'' period of the order, if such a gap period is applicable to the period of review.

This notice is not required by statute but is published as a service to the international trading community.

Dated: February 2, 2017.

Gary Taverman,

Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations.

[FR Doc. 2017–02522 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

[2] *See also* the Enforcement and Compliance Web site at *http://trade.gov/enforcement/*.

[3] *See Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings,* 78 FR 65963 (November 4, 2013)

[4] In accordance with 19 CFR 351.213(b)(1), parties should specify that they are requesting a review of entries from exporters comprising the entity, and to the extent possible, include the names of such exporters in their request.

[5] *See Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures,* 76 FR 39263 (July 6, 2011).

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–835]

Finished Carbon Steel Flanges From Italy: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) preliminarily determines that finished carbon steel flanges from Italy are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through March 31, 2016. The estimated weighted-average dumping margins of sales at LTFV are shown in the ''Preliminary Determination'' section of this notice. Interested parties are invited to comment on this preliminary determination.

DATES: Effective February 8, 2017.

FOR FURTHER INFORMATION CONTACT: Edythe Artman or Moses Song, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of

Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–3931 or (202) 482–5041, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on July 20, 2016.[1] We selected two mandatory respondents in this investigation, Metalfar Prodotti Industriali S.p.A. (Metalfar) and Officine Ambrogio Melesi & C. S.r.l. (Melesi). For a complete description of the events that followed the initiation of this investigation, *see* the memorandum that is dated concurrently with this determination and hereby adopted by this notice.[2] A list of topics in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is made available to the public *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at *https://access.trade.gov,* and is available to all parties in the Department's Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at *http://enforcement.trade.gov/frn/.* The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is finished carbon steel flanges from Italy. For a complete description of the scope of the investigation, *see* the ''Scope of the Investigation'' in Appendix I of this notice.

Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice.* The scope published in the *Initiation Notice* contained several typographical errors, which have been corrected in Appendix I.

Methodology

The Department is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Pursuant to section 776(a) of the Act, the Department is preliminarily relying upon facts otherwise available to assign an estimated weighted-average dumping margin to the mandatory respondents in this investigation because both respondents failed to timely provide necessary information requested by the Department, withheld requested information, and significantly impeded the investigation. Further, the Department is preliminarily determining that these mandatory respondents failed to cooperate by not acting to the best of their abilities to comply with requests for information and, thus, the Department is applying adverse facts available (AFA) to the respondents, in accordance with section 776(b) of Act. For a full description of the methodology underlying our preliminary determination, *see* Preliminary Decision Memorandum.

All-Others Rate

Section 733(d)(1)(A)(ii) of the Act provides that, in the preliminary determination, the Department shall determine an estimated ''all-others'' rate for all exporters and producers not individually investigated, in accordance with section 735(c)(5) of the Act. Section 735(c)(5)(A) of the Act states that, generally, the estimated rate for all-others shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act. The estimated weighted-average dumping margins in this preliminary determination were calculated entirely under section 776 of the Act. In cases where no weighted-average dumping margins other than that of zero, that of *de minimis,* or those determined entirely under section 776 of the Act have been established for individually examined entities, in accordance with section 735(c)(5)(B) of the Act, the Department has previously used the simple average of the margins calculated in the petition and applied the result to ''all-other'' entities not individually examined.[3]

In the petition, Weldbend Corporation and Boltex Manufacturing Co., L.P. (collectively, Petitioners) calculated three dumping margins for subject merchandise from Italy.[4] Consistent with our practice, we preliminarily assigned the simple average of these margins, which results in 79.17 percent, as the ''all-others'' rate in this investigation.[5]

Preliminary Determination

The Department preliminarily determines that finished carbon steel flanges from Italy are being, or are likely to be, sold in the United States at LTFV, pursuant to section 733 of the Act, and that the following estimated weighted-average dumping margins exist:

Exporter/manufacturer	Weighted-average dumping margin (percent)
Metalfar Prodotti Industriali S.p.A	204.53
Officine Ambrogio Melesi & C. S.r.l./ASFO S.p.A	204.53
All Others	79.17

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of finished

[1] *See Finished Carbon Steel Flanges from India, Italy, and Spain: Initiation of Less-Than-Fair Value Investigations,* 81 FR 49619 (July 28, 2016) (*Initiation Notice*).

[2] *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, entitled ''Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Finished Carbon Steel Flanges from Italy'' (Preliminary Decision Memorandum), dated concurrently with this notice.

[3] *See Steel Threaded Rod from Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances,* 78 FR 79670, 79671 (December 31, 2013), unchanged in *Steel Threaded Rod from Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances,* 79 FR 14476, 14477 (March 14, 2014); *see also Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany,* 73 FR 21909 (April 23, 2008); unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany,* 73 FR 38986 (July 8, 2008).

[4] *See* Petitions for the Imposition of Antidumping Duties on Imports of Finished Carbon Steel Flanges from India, Italy and Spain and Countervailing Duties on Imports from India, dated June 30, 2016 (the Petition) at Volume III; *see also* Letter from Petitioners to the Department, regarding ''Finished Carbon Steel Flanges from Italy: Second Supplemental Questionnaire Response,'' dated July 13, 2016.

[5] *See Certain Iron Mechanical Transfer Drive Components From Canada: Final Affirmative Determination of Sales at Less Than Fair Value,* 81 FR 75039 (October 28, 2016), and accompanying Issues and Decision Memorandum at Comment 2; *see also Certain Oil Country Tubular Goods From Thailand: Preliminary Determination of Sales at Less Than Fair Value, and Postponement of Final Determination,* 79 FR 10487 (February 25, 2014), and accompanying Preliminary Decision Memorandum, unchanged in *Certain Oil Country Tubular Goods From India, the Republic of Korea, Taiwan, the Republic of Turkey, and the Socialist Republic of Vietnam: Antidumping Duty Orders; and Certain Oil Country Tubular Goods From the Socialist Republic of Vietnam: Amended Final Determination of Sales at Less Than Fair Value,* 79 FR 53691 (September 10, 2014).

carbon steel flanges from Italy, as described in the ''Scope of the Investigation'' in Appendix I, entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits [6] equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) The rate for the mandatory respondents listed above will be the respondent-specific rates we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be the all-others rate. The suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, the Department discloses the calculations performed in connection with a preliminary determination to interested parties within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b). Because the Department preliminarily applied total AFA to each of the mandatory respondents in this investigation, in accordance with section 776 of the Act, there are no calculations to disclose.

Verification

Because the mandatory respondents in this investigation did not provide information requested by the Department, the Department will not conduct verifications of company responses.

Public Comment

Interested parties are invited to comment on this preliminary determination no later than 30 days after the date of publication of the preliminary determination.[7] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.[8] Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) A statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. 19 CFR 351.210(e)(2) requires that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Respondent Melesi has requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination until no later than 135 days after the publication of the preliminary determination in the **Federal Register**, in accordance with section 735(a)(2)(A) of the Act. Melesi also requested the extension of the application of the provisional measures prescribed under section 733(d) of the Act from a four-month period to a period not to exceed six months, in accordance with 19 CFR 351.210(e)(2).[9]

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative; (2) the requesting exporter accounts for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register** and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, we will issue our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.[10]

International Trade Commission Notification

In accordance with section 733(f) of the Act, we are notifying the International Trade Commission (ITC) of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: January 26, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-

[6] *See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations,* 76 FR 61042 (October 3, 2011).

[7] *See* 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements). The Department has exercised its discretion under 19 CFR 351.309(c)(1)(i) to alter the time limit for submission of case briefs.

[8] *See* 19 CFR 351.309(d)(1); *see also* 19 CFR 351.303 (for general filing requirements).

[9] *See* Letter from Melesi, regarding ''Antidumping Duty Investigation of Finished Carbon Steel Flanges from Italy: Request to Extend Antidumping Duty Final Determination in the Event of an Affirmative Preliminary Determination,'' dated January 18, 2017.

[10] *See* 19 CFR 351.210(b)(2) and (e).

burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.,* 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.,* flat face, full face, raised face, *etc.*), configuration (*e.g.,* weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term ''carbon steel'' under this scope is steel in which:

(a) iron predominates, by weight, over each of the other contained elements:

(b) the carbon content is 2 percent or less, by weight; and

(c) none of the elements listed below exceeds the quantity, by weight, as indicated:

(i) 0.87 percent of aluminum;
(ii) 0.0105 percent of boron;
(iii) 10.10 percent of chromium;
(iv) 1.55 percent of columbium;
(v) 3.10 percent of copper;
(vi) 0.38 percent of lead;
(vii) 3.04 percent of manganese;
(viii) 2.05 percent of molybdenum;
(ix) 20.15 percent of nickel;
(x) 1.55 percent of niobium;
(xi) 0.20 percent of nitrogen;
(xii) 0.21 percent of phosphorus;
(xiii) 3.10 percent of silicon;
(xiv) 0.21 percent of sulfur;
(xv) 1.05 percent of titanium;
(xvi) 4.06 percent of tungsten;
(xvii) 0.53 percent of vanadium; or
(xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

1. Summary
2. Background
3. Period of Investigation
4. Scope of the Investigation
5. Scope Comments
6. Postponement of Final Determination and Extension of Provisional Measures
7. Affiliations and Collapsing of Affiliates
8. Application of Facts Available and Use of Adverse Inference
9. Calculation of All-Others Rate
10. Verification
11. Conclusion

[FR Doc. 2017–02605 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–570–043]

Countervailing Duty Investigation of Stainless Steel Sheet and Strip From the People's Republic of China: Final Affirmative Determination, and Final Affirmative Critical Circumstances Determination, in Part

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) determines that countervailable subsidies are being provided to producers and exporters of stainless steel sheet and strip (stainless sheet and strip) from the People's Republic of China (PRC) as provided in section 705 of the Tariff Act of 1930, as amended (the Act). For information on the estimated subsidy rates, see the ''Final Determination'' section of this notice. The period of investigation is January 1, 2015, through December 31, 2015.

DATES: Effective February 8, 2017.

FOR FURTHER INFORMATION CONTACT: Spencer Toubia or David Lindgren, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone (202) 482–0123 or (202) 482–3870, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department published the *Preliminary Determination* on July 18, 2016.[1] A summary of the events that occurred since the Department published the *Preliminary Determination,* as well as a full discussion of the issues raised by parties for this final determination, may be found in the Final Decision Memorandum.[2] The Final Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at *http://access.trade.gov,* and is available to all parties in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Final Decision Memorandum can be accessed directly at *http://enforcement.trade.gov/frn/.* The signed Final Decision Memorandum and the electronic version are identical in content.

Period of Investigation

The period of investigation (POI) for which we are measuring subsidies is January 1, 2015, through December 31, 2015.

Scope Comments

In accordance with the Preliminary Scope Determination, the Department set aside a period of time for parties to address scope issues in case briefs or other written comments on scope issues.[3] No interested parties submitted scope comments in case or rebuttal briefs; therefore, the scope of this investigation remains unchanged for this final determination.

Scope of the Investigation

The product covered by this investigation is stainless sheet and strip from the PRC. For a complete description of the scope of this investigation, *see* the ''Scope of the Investigation,'' in Appendix II of this notice.

Analysis of Subsidy Programs and Comments Received

The subsidy programs under investigation and the issues raised in the case and rebuttal briefs by parties in this investigation are discussed in the Final Decision Memorandum. A list of the issues that parties raised, and to which we responded in the Final

[1] *See Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Affirmative Determination and Alignment of Final Determination with Final Antidumping Duty Determination,* 81 FR 46643 (July 18, 2016) (*Preliminary Determination*).

[2] *See* Memorandum, ''Issues and Decision Memorandum for the Final Determination in the Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China,'' (Final Decision Memorandum), dated concurrently with this determination and hereby adopted by this notice.

[3] *See* Memorandum, ''Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Scope Memorandum for the Antidumping and Countervailing Duty Investigations,'' September 9, 2016.

Decision Memorandum, is attached to this notice at Appendix I.

Use of Adverse Facts Available

The Department, in making these findings, relied, in part, on facts available, and because one or more respondents failed to cooperate by not acting to the best of their ability, we made adverse inferences.[4] For the final determination, we are basing the countervailing duty (CVD) rates for Ningbo Baoxin Stainless Steel Co., Ltd. (Ningbo Baoxin) and Daming International Import Export Co Ltd (Daming) on facts otherwise available, pursuant to sections 776(a)(2)(A) and (C) of the Tariff Act of 1930, as amended (the Act). Further, because Ningbo Baoxin and Daming did not cooperate to the best of their ability in this investigation, we also determine that an adverse inference is warranted, pursuant to section 776(b) of the Act. For further information, *see* the *Preliminary Determination* as well as the section ''Use of Facts Otherwise Available and Adverse Inferences,'' in the Final Decision Memorandum.

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, and minor corrections accepted at verification, we made certain changes to the respondents' subsidy rate calculations since the *Preliminary Determination.* For a discussion of these changes, *see* the Final Decision Memorandum and the Final Analysis Memorandum.[5]

Final Affirmative Determination of Critical Circumstances, in Part

Prior to the *Preliminary Determination,* the Department found that critical circumstances exist with respect to imports of stainless sheet and strip from the PRC for Shanxi Taigang Stainless Steel Co. Ltd. (Taigang), Ningbo Baoxin, Daming, and ''all other'' companies.[6] Upon further analysis of the data and comments submitted by interested parties following the *Preliminary Determination,* we are modifying our findings for the *Final Determination.*[7] Specifically, in accordance with section 705(a)(2) of the Act, we find that critical circumstances exist with respect to imports from Ningbo Baoxin and Daming, but do not exist for Taigang and ''all other'' producers or exporters.[8]

Final Determination

In accordance with section 705(c)(1)(B)(i)(I) of the Act, we established rates for Taigang (the only individually investigated exporter/producer of the subject merchandise that participated in this investigation), and for Ningbo Baoxin and Daming (which were assigned a rate based on adverse facts available (AFA)).

In accordance with sections 705(c)(1)(B)(i)(I) and 705(c)(5)(A)(i) of the Act, for companies not individually investigated, we apply an ''all-others'' rate, which is normally calculated by weight averaging the subsidy rates of the individual companies selected for individual examination with those companies' export sales of the subject merchandise to the United States, excluding any zero and *de minimis* rates calculated for the exporters and producers individually investigated, and any rates determined entirely under section 776 of the Act. Consistent with section 705(c)(5)(A)(i) of the Act, we, therefore, have excluded the AFA rate assigned to Ningbo Baoxin and Daming from the determination of the all-others rate.

Because the only individually calculated rate that is not zero, *de minimis,* or based entirely on facts otherwise available is the rate calculated for Taigang, in accordance with section 705(c)(5)(A)(i) of the Act, the rate calculated for Taigang is assigned as the ''all-others'' rate. The estimated countervailable subsidy rates are summarized in the table below.

Company	Subsidy rate (%)
Shanxi Taigang Stainless Steel Co. Ltd	75.60
Ningbo Baoxin Stainless Steel Co., Ltd., Baosteel Stainless Steel Co Ltd, Baoshan Iron & Steel Co, Ltd., Baosteel Desheng Stainless Steel Co., Ltd, Baosteel Co., Ltd., Bayi Iron & Steel Co., Ltd., Ningbo Iron & Steel Co., Ltd., Shaoguan Iron & Steel Co., Ltd., Guangdong Shaoguan Iron & Steel Co., Ltd., and Zhanjiang Iron & Steel Co., Ltd	190.71
Daming International Import Export Co Ltd. and Tianjin Taigang Daming Metal Product Co., Ltd	190.71
All-Others	75.60

Continuation of Suspension of Liquidation

As a result of our *Preliminary Determination,* and pursuant to sections 703(d)(1)(B), (d)(2), and (e)(2) of the Act, we instructed U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of merchandise under consideration from the PRC that were entered or withdrawn from warehouse, for consumption, on or after April 19, 2016. In accordance with section 703(d) of the Act, we issued instructions to CBP to discontinue the suspension of liquidation for CVD purposes for subject merchandise entered, or withdrawn from warehouse, for consumption, on or after November 14, 2016, but to continue the suspension of liquidation of all entries from April 19, 2016, through November 13, 2016.

If the U.S. International Trade Commission (the ITC) issues a final affirmative injury determination, we will issue a CVD order and will reinstate the suspension of liquidation under section 706(a) of the Act and will require a cash deposit of estimated CVDs for such entries of subject merchandise in the amounts indicated above. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or canceled. Further, because we find critical circumstances do not exist for Taigang and ''all other'' producers or exporters, we will terminate the retroactive suspension of liquidation ordered at the Preliminary Determination and release any cash deposits that were required during that period, consistent with section 705(c)(3) of the Act.

[4] *See* sections 776(a) and (b) of the Act.

[5] *See* Final Decision Memorandum; *see also* Memorandum, ''Final Determination Analysis for Shanxi Taigang Stainless Steel Co. Ltd.,'' dated concurrently with this determination and hereby adopted by this notice.

[6] *See Countervailing Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China: Preliminary Determination of Critical Circumstances,* 81 FR 41519 (June 27, 2016).

[7] For a full description of the methodology and results of our analysis, *see* the Final Decision Memorandum.

[8] *See* Final Decision Memorandum.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information related to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order (APO), without the written consent of the Assistant Secretary for Enforcement and Compliance.

Notification Regarding Administrative Protective Orders

In the event the ITC issues a final negative injury determination, this notice serves as the only reminder to parties subject to an APO of their responsibility concerning the destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction.

This determination is issued and published pursuant to sections 705(d) and 777(i) of the Act.

Dated: February 1, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix I—List of Topics Discussed in the Final Decision Memorandum

I. Summary
II. Background
III. Final Determination of Critical Circumstances, in Part
IV. Scope Comments
V. Scope of the Investigation
VI. Application of the Countervailing Duty Law to Imports from the PRC
VII. Subsidies Valuation Information
VIII. Benchmarks and Discount Rates
IX. Use of Facts Otherwise Available and Adverse Inferences
X. Analysis of Programs
XI. Analysis of Comments
Comment 1: Subsidies Received by Taigang Xinlei
Comment 2: Previously Unreported Government Grants Received by the Taigang Companies Discovered at Verification
Comment 3: TISCO's Exemption from Distributing Dividends to the State
Comment 4: Equity Investments in Taigang Wanbang
Comment 5: The Department's Preliminary Calculations Relating to the Provision of Land for LTAR Significantly Understate the Countervailable Benefit to TISCO
Comment 6: The Department's Preliminary Calculations Contain Errors in Certain Formulas for Calculating the Benefit from the Provision of Electricity for LTAR
Comment 7: The Department Must Use Taigang's Consolidated Sales in Calculating Any Subsidy Rate with Respect to Subsidies Received Directly by Taigang
Comment 8: The Correct Benchmark for Nickel Pig Iron
Comment 9: Provision of Inputs and Financing from Taigang's Cross-Owned Affiliates
Comment 10: Countervailability of Certain Chromium Purchases
Comment 11: Use of AFA in Finding Deed Tax Exemption Used by Taigang/Untimely Submission
XII. Recommendation

Appendix II—Scope of the Investigation

The merchandise covered by this investigation is stainless steel sheet and strip, whether in coils or straight lengths. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product with a width that is greater than 9.5 mm and with a thickness of 0.3048 mm and greater but less than 4.75 mm, and that is annealed or otherwise heat treated, and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.,* cold-rolled, annealed, tempered, polished, aluminized, coated, painted, varnished, trimmed, cut, punched, or slit, etc.) provided that it maintains the specific dimensions of sheet and strip set forth above following such processing. The products described include products regardless of shape, and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.,* products which have been ''worked after rolling'' (*e.g.,* products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above: (1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above; and (2) where the width and thickness vary for a specific product (*e.g.,* the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, etc.), the measurement at its greatest width or thickness applies.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded.

Subject merchandise includes stainless steel sheet and strip that has been further processed in a third country, including but not limited to cold-rolling, annealing, tempering, polishing, aluminizing, coating, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the stainless steel sheet and strip.

Excluded from the scope of this investigation are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and not pickled or otherwise descaled; (2) plate (*i.e.,* flat-rolled stainless steel products of a thickness of 4.75 mm or more); and (3) flat wire (*i.e.,* cold-rolled sections, with a mill edge, rectangular in shape, of a width of not more than 9.5 mm).

The products under investigation are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.13.0081, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.23.0030, 7219.23.0060, 7219.24.0030, 7219.24.0060, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.32.0045, 7219.32.0060, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.33.0045, 7219.33.0070, 7219.33.0080, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.34.0050, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.35.0050, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

[FR Doc. 2017–02577 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–042]

Antidumping Duty Investigation of Stainless Steel Sheet and Strip From the People's Republic of China: Final Determination of Sales at Less Than Fair Value and Final Affirmative Determination of Critical Circumstances

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

DATES: Effective February 8, 2017.

SUMMARY: The Department of Commerce (the Department) determines that imports of stainless steel sheet and strip (stainless sheet and strip) from the People's Republic of China (PRC) is being, or is likely to be, sold in the United States at less than fair value

(LTFV). The period of investigation (POI) is July 1, 2015, through December 31, 2015. The final weighted-average dumping margins for the investigation on stainless sheet and strip from the PRC are listed below in the ''Final Determination'' section of this notice. We continue to find that critical circumstances exist for the PRC-wide entity and the separate rate companies that were not selected for individual examination.

FOR FURTHER INFORMATION CONTACT: Alexander Cipolla, or Kathryn Wallace, AD/CVD Operations, Office VII, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–4956 or (202) 482–6251 respectively.

SUPPLEMENTARY INFORMATION:

Background

On September 19, 2016, the Department published its affirmative preliminary determination that stainless sheet and strip from the PRC is being, or is likely to be, sold in the United States at less than fair value, as provided by section 733 of the Tariff Act of 1930, as amended (the Act).[1] The following events occurred since the *Preliminary Determination.* On October 21, 2016, the Department issued a postponement of the Final Determination.[2] We invited interested party comments on the *Preliminary Determination* in this investigation. On November 2, 2016, mandatory respondent, Shanxi Taigang Stainless Steel Co., Ltd (Taigang) submitted a case brief. On November 14, 2016, Petitioners filed a rebuttal case brief.[3] On January 17, 2017, the Department held hearing with respect to this investigation. For a complete discussion of the issues raised in the case and rebuttal briefs, *see* the Issues and Decision Memorandum.[4]

Period of Investigation

The POI is July 1, 2015, through December 31, 2015. This period corresponds to the two most recent fiscal quarters prior to the month of the filing of the petition.[5]

Scope of the Investigation

The product covered by this investigation is stainless sheet and strip. For a complete description of the scope of this investigation, *see* Appendix I.

Final Affirmative Determination of Critical Circumstances

We continue to find that critical circumstances exist for the PRC-wide entity and non-selected respondents eligible for a separate rate, in accordance with section 735(a)(3) of the Act and 19 CFR 351.206. For a full description of the methodology and results of our analysis, *see* the *Preliminary Determination,* unchanged in the Issues and Decision Memorandum.

Separate Rates

In the *Preliminary Determination,* we found that evidence provided by Taiyuan Ridetaixing Precision Stainless Steel Incorporated Co., Ltd. (Ridetaixing), and Zhangjiagang Pohang Stainless Steel Co., Ltd. (ZPSS) supported finding an absence of both *de jure* and *de facto* government control, and, therefore, we preliminarily granted a separate rate to each of these companies.[6] In addition, in the *Preliminary Determination,* we found Tiancheng Stainless Steel Products Co., Ltd. (Tiancheng), Taigang and Tianjin Taigang Daming Metal Product Co., Ltd. (Daming) to be ineligible for a separate rate.[7] For the final determination, we continue to find that Ridetaixing and ZPSS are eligible for separate rates.

With respect to Taigang, we determined in the *Preliminary Determination* that it failed to demonstrate an absence of *de facto* government contro, and, thus, the Department did not grant Taigang a separate rate. For this final determination, we continue to find, based on record evidence, that Taigang failed to demonstrate an absence of *de facto* government control, and we are, therefore, not granting Taigang a separate rate. For further discussion of this issue, see the *Issues and Decision Memorandum* at Issue 5.

We have looked to sections 735(c)(5)(A)–(B) of the Act for guidance in determining the rate applicable to separate rate respondents not selected for individual examination. Under section 735(c)(5)(A) of the Act, the rate for all other companies that have not been individually examined is normally an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely on the basis of facts available. In this investigation, both exporters selected for individual examination have been found to be part of the PRC-wide entity, which is receiving an antidumping duty rate based entirely on facts otherwise available with an adverse inference. Therefore, looking to section 735(c)(5)(B) of the Act, the Department is using ''any reasonable method'' to determine the rate for exporters that are not being individually examined and found to be entitled to a separate rate, as we did in the *Preliminary Determination.* As such, we continue to assign the simple average of the two petition rates (*i.e.,* 63.86 percent) to the separate rate applicants not individually examined.[8]

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this investigation are addressed in the *Issues and Decision Memorandum* accompanying this notice, which is hereby adopted by this notice. A list of the issues which the parties raised and to which the Department responded in the memorandum appears in Appendix II of this notice. The *Issues and Decision Memorandum* is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at *http://access.trade.gov* and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly at *http://enforcement.trade.gov/frn/.* The signed and electronic versions of the memorandum are identical in content.

[1] *See Stainless Steel Sheet and Strip From the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Preliminary Affirmative Determination of Critical Circumstances,* 81 FR 64135 (September 19, 2016) (*Preliminary Determination*) and the accompanying Preliminary Determination Memorandum.

[2] *See Stainless Steel Sheet and Strip from the People's Republic of China: Postponement of Final Determination of Sales at Less Than Fair Value Investigation,* 81 FR 72776 (October 21, 2016).

[3] Petitioners are AK Steel Corporation, Allegheny Ludlum, LLC d/b/a ATI Flat Rolled Products, North American Stainless, and Outokumpu Stainless USA, LLC.

[4] *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, regarding ''Decision Memorandum for the Final Determination in the Antidumping Duty Investigation of Stainless Steel Sheet and Strip from the People's Republic of China,'' (February 1, 2017) (Issues and Decision Memorandum), which is hereby adopted by this notice.

[5] *See* 19 CFR 351.204(b)(1).

[6] *See* Preliminary Decision Memorandum at 10–13.

[7] *Id.* at 12.

[8] *See Preliminary Determination.*

Changes Since the Preliminary Determination

Based on our review and analysis of the comments received from parties, we made certain changes to the separate rate and PRC-wide entity cash deposit rates since the *Preliminary Determination.* For a discussion of these changes, *see* the *Issues and Decision Memorandum,* dated concurrently with this notice.[9]

PRC-Wide Rate

In our *Preliminary Determination,* we found that the PRC-wide entity, which includes Taigang, Daming, and other PRC exporters and/or producers that did not respond to the Department's requests for information, failed to provide necessary information, withheld information requested by the Department, failed to provide information in a timely manner, and significantly impeded this proceeding by not submitting the requested information. As a result, we preliminarily determined to calculate the PRC-wide rate on the basis of adverse facts available (AFA), pursuant to sections 776(a)–(b) of the Act. As AFA, we determined to use the highest petition margin (76.64 percent) and corroborated that margin. For this final determination, we continue to rely on AFA in determining the rate for the PRC-wide entity and to select 76.64 percent as the dumping margin for the PRC-wide entity.

Combination Rates

In the *Initiation Notice,* the Department stated that it would calculate combination rates for the respondents that are eligible for a separate rate in this investigation.[10] Policy Bulletin 05.1 describes this practice.[11]

Final Determination

The Department determines that imports of stainless sheet and strip from the PRC is being, or is likely to be, sold in the United States at LTFV as provided in section 735 of the Act and determines that the estimated final weighted-average dumping margins are as follows:

Exporter	Producer	Weighted-average dumpin margin (%)	Cash deposit (%)
Taiyuan Ridetaixing Precision Stainless Steel Incorporated Co., Ltd.	Taiyuan Ridetaixing Precision Stainless Steel Incorporated Co., Ltd.	63.86	45.26
Zhangjiagang Pohang Stainless Steel Co., Ltd	Zhangjiagang Pohang Stainless Steel Co., Ltd	63.86	45.26
PRC-Wide Entity	PRC-Wide Entity	76.64	58.04

Disclosure

We intend to disclose to parties the calculations performed in this proceeding within five days of any public announcement of this notice in accordance with 19 CFR 351.224(b).

Continuation of Suspension of Liquidation

As noted above, for this final determination, the Department found that critical circumstances exist with respect to imports of the subject merchandise from the PRC-wide entity and the non-selected separate rate respondents. Therefore, in accordance with section 735(c)(4)(A) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all imports of the merchandise subject to the investigation, that were entered or withdrawn from warehouse, for consumption on or after June 21, 2016, 90 days prior to publication of the *Preliminary Determination* in the **Federal Register**, and require a cash deposit for such entries as noted below.

Pursuant to 19 CFR 351.205(d) and section 735(c)(1)(B)(ii) of the Act, we will instruct CBP to require a cash deposit [12] for all suspended entries at an *ad valorem* rate equal to the weighted-average amount by which normal value exceeds U.S. price, as follows: (1) The cash deposit rate for the exporter/producer combination listed in the table above will be the dumping margin identified for that combination in the table adjusted, where appropriate,[13] for export subsidies and estimated domestic subsidy pass-through; [14] (2) for all combinations of PRC exporters/producers of merchandise under consideration that have not received their own separate rate above, the cash-deposit rate will be the dumping margin established for the PRC-wide entity, which will be adjusted, where appropriate for export subsidies and estimated domestic subsidy pass-through; and (3) for all non-PRC exporters of the merchandise under consideration which have not received their own separate rate above, the cash-deposit rate will be the cash deposit rate applicable to the PRC exporter/producer combination that supplied that non-PRC exporter. These suspension of liquidation and cash deposit instructions will remain in effect until further notice.

The cash deposit rates were adjusted by the countervailing duty attributable to export subsidies. Pursuant to 777A(f) of the Act, we are also adjusting final cash deposit rates for estimated domestic subsidy pass-through, where appropriate.[15]

International Trade Commission Notification

In accordance with section 735(d) of the Act, we will notify the International Trade Commission (ITC) of the final affirmative determination of sales at less than fair value. Because the final determination in this proceeding is

[9] *See* Issues and Decision Memorandum, dated concurrently with this memorandum.

[10] *See Stainless Steel Sheet and Strip from the People's Republic of China: Initiation of Antidumping Duty Investigation,* 81 FR 12711 (March 10, 2016) (*Initiation Notice*).

[11] *See* Enforcement and Compliance Policy Bulletin No. 05.1 ''Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations involving Non-Market Economy Countries,'' (April 5, 2005) (Policy Bulletin 05.1), available on the Department's Web site at *http://enforcement.trade.gov/policy/bull05-1.pdf.*

[12] *See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations,* 76 FR 61042 (October 3, 2011).

[13] If the ITC makes an affirmative final determination, we will adjust the cash deposit rates by deducting applicable final export subsidy and domestic pass-through rates from the final dumping margins.

[14] *See* sections 772(c)(1)(C) and 777A(f) of the Act, respectively. Unlike in administrative reviews, the Department makes an adjustment for export subsidies in investigations not in the margin-calculation program, but to the cash-deposit rate. *See Notice of Final Determination of Sales at Less Than Fair Value, and Negative Determination of Critical Circumstances: Certain Lined Paper Products from India,* 71 FR 45012 (August 8, 2006), and accompanying Issues and Decision memorandum at Comment 1.

[15] *Id.* at Issue 2.

affirmative, the ITC will make its final determination, in accordance with section 735(b)(2) of the Act, as to whether the domestic industry in the United States is materially injured, threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of passenger tires from the PRC, no later than 45 days after our final determination. If the ITC determines that material injury, threat of material injury, or material retardation does not exist, this proceeding will be terminated and all cash deposits posted will be refunded or canceled. If the ITC determines that such injury or material retardation does exist, then the Department will issue an antidumping duty order directing CBP to assess, upon further instruction by the Department, antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Orders

In the event the ITC issues a final negative injury determination, this notice will serve as the only reminder to parties subject to an administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return or destruction of APO materials, or conversion to judicial protective order, is hereby requested. Failure to comply with the regulations and terms of an APO is a violation subject to sanction. This determination and notice are issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Dated: January 1, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix I—Scope of the Investigation

The merchandise covered by this investigation is stainless steel sheet and strip, whether in coils or straight lengths. Stainless steel is an alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The subject sheet and strip is a flat-rolled product with a width that is greater than 9.5 mm and with a thickness of 0.3048 mm and greater but less than 4.75 mm, and that is annealed or otherwise heat treated, and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.,* cold-rolled, annealed, tempered, polished, aluminized, coated, painted, varnished, trimmed, cut, punched, or slit, *etc.*) provided that it maintains the specific dimensions of sheet and strip set forth above following such processing. The products described include products regardless of shape, and include products of either rectangular or non-rectangular cross-section where such cross-section is achieved subsequent to the rolling process, *i.e.,* products which have been ''worked after rolling'' (*e.g.,* products which have been beveled or rounded at the edges).

For purposes of the width and thickness requirements referenced above: (1) Where the nominal and actual measurements vary, a product is within the scope if application of either the nominal or actual measurement would place it within the scope based on the definitions set forth above; and (2) where the width and thickness vary for a specific product (*e.g.,* the thickness of certain products with non-rectangular cross-section, the width of certain products with non-rectangular shape, *etc.*), the measurement at its greatest width or thickness applies.

All products that meet the written physical description, and in which the chemistry quantities do not exceed any one of the noted element levels listed above, are within the scope of this investigation unless specifically excluded.

Subject merchandise includes stainless steel sheet and strip that has been further processed in a third country, including but not limited to cold-rolling, annealing, tempering, polishing, aluminizing, coating, painting, varnishing, trimming, cutting, punching, and/or slitting, or any other processing that would not otherwise remove the merchandise from the scope of the investigation if performed in the country of manufacture of the stainless steel sheet and strip.

Excluded from the scope of this investigation are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and not pickled or otherwise descaled; (2) plate (*i.e.,* flat-rolled stainless steel products of a thickness of 4.75 mm or more); and (3) flat wire (*i.e.,* cold-rolled sections, with a mill edge, rectangular in shape, of a width of not more than 9.5 mm).

The products under investigation are currently classifiable under Harmonized Tariff Schedule of the United States (HTSUS) subheadings 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.13.0081, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.23.0030, 7219.23.0060, 7219.24.0030, 7219.24.0060, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.32.0045, 7219.32.0060, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.33.0045, 7219.33.0070, 7219.33.0080, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.34.0050, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.35.0050, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of this proceeding is dispositive.

Appendix II—Outline of the Issues and Decision Memorandum

I. Summary
II. Background
III. Scope Comments
IV. Scope of the Investigation
V. Use of Adverse Facts Available
VI. Critical Circumstances
VII. Separate Rates
VIII. Combination Rates
IX. PRC-Wide Rate
X. Adjustment Under Section 777A(F) of the Act
XI. Adjustment to Cash Deposit Rate for Export Subsidies
XII. Discussion of the Issues
XIII. Recommendation

List of Topics Discussed in the Issues and Decision Memorandum

Issue 1: Whether the Department's Investigation and Decision Not to Verify Taigang Were Lawful
Issue 2: Whether the Department Should Apply a Double-Remedy Adjustment for Domestic Subsidies Countervailed in the Accompanying CVD Investigation
Issue 3: Whether the Department has the Statutory Authority to Issue a Country-Wide ''PRC-Entity'' AD Rate, and Whether the Department has Justification for Applying FA or AFA to Taigang
Issue 4: Whether the Department's Presumption of PRC Government Control is Outdated
Issue 5: Whether Taigang's Export Activities Are Controlled by the Chinese Government

[FR Doc. 2017–02576 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–871]

Finished Carbon Steel Flanges From India: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) preliminarily determines that finished carbon steel flanges from India are being, or are likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through March 31, 2016. The estimated weighted-average dumping margins of sales at LTFV are shown in the ''Preliminary Determination'' section of this notice. Interested parties are invited

to comment on this preliminary determination.

DATES: Effective February 8, 2017.

FOR FURTHER INFORMATION CONTACT: Fred Baker or Mark Flessner, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–2924 or (202) 482–6312, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on July 20, 2016.[1] We selected two mandatory respondents in this investigation, Norma (India) Limited and R.N. Gupta & Co., Ltd.[2] For a complete description of the events that followed the initiation of this investigation, *see* the memorandum that is dated concurrently with this determination and hereby adopted by this notice.[3] A list of topics in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is made available to the public via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at *https://access.trade.gov,* and is available to all parties in the Department's Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at *http://enforcement.trade.gov/frn/.* The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

[1] *See Finished Carbon Steel Flanges from India, Italy, and Spain: Initiation of Less-Than-Fair-Value Investigations,* 81 FR 49619 (July 28, 2016) (*Initiation Notice*).

[2] *See* Memorandum from Fred Baker to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled, ''Respondent Selection for the Antidumping Duty Investigation of Finished Carbon Steel Flanges from India,'' dated September 20, 2016 (Respondent Selection Memorandum).

[3] *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, entitled ''Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Finished Carbon Steel Flanges from India,'' dated concurrently with this notice (Preliminary Decision Memorandum).

Scope of the Investigation

The product covered by this investigation is finished carbon steel flanges from India. For a full description of the scope of this investigation, *see* the ''Scope of the Investigation,'' in Appendix I of this notice.

Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice.* The scope published in the *Initiation Notice* contained several typographical errors, which have been corrected in Appendix I.

Methodology

The Department is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Export price was calculated in accordance with section 772 of the Act. Normal value (NV) was calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.

All-Others Rate

Section 733(d)(1)(A)(ii) of the Act provides that in the preliminary determination the Department shall determine an estimated ''all-others'' rate for all exporters and producers not individually investigated, in accordance with section 735(c)(5) of the Act. Section 735(c)(5)(A) of the Act states that generally the estimated rate for all-others shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act. In this investigation, we calculated weighted-average dumping margins for both mandatory respondents that are above *de minimis* and which are not based on section 776 of the Act. However, because there are only two weighted-average dumping margins for this preliminary determination, using a weighted-average of these two rates risks disclosure of business proprietary data. Therefore, the Department assigned a margin to the all-others rate companies based on the simple average of the two mandatory respondents' rates.[4]

[4] We calculated a simple average because the record does not contain usable publicly ranged data for both respondents.

Preliminary Determination

The Department preliminarily determines that finished carbon steel flanges from India are being, or are likely to be, sold in the United States at LTFV, pursuant to section 733 of the Act, and that the following estimated weighted-average dumping margins exist:

Exporter/manufacturer	Weighted-average dumping margins (percent)
Norma (India) Limited/USK Exports Private Limited/Uma Shanker Khandelwal & Co./ Bansidhar Chiranjilal	8.58
R.N. Gupta & Co., Ltd	12.56
All Others	10.57

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of finished carbon steel flanges from India, as described in the Scope of the Investigation in Appendix I, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits [5] equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) The rate for the mandatory respondents listed above will be the respondent-specific rates we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be the all-others rate. The suspension of liquidation instructions will remain in effect until further notice.

Disclosure

We intend to disclose the calculations performed to interested parties in this proceeding within five days of the public announcement of this preliminary determination in accordance with 19 CFR 351.224(b).

[5] *See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations,* 76 FR 61042 (October 3, 2011).

Verification

As provided in section 782(i) of the Act, we intend to verify information relied upon in making our final determination.

Public Comment

Interested parties are invited to comment on this preliminary determination no later than 30 days after the date of publication of this preliminary determination.[6] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.[7] Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) A statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time.

Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. Section 351.210(e)(2) of the Department's regulations requires that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Respondents Norma and Gupta have requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination, *i.e.,* no later than 135 days after the publication of the preliminary determination in the **Federal Register**, and that the Department extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2), from a four-month period to a period not to exceed six months.[8]

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) Our preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are postponing the final determination until no later than 135 days after the publication of this notice in the **Federal Register** and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, we will issue our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.[9]

International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we are notifying the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: January 26, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.,* 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.,* flat face, full face, raised face, *etc.*), configuration (*e.g.,* weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term ''carbon steel'' under this scope is steel in which:

(a) iron predominates, by weight, over each of the other contained elements:

(b) the carbon content is 2 percent or less, by weight; and

(c) none of the elements listed below exceeds the quantity, by weight, as indicated:

(i) 0.87 percent of aluminum;
(ii) 0.0105 percent of boron;
(iii) 10.10 percent of chromium;
(iv) 1.55 percent of columbium;
(v) 3.10 percent of copper;
(vi) 0.38 percent of lead;
(vii) 3.04 percent of manganese;
(viii) 2.05 percent of molybdenum;
(ix) 20.15 percent of nickel;
(x) 1.55 percent of niobium;
(xi) 0.20 percent of nitrogen;
(xii) 0.21 percent of phosphorus;
(xiii) 3.10 percent of silicon;
(xiv) 0.21 percent of sulfur;
(xv) 1.05 percent of titanium;
(xvi) 4.06 percent of tungsten;
(xvii) 0.53 percent of vanadium; or

[6] *See* 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements).

[7] *See* 19 CFR 351.309(d); *see also* 19 CFR 351.303 (for general filing requirements).

[8] *See* Letter from Norma to the Secretary of Commerce entitled, ''Request to Postpone the Final Determination,'' dated January 12, 2017; *see also* Letter from Gupta to the Secretary of Commerce entitled, ''Request to Postpone the Final Determination,'' dated January 11, 2017.

[9] *See* 19 CFR 351.210(b)(2) and (e).

(xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

1. Summary
2. Background
3. Period of Investigation
4. Scope of the Investigation
5. Postponement of Final Determination and Extension of Provisional Measures
6. Scope Comments
7. Affiliation and Collapsing of Affiliates
8. Discussion of the Methodology
9. Product Comparisons
10. Date of Sale
11. Export Price
12. Normal Value
13. Currency Conversion
14. Conclusion

[FR Doc. 2017–02607 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–570–937]

Citric Acid and Certain Citrate Salts From the People's Republic of China: Preliminary Results of Antidumping Duty Administrative Review, Preliminary Determination of No Shipments, and Preliminary Partial Rescission of Antidumping Duty Administrative Review; 2015–2016

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (''the Department'') is conducting the seventh administrative review (''AR'') of the antidumping duty order on citric acid and certain citrate salts (''citric acid'') from the People's Republic of China (''PRC''). The Department selected two companies, RZBC Co., Ltd., RZBC Import & Export Co., Ltd., and RZBC (Juxian) Co., Ltd. (collectively, ''RZBC'') and Laiwu Taihe Biochemistry Co., Ltd. (''Taihe''), as mandatory respondents for individual examination. The period of review (''POR'') for the AR is May 1, 2015 through April 30, 2016. The Department is rescinding the review with respect to RZBC. Further, the Department preliminarily finds that Taihe is part of the PRC-wide entity.

DATES: Effective February 8, 2017.

FOR FURTHER INFORMATION CONTACT: Krisha Hill or Maliha Khan, Office IV, Enforcement & Compliance, International Trade Administration, Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–4037 or (202) 482–0895, respectively.

SUPPLEMENTARY INFORMATION:

Scope of the Order

The products covered by the order include the hydrous and anhydrous forms of citric acid, the dihydrate and anhydrous forms of sodium citrate, otherwise known as citric acid sodium salt, and the monohydrate and monopotassium forms of potassium citrate. Sodium citrate also includes both trisodium citrate and monosodium citrate, which are also known as citric acid trisodium salt and citric acid monosodium salt, respectively. Citric acid and sodium citrate are classifiable under 2918.14.0000 and 2918.15.1000 of the Harmonized Tariff Schedule of the United States (''HTSUS''), respectively. Potassium citrate and crude calcium citrate are classifiable under 2918.15.5000 and 3824.90.9290 of the HTSUS, respectively. Blends that include citric acid, sodium citrate, and potassium citrate are classifiable under 3824.90.9290 of the HTSUS. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.[1]

Rescission of Administrative Review in Part

On May 31, 2016, Archer Daniels Midland Company, Cargill, Incorporated, and Tate & Lyle Ingredients Americas LLC (collectively ''Petitioners'') requested an AR of subject merchandise exported by RZBC, Taihe, and an additional 16 companies. Subsequently, on October 5, 2016, Petitioners timely withdrew their request for an AR of RZBC.[2] No other party requested a review with respect to RZBC. Therefore, the Department, pursuant to 19 CFR 351.213(d)(1), is rescinding this AR with respect to RZBC.

Preliminary Determination of No Shipments

Two companies for which a review was requested, Niran (Thailand) Co., Ltd. (''Niran'') and Niran Biochemical Limited (''Niran Biochemical''), timely submitted certifications indicating that they had no exports, sales, shipments, or entries of subject merchandise during the POR. Consistent with our practice, the Department requested that U.S. Customs and Border Protection (''CBP'') conduct a query on potential shipments made by Niran and Niran Biochemical during the POR; CBP provided no evidence that contradicted the companies' claims of no shipments. Based on the no shipment certifications submitted by Niran and Niran Biochemical, and our analysis of the CBP information, we preliminarily determine that Niran and Niran Biochemical had no shipments during the POR. However, consistent with our practice in non-market economy (''NME'') cases, the Department intends to complete the review with respect to Niran and Niran Biochemical and issue appropriate instructions to CBP based on the final results of the review.

Methodology

The Department is conducting this AR in accordance with section 751(a)(1)(B) of the Tariff Act of 1930, as amended (''the Act''). For a full description of the methodology underlying our conclusions, *see* the Preliminary Decision Memorandum.[3] This memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (''ACCESS''). ACCESS is available to registered users at *https://access.trade.gov/login.aspx* and in the Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at *http://enforcement.trade.gov/frn/index.html/*. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary

[1] *See Citric Acid and Certain Citrate Salts from Canada and the People's Republic of China: Antidumping Duty Orders,* 74 FR 25703 (May 29, 2009) for a full description of the scope of the order.

[2] *See* Letter from Petitioners to the Department, ''Citric Acid and Certain Citrate Salts from the People's Republic of China / Partial Withdrawal of Request for Administrative Review,'' dated October 5, 2016.

[3] *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary, Antidumping and Countervailing Duty Operations, to Ronald K. Lorentzen, Acting Assistant Secretary for Enforcement and Compliance, ''Decision Memorandum for the Preliminary Results of Antidumping Duty Administrative Review, Preliminary Determination of No Shipments, and Preliminary Partial Rescission of Antidumping Duty Administrative Review: Citric Acid and Certain Citrate Salts from the People's Republic of China; 2015–2016,'' issued concurrently with this notice (''Preliminary Decision Memorandum'').

Decision Memorandum are identical in content.

Preliminary Results of Review

The Department's change in policy regarding conditional review of the PRC-wide entity applies to this AR.[4] Aside from RZBC, for which the AR is being rescinded, the Department considers all other companies for which a review was requested to be part of the PRC-wide entity. Because Taihe did not respond to the Department's original questionnaire and did not provide separate rate information, Taihe has not established its eligibility for separate rate status and, therefore, is part of the PRC-wide entity.

In addition to Taihe, 14 companies listed in the *Initiation Notice* and, thus, subject to this AR, failed to provide separate rate applications or separate rate certifications necessary to establish their eligibility for a separate rate. Therefore, the Department preliminarily determines that these 14 companies are not eligible for a separate rate and are part of the PRC-wide entity.

The rate previously established for the PRC-wide entity in this proceeding is 156.87 percent.[5] For additional information, *see* the Preliminary Decision Memorandum.

Disclosure and Public Comment

Interested parties may submit case briefs and/or written comments, filed electronically using ACCESS, within 30 days of the date of publication of these preliminary results of review.[6] Rebuttal briefs, limited to issues raised in the case briefs, will be due five days after the due date for case briefs.[7] Parties who submit case or rebuttal briefs in this proceeding are requested to submit with each argument a statement of the issue, a summary of the argument not to exceed five pages, and a table of authorities.[8]

Further, interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the publication of this notice.[9] Electronically filed case briefs/written comments and hearing requests must be received successfully in their entirety by the Department's electronic records system, ACCESS, by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice.[10] Hearing requests should contain: (1) The party's name, address and telephone number; (2) the number of participants; and (3) a list of issues to be discussed. Issues raised in the hearing will be limited to those issues raised in the respective case briefs. If a request for a hearing is made, parties will be notified of the time and date of the hearing which will be held at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230.

The Department intends to issue the final results of this AR, including the results of its analysis of the issues raised in any written briefs, not later than 120 days after the date of publication of this notice, unless extended, pursuant to section 751(a)(3)(A) of the Act.

Assessment Rates

Upon issuance of the final results, the Department will determine, and CBP shall assess, antidumping duties on all appropriate entries covered by this review.[11] The Department intends to issue assessment instructions to CBP 15 days after the publication date of the final results of this review. The Department intends to instruct CBP to liquidate entries of subject merchandise from the PRC-wide entity, including entries of subject merchandise from Taihe, at 156.87 percent (the PRC-wide rate).[12]

Cash Deposit Requirements

The following cash deposit requirements will be effective upon publication of the final results of this AR for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of review, as provided by section 751(a)(2)(C) of the Act: (1) For previously investigated or reviewed PRC and non-PRC exporters which are not under review in this segment of the proceeding but which have separate rates, the cash deposit rate will continue to be the exporter-specific rate published for the most recently completed segment of this proceeding; (2) for all PRC exporters of subject merchandise that have not been found to be entitled to a separate rate, the cash deposit rate will be the rate for the PRC-wide entity, 156.87 percent; and (3) for all non-PRC exporters of subject merchandise which have not received their own rate, the cash deposit rate will be the rate applicable to the PRC exporter(s) that supplied that non-PRC exporter. These deposit requirements, when imposed, shall remain in effect until further notice.

Notification to Importers

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Department's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

We are issuing and publishing these results in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.213 and 351.221(b)(4).

Dated: January 31, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix

List of Topics Discussed in the Preliminary Decision Memorandum

I. Summary
II. Background
III. Partial Rescission
IV. Scope of the Order
V. Discussion of the Methodology
VI. Recommendation

[FR Doc. 2017–02528 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

[4] *See Antidumping Proceedings: Announcement of Change in Department Practice for Respondent Selection in Antidumping Duty Proceedings and Conditional Review of the Nonmarket Economy Entity in NME Antidumping Duty Proceedings,* 78 FR 65963 (November 4, 2013). Under this policy, the PRC-wide entity will not be under review unless a party specifically requests, or the Department self-initiates, a review of the entity. Because no party requested a review of the PRC-wide entity in this review, the entity's rate (*i.e.,* 156.87 percent) is not subject to change.

[5] *See Citric Acid and Certain Citrate Salts from the People's Republic of China: Final Results of Antidumping Duty Administrative Review; 2013–2014,* 80 FR 77323, 77324 (December 14, 2015).

[6] *See* 19 CFR 351.309(c).

[7] *See* 19 CFR 351.309(d).

[8] *See* 19 CFR 351.309(c).

[9] *See* 19 CFR 351.310(c).

[10] *Id.*

[11] *See* 19 CFR 351.212(b)(1).

[12] For a full discussion of this practice, *see Non-Market Economy Antidumping Proceedings: Assessment of Antidumping Duties,* 76 FR 65694 (October 24, 2011).

DEPARTMENT OF COMMERCE

International Trade Administration

[A–469–815]

Finished Carbon Steel Flanges From Spain: Preliminary Determination of Sales at Less Than Fair Value

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (the Department) preliminarily determines that finished carbon steel flanges from Spain are being, or are

likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is April 1, 2015, through March 31, 2016. The estimated weighted-average dumping margins of sales at LTFV are shown in the ''Preliminary Determination'' section of this notice. Interested parties are invited to comment on this preliminary determination.

DATES: Effective February 8, 2017.

FOR FURTHER INFORMATION CONTACT: Mark Flessner or Erin Kearney, AD/CVD Operations, Office VI, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230; telephone: (202) 482–6312 or (202) 482–0167, respectively.

SUPPLEMENTARY INFORMATION:

Background

The Department initiated this investigation on July 20, 2016.[1] We selected one mandatory respondent in this investigation, ULMA Forja, S.Coop (ULMA), which accounted for all imports of finished carbon steel flanges from Spain during the POI.[2] For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum that is dated concurrently with this determination and hereby adopted by this notice.[3] A list of topics in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is made available to the public via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at *https://access.trade.gov,* and is available to all parties in the Department's Central Records Unit, Room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the internet at *http://enforcement.trade.gov/frn/.* The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is finished carbon steel flanges from Spain. For a full description of the scope of this investigation, *see* the ''Scope of the Investigation,'' in Appendix I of this notice.

Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice.* The scope published in the *Initiation Notice* contained typographical errors, which have been corrected in Appendix I.

Methodology

The Department is conducting this investigation in accordance with section 731 of the Tariff Act of 1930, as amended (the Act). Pursuant to section 776(a) of the Act, the Department preliminarily relied upon facts otherwise available to assign an estimated weighted-average dumping margin to the mandatory respondent in this investigation, because ULMA did not submit a response to the Department's questionnaire.[4] Further, the Department preliminarily determines that ULMA failed to cooperate by not acting to the best of its ability to comply with a request for information, and has applied an adverse inference in selecting from the facts otherwise available (AFA) for ULMA, in accordance with section 776(b) of Act. For a full description of the methodology underlying our preliminary determination, *see* the Preliminary Decision Memorandum.

All-Others Rate

Section 733(d)(1)(A)(ii) of the Act provides that in the preliminary determination the Department shall determine an estimated ''all-others'' rate for all exporters and producers not individually investigated, in accordance with section 735(c)(5) of the Act. Section 735(c)(5)(A) of the Act states that generally the estimated rate for all-others shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and *de minimis* margins, and any margins determined entirely under section 776 of the Act. The estimated weighted-average dumping margin determined for the individually examined respondent in this preliminary determination was determined entirely under section 776 of the Act. In an investigation where no weighted-average dumping margins other than zero, *de minimis,* or those determined entirely under section 776 of the Act have been established for individually examined entities, in accordance with section 735(c)(5)(B) of the Act, the Department has previously used the simple average of the margins calculated in the petition and applied the result to ''all-other'' entities not individually examined.[5]

With respect to Spain, the petitioners calculated two margins in the Petition.[6] Thus, consistent with our practice, we preliminarily assigned as the ''all-others'' rate in this investigation the simple average of the two dumping margins calculated for subject merchandise from Spain provided in the Petitions, as recalculated by the Department for initiation purposes, which is 18.81 percent.[7]

Preliminary Determination

The Department preliminarily determines that finished carbon steel flanges from Spain are being, or are likely to be, sold in the United States at LTFV, pursuant to section 733 of the Act, and that the following estimated

[1] *See Finished Carbon Steel Flanges from India, Italy, and Spain: Initiation of Less-Than-Fair-Value Investigations,* 81 FR 49619 (July 28, 2016) (*Initiation Notice*).

[2] *See* Memorandum from Mark Flessner to Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, entitled, ''Respondent Selection for the Antidumping Duty Investigation of Finished Carbon Steel Flanges from Spain,'' dated November 18, 2016 (Respondent Selection Memorandum).

[3] *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, entitled ''Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Finished Carbon Steel Flanges from Spain,'' dated concurrently with this notice (Preliminary Decision Memorandum).

[4] *See* Letter from ULMA to the Secretary of Commerce entitled, ''ULMA Piping's Notice of Intent Not To Respond To The Department's Questionnaire—Finished Carbon Steel Flanges from Spain,'' dated September 30, 2016.

[5] *See Steel Threaded Rod from Thailand: Preliminary Determination of Sales at Less Than Fair Value and Affirmative Preliminary Determination of Critical Circumstances,* 78 FR 79670, 79671 (December 31, 2013), unchanged in *Steel Threaded Rod from Thailand: Final Determination of Sales at Less Than Fair Value and Affirmative Final Determination of Critical Circumstances,* 79 FR 14476, 14477 (March 14, 2014); *see also Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany,* 73 FR 21909 (April 23, 2008); unchanged in *Notice of Final Determination of Sales at Less Than Fair Value: Sodium Nitrite from the Federal Republic of Germany,* 73 FR 38986 (July 8, 2008).

[6] *See* Letter from Weldbend Corporation and Boltex Mfg. Co., L.P. (collectively, petitioners) to the Secretary of the U.S. International Trade Commission and the Secretary of Commerce entitled, ''Finished Carbon Steel Flanges from Spain: 2nd Supplemental Questionnaire Response,'' dated July 13, 2016, at 2 and Exhibit 1. *See also* AD Investigation Initiation Checklist: Finished Carbon Steel Flanges from Spain (July 20, 2016) (in which the petition margins were recalculated for purposes of initiation).

[7] *Id.*

weighted-average dumping margins exist:

Exporter/manufacturer	Weighted-average dumping margin (percent)
ULMA Forja, S.Coop	24.43
All Others	18.81

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of finished carbon steel flanges from Spain, as described in the Scope of the Investigation in Appendix I, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits [8] equal to the weighted-average amount by which the normal value exceeds U.S. price, as indicated in the chart above, as follows: (1) The rate for the mandatory respondent listed above will be the respondent-specific rate we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be the all-others rate. The suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Normally, the Department discloses to interested parties the calculations performed in connection with a preliminary determination within five days after public announcement of the preliminary determination in accordance with 19 CFR 351.224(b). Because the Department preliminarily applied a rate from the Petition as AFA to the mandatory respondent in this investigation, there are no calculations to disclose.

Verification

Because the mandatory respondent in this investigation did not provide the information requested, the Department will not conduct verifications.

[8] *See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations,* 76 FR 61042 (October 3, 2011).

Public Comment

Interested parties are invited to comment on this preliminary determination no later than 30 days after the date of publication of this preliminary determination.[9] Rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.[10] Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to submit with each argument: (1) A statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time.

International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we are notifying the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

[9] *See* 19 CFR 351.309(c)(1)(i); *see also* 19 CFR 351.303 (for general filing requirements).

[10] *See* 19 CFR 351.309(d); *see also* 19 CFR 351.303 (for general filing requirements).

Dated: January 26, 2017.

Ronald K. Lorentzen,

Acting Assistant Secretary for Enforcement and Compliance.

Appendix I

Scope of the Investigation

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or de-burring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation.

While these finished carbon steel flanges are generally manufactured to specification ASME B16.5 or ASME B16.47 series A or series B, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.,* 150, 300, 400, 600, 900, 1500, 2500, *etc.*), type of face (*e.g.,* flat face, full face, raised face, *etc.*), configuration (*e.g.,* weld neck, slip on, socket weld, lap joint, threaded, *etc.*), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term ''carbon steel'' under this scope is steel in which:

(a) Iron predominates, by weight, over each of the other contained elements;

(b) the carbon content is 2 percent or less, by weight; and

(c) none of the elements listed below exceeds the quantity, by weight, as indicated:

(i) 0.87 percent of aluminum;
(ii) 0.0105 percent of boron;
(iii) 10.10 percent of chromium;
(iv) 1.55 percent of columbium;
(v) 3.10 percent of copper;
(vi) 0.38 percent of lead;
(vii) 3.04 percent of manganese;
(viii) 2.05 percent of molybdenum;
(ix) 20.15 percent of nickel;
(x) 1.55 percent of niobium;
(xi) 0.20 percent of nitrogen;
(xii) 0.21 percent of phosphorus;
(xiii) 3.10 percent of silicon;
(xiv) 0.21 percent of sulfur;
(xv) 1.05 percent of titanium;
(xvi) 4.06 percent of tungsten;
(xvii) 0.53 percent of vanadium; or

(xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

1. Summary
2. Background
3. Period of Investigation
4. Scope of the Investigation
5. Scope Comments
6. Application of Facts Available and Use of Adverse Inference
7. Calculation of All-Others Rate
8. Verification
9. Conclusion

[FR Doc. 2017–02606 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Oceanic and Atmospheric Administration

Proposed Information Collection; Comment Request; Special Subsistence Permits and Harvest Logs for Pacific Halibut in Waters Off Alaska

AGENCY: National Oceanic and Atmospheric Administration (NOAA), Commerce.

ACTION: Notice.

SUMMARY: The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

DATES: Written comments must be submitted on or before April 10, 2017.

ADDRESSES: Direct all written comments to Jennifer Jessup, Departmental Paperwork Clearance Officer, Department of Commerce, Room 6616, 14th and Constitution Avenue NW., Washington, DC 20230 (or via the Internet at *JJessup@doc.gov*).

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection instruments and instructions should be directed to Rachel Baker, (907) 586–7425 or *rachel.baker@noaa.gov.*

SUPPLEMENTARY INFORMATION:

I. Abstract

This request is for extension of a currently approved information collection.

This information collection describes special permits issued to participants in the Pacific halibut subsistence fishery in waters off the coast of Alaska and any appeals resulting from denials. The National Marine Fisheries Service (NMFS) designed the permits to work in conjunction with other halibut harvest assessment measures. Subsistence fishing for halibut has occurred for many years among the Alaska Native people and non-Native people. Special permits are initiated in response to the concerns of Native and community groups regarding increased restrictions in International Pacific Halibut Commission Area 2C and include Community Harvest Permits, Ceremonial Permits, and Educational Permits.

A Community Harvest Permit allows the community or Alaska Native tribe to appoint one or more individuals from its respective community or tribe to harvest subsistence halibut from a single vessel under reduced gear and harvest restrictions.

Ceremonial and Educational Permits are available exclusively to Alaska Native tribes. Eligible Alaska Native tribes may appoint only one Ceremonial Permit Coordinator per tribe for Ceremonial Permits or one authorized Instructor per tribe for Educational Permits.

Except for enrolled students fishing under a valid Educational Permit, special permits require persons fishing under them to also possess a Subsistence Halibut Registration Certificate (SHARC) (see OMB No. 0648–0460) which identifies those persons who are currently eligible for subsistence halibut fishing. Each of the instruments is designed to minimize the reporting burden on subsistence halibut fishermen while retrieving essential information.

II. Method of Collection

Respondents have a choice of either electronic or paper forms. Methods of submittal include online, email of electronic forms, mail, and facsimile transmission of paper forms. Educational Permits may not be applied for online.

III. Data

OMB Control Number: 0648–0512.

Form Number: None.

Type of Review: Regular submission (extension of a currently approved collection).

Affected Public: Individuals or households; state, local, or tribal government.

Estimated Number of Respondents: 33.

Estimated Time per Response: Permit applications, 10 minutes; Community harvest log, 30 minutes; Ceremonial or educational harvest log, 30 minutes; Appeal for permit denial, 4 hours.

Estimated Total Annual Burden Hours: 17.

Estimated Total Annual Cost to Public: $21 in recordkeeping/reporting costs.

IV. Request for Comments

Comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden (including hours and cost) of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval of this information collection; they also will become a matter of public record.

Dated: February 3, 2017.

Sarah Brabson,

NOAA PRA Clearance Officer.

[FR Doc. 2017–02591 Filed 2–7–17; 8:45 am]

BILLING CODE 3510–22–P

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Proposed Information Collection; Comment Request

AGENCY: Corporation for National and Community Service.

ACTION: Notice.

SUMMARY: The Corporation for National and Community Service (CNCS), as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995 (PRA95) . This program helps to ensure

that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirement on respondents can be properly assessed.

Currently, CNCS is soliciting comments concerning its proposed renewal of The Volunteering and Civic Life Assessment: September CPS Supplement. This is a national survey conducted by the US Census and CNCS. CNCS is directed by Congress to collect data and produce yearly reports on the Nation's civic health and volunteering activity (Section 179A of the National and Community Service Act.

Copies of the information collection request can be obtained by contacting the office listed in the Addresses section of this Notice.

DATES: Written comments must be submitted to the individual and office listed in the **ADDRESSES** section by April 10, 2017.

ADDRESSES: You may submit comments, identified by the title of the information collection activity, by any of the following methods:

(1) *By mail sent to:* Corporation for National and Community Service, Attention Anthony Nerino, Research Analyst, Rm. #3235; 250 E St. SW., Washington, DC 20525.

(2) By hand delivery or by courier to the CNCS mailroom at Rm. #4300 at the mail address given in paragraph (1) above, between 9:00 a.m. and 4:00 p.m. Eastern Time, Monday through Friday, except Federal holidays.

(3) Electronically through *www.regulations.gov.*

Individuals who use a telecommunications device for the deaf (TTY–TDD) may call 1–800–833–3722 between 8:00 a.m. and 8:00 p.m. Eastern Time, Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Anthony Nerino, 202–606–3913, or by email at *anerino@cns.gov*

SUPPLEMENTARY INFORMATION: CNCS is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of CNCS, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are expected to respond, including the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology (*e.g.,* permitting electronic submissions of responses).

Background

The survey will be administered to a sample of U.S. citizens age 16 and older to assess the nature, extent and scope of their participation in civic activity. Approximately 60,000 households (90,000 individuals) will be enrolled in the Current Population Survey and be included in the September survey supplement. The CPS is administered monthly by the U.S. Census for the Bureau of Labor Statistics to measure employment rates and labor trends. The information will be collected in-person and via telephone survey.

Current Action

This is a new information collection request. The previous data collection process occurred yearly across two separate months and included the Volunteer Supplement in September and the Civic Health Supplement in November. In consultation with the National Academy of Science and an ad hoc group of technical advisors and stakeholders, CNCS combined the supplements and shortened the instrument by eliminating redundant questions and items of low value, and by adding relevant queries.

The information collection will be used to generate civic health reports at the National, State, and Metropolitan Statistical Area (MSA) level and to disseminate these data to various stakeholders and end users for grant writing purposes and research.

Type of Review: New.

Agency: Corporation for National and Community Service.

Title: Volunteer and Civic Life Assessment.

OMB Number: None

Agency Number: None.

Affected Public: U.S. citizens age 16 and older residing in the continental U.S. and Puerto Rico.

Total Respondents: 90,000.

Frequency: On time.

Average Time per Response: Averages 10 minutes.

Estimated Total Burden Hours: 15,000 hours.

Total Burden Cost (capital/startup): None.

Total Burden Cost (operating/maintenance): $800,000.

Comments submitted in response to this notice will be summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they will also become a matter of public record.

February 2, 2017.

Mary Hyde,

Director of Research and Evaluation.

[FR Doc. 2017–02527 Filed 2–7–17; 8:45 am]

BILLING CODE 6050–28–P

DEPARTMENT OF DEFENSE

Department of the Army

Army Education Advisory Subcommittee Meeting Notice

AGENCY: Department of the Army, DoD.

ACTION: Notice of open Subcommittee meeting.

SUMMARY: The Department of the Army is publishing this notice to announce the following Federal advisory committee meeting of the U.S. Army War College Board of Visitors, a subcommittee of the Army Education Advisory Committee. This meeting is open to the public.

DATES: The U.S. Army War College Board of Visitors Subcommittee will meet from 8:00 a.m. to 2:00 p.m. on March, 31, 2017.

ADDRESSES: U.S. Army War College, 122 Forbes Avenue, Carlisle, PA, Command Conference Room, Root Hall, Carlisle Barracks, PA 17013.

FOR FURTHER INFORMATION CONTACT: Dr. David Dworak, the Alternate Designated Federal Officer for the subcommittee, in writing at Office of the Provost, 122 Forbes Ave., Carlisle, PA 17013, by email at *david.d.dworak.civ@mail.mil,* or by telephone at (717) 245–3365.

SUPPLEMENTARY INFORMATION: The subcommittee meeting is being held under the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C., Appendix, as amended), the Government in the Sunshine Act of 1976 (5 U.S.C. 552b, as amended), and 41 CFR 102–3.150.

Purpose of the Meeting: The purpose of the meeting is to provide the subcommittee with an overview of the U.S. Army War College Academic Campaign Plan, discuss Middle States and JPME II accreditation matters, and to address other administrative matters.

Agenda: The subcommittee will review and evaluate information related to the continued academic growth, accreditation, and development of the U.S. Army War College. General deliberations leading to provisional findings will be referred to the Army Education Advisory Committee for

deliberation by the Committee under the open-meeting rules.

Public Accessibility to the Meeting: Pursuant to 5 U.S.C. 552b, as amended, and 41 CFR 102–3.140 through 102–3.165, and subject to the availability of space, this meeting is open to the public. Seating is on a first to arrive basis. Attendees are requested to submit their, name, affiliation, and daytime phone number seven business days prior to the meeting to Dr. David Dworak, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section. Members of the public attending the subcommittee meetings will not be permitted to present questions from the floor or speak to any issue under consideration by the subcommittee.

Because the meeting of the subcommittee will be held in a Federal Government facility on a military base, security screening is required. A photo ID is required to enter base. Please note that security and gate guards have the right to inspect vehicles and persons seeking to enter and exit the installation. Root Hall is fully handicap accessible. Wheelchair access is available in front at the main entrance of the building. For additional information about public access procedures, contact Dr. David Dworak, the subcommittee's Alternate Designated Federal Officer, at the email address or telephone number listed in the **FOR FURTHER INFORMATION CONTACT** section.

Written Comments or Statements: Pursuant to 41 CFR 102–3.105(j) and 102–3.140 and section 10(a)(3) of the Federal Advisory Committee Act, the public or interested organizations may submit written comments or statements to the subcommittee, in response to the stated agenda of the open meeting or in regard to the subcommittee's mission in general. Written comments or statements should be submitted to Dr. David Dworak, the subcommittee Alternate Designated Federal Officer, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section. Each page of the comment or statement must include the author's name, title or affiliation, address, and daytime phone number. The Alternate Designated Federal Official will review all submitted written comments or statements and provide them to members of the subcommittee for their consideration. Written comments or statements being submitted in response to the agenda set forth in this notice must be received by the Alternate Designated Federal Official at least seven business days prior to the meeting to be considered by the subcommittee. Written comments or statements received after this date may not be provided to the subcommittee until its next meeting.

Pursuant to 41 CFR 102–3.140d, the Committee is not obligated to allow a member of the public to speak or otherwise address the Committee during the meeting. Members of the public will be permitted to make verbal comments during the Committee meeting only at the time and in the manner described below. If a member of the public is interested in making a verbal comment at the open meeting, that individual must submit a request, with a brief statement of the subject matter to be addressed by the comment, at least seven business days in advance to the subcommittee's Alternate Designated Federal Official, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section. The Alternate Designated Federal Officer will log each request, in the order received, and in consultation with the Subcommittee Chair, determine whether the subject matter of each comment is relevant to the Subcommittee's mission and/or the topics to be addressed in this public meeting. A 15-minute period near the end of the meeting will be available for verbal public comments. Members of the public who have requested to make a verbal comment and whose comments have been deemed relevant under the process described above, will be allotted no more than three minutes during the period, and will be invited to speak in the order in which their requests were received by the Alternate Designated Federal Officer.

Brenda S. Bowen,

Army Federal Register Liaison Officer.

[FR Doc. 2017–02571 Filed 2–7–17; 8:45 am]

BILLING CODE 5001–03–P

DEPARTMENT OF DEFENSE

Department of the Army, Corps of Engineers

Inland Waterways Users Board Meeting Notice

AGENCY: Department of the Army, U.S. Army Corps of Engineers, DoD.

ACTION: Notice of open Federal advisory committee meeting.

SUMMARY: The Department of the Army is publishing this notice to announce the following Federal advisory committee meeting of the U.S. Army Corps of Engineers, Inland Waterways Users Board (Board). This meeting is open to the public. For additional information about the Board, please visit the committee's Web site at *http://www.iwr.usace.army.mil/Missions/Navigation/InlandWaterwaysUsersBoard.aspx.*

DATES: The Army Corps of Engineers, Inland Waterways Users Board will meet from 9:00 a.m. to 1:00 p.m. on February 24, 2017. Public registration will begin at 8:15 a.m.

ADDRESSES: The Board meeting will be conducted at the Port of Lake Charles in the Port Boardroom, 1611 W. Sallier Street, Lake Charles, Louisiana 70601, 337–439–3661, or *http://www.portlc.com.*

FOR FURTHER INFORMATION CONTACT: Mr. Mark R. Pointon, the Designated Federal Officer (DFO) for the committee, in writing at the Institute for Water Resources, U.S. Army Corps of Engineers, ATTN: CEIWR–GM, 7701 Telegraph Road, Casey Building, Alexandria, VA 22315–3868; by telephone at 703–428–6438; and by email at *Mark.Pointon@usace.army.mil.* Alternatively, contact Mr. Kenneth E. Lichtman, the Alternate Designated Federal Officer (ADFO), in writing at the Institute for Water Resources, U.S. Army Corps of Engineers, ATTN: CEIWR–GW, 7701 Telegraph Road, Casey Building, Alexandria, VA 22315–3868; by telephone at 703–428–8083; and by email at *Kenneth.E.Lichtman@usace.army.mil.*

SUPPLEMENTARY INFORMATION: The committee meeting is being held under the provisions of the Federal Advisory Committee Act of 1972 (5 U.S.C., Appendix, as amended), the Government in the Sunshine Act of 1976 (5 U.S.C. 552b, as amended), and 41 CFR 102–3.150.

Purpose of the Meeting: The Board is chartered to provide independent advice and recommendations to the Secretary of the Army on construction and rehabilitation project investments on the commercial navigation features of the inland waterways system of the United States. At this meeting, the Board will receive briefings and presentations regarding the investments, projects and status of the inland waterways system of the United States and conduct discussions and deliberations on those matters. The Board is interested in written and verbal comments from the public relevant to these purposes.

Agenda: At this meeting the agenda will include the status of FY 2017 funding for the Navigation Program;

status of the Inland Waterways Trust Fund and project updates; additional modifications to the web viewer of the Lock Performance Monitoring System (LPMS); the status of the Olmsted Locks and Dam Project, and the Locks and Dams 2, 3, and 4 on the Monongahela River Project; updates of Kentucky Lock and Chickamauga Lock; and disposition of the Users Board Annual Report for 2016.

Availability of Materials for the Meeting. A copy of the agenda or any updates to the agenda for the February 24, 2017 meeting. The final version will be provided at the meeting. All materials will be posted to the Web site after the meeting.

Public Accessibility to the Meeting: Pursuant to 5 U.S.C. 552b, as amended, and 41 CFR 102–3.140 through 102–3.1 65, and subject to the availability of space, this meeting is open to the public. Registration of members of the public who wish to attend the meeting will begin at 8:15 a.m. on the day of the meeting. Seating is limited and is on a first-to-arrive basis. Attendees will be asked to provide their name, title, affiliation, and contact information to include email address and daytime telephone number at registration. Any interested person may attend the meeting, file written comments or statements with the committee, or make verbal comments from the floor during the public meeting, at the times, and in the manner, permitted by the committee, as set forth below.

Special Accommodations: The meeting venue is fully handicap accessible, with wheelchair access. Individuals requiring special accommodations to access the public meeting or seeking additional information about public access procedures, should contact Mr. Pointon, the committee DFO, or Mr. Lichtman, the ADFO, at the email addresses or telephone numbers listed in the **FOR FURTHER INFORMATION CONTACT** section, at least five (5) business days prior to the meeting so that appropriate arrangements can be made.

Written Comments or Statements: Pursuant to 41 CFR 102–3.105(j) and 102–3.140 and section 10(a)(3) of the Federal Advisory Committee Act, the public or interested organizations may submit written comments or statements to the Board about its mission and/or the topics to be addressed in this public meeting. Written comments or statements should be submitted to Mr. Pointon, the committee DFO, or Mr. Lichtman, the committee ADFO, via electronic mail, the preferred mode of submission, at the addresses listed in the **FOR FURTHER INFORMATION CONTACT** section in the following formats: Adobe Acrobat or Microsoft Word. The comment or statement must include the author's name, title, affiliation, address, and daytime telephone number. Written comments or statements being submitted in response to the agenda set forth in this notice must be received by the committee DFO or ADFO at least five (5) business days prior to the meeting so that they may be made available to the Board for its consideration prior to the meeting. Written comments or statements received after this date may not be provided to the Board until its next meeting. Please note that because the Board operates under the provisions of the Federal Advisory Committee Act, as amended, all written comments will be treated as public documents and will be made available for public inspection.

Verbal Comments: Members of the public will be permitted to make verbal comments during the Board meeting only at the time and in the manner allowed herein. If a member of the public is interested in making a verbal comment at the open meeting, that individual must submit a request, with a brief statement of the subject matter to be addressed by the comment, at least three business (3) days in advance to the committee DFO or ADFO, via electronic mail, the preferred mode of submission, at the addresses listed in the **FOR FURTHER INFORMATION CONTACT** section. The committee DFO and ADFO will log each request to make a comment, in the order received, and determine whether the subject matter of each comment is relevant to the Board's mission and/or the topics to be addressed in this public meeting. A 15-minute period near the end of the meeting will be available for verbal public comments. Members of the public who have requested to make a verbal comment and whose comments have been deemed relevant under the process described above, will be allotted no more than three (3) minutes during this period, and will be invited to speak in the order in which their requests were received by the DFO and ADFO.

Brenda S. Bowen,

Army Federal Register Liaison Officer.

[FR Doc. 2017–02572 Filed 2–7–17; 8:45 am]

BILLING CODE 3720–58–P

DEPARTMENT OF DEFENSE

Department of the Army; Corps of Engineers

Board on Coastal Engineering Research

AGENCY: Department of the Army, DoD.

ACTION: Notice of Advisory Committee meeting.

SUMMARY: The Department of the Army is publishing this notice to announce the following Federal advisory committee meeting of the Board on Coastal Engineering Research. This meeting is open to the public.

DATES: The Board on Coastal Engineering Research will meet from 8:00 a.m. to 5:00 p.m. on March 16, 2017 and reconvene from 8:00 a.m. to 12:00 p.m. on March 17, 2017.

ADDRESSES: All sessions will be held at the Ted's Scripps Conference Room, Robert Scripps Forum for Science, Society, and the Environment, Scripps Institution of Oceanography, 8610 Kennel Way, La Jolla, CA 92037. All sessions are open to the public. For more information about the Board, please visit *https://chl.erdc.dren.mil/usace-cerb/.*

FOR FURTHER INFORMATION CONTACT: COL Bryan S. Green Designated Federal Officer (DFO), U.S. Army Engineer Research and Development Center, Waterways Experiment Station, 3909 Halls Ferry Road, Vicksburg, MS 39180–6199, phone 601–634–2513, or *Bryan.S.Green@usace.army.mil.*

SUPPLEMENTARY INFORMATION: The meeting is being held under the provisions of the Federal Advisory Committee Act (FACA) of 1972 (5 U.S.C., Appendix, as amended), the Government in the Sunshine Act of 1976 (5 U.S.C. 552b, as amended), and 41 CFR 102–3.150. The Board on Coastal Engineering Research provides broad policy guidance and reviews plans for the conduct of research and the development of research projects in consonance with the needs of the coastal engineering field and the objectives of the U.S. Army Chief of Engineers.

Purpose of the Meeting: The meeting is an Executive Session to review past action items, status reports, research and development (R & D) strategic directions, and coastal engineering research in the United States.

Agenda: On Thursday morning, March 16, 2017, action items to be discussed will be: (1) Review Action Item List; (2) Talking Points and Vignettes; (3) Coastal System Operations & Management Tool Concept; and (4) Roadmap for Future Meeting Themes, Issues, and Locations. There will be presentation on University Collaborations and Digital Technology Modernization. A field trip to tour the Scripps Institution of Oceanography is scheduled that afternoon. Following the tour, the meeting reconvenes at the Ted

Scripps Conference Room to discuss the Report on the Coastal Working Group Annual Meeting with focus on R & D needs, discuss and an Update on Nearshore Processes, Future Actions and Governance.

On Friday morning, March 17, 2017, the Board will reconvene to discuss comments from day one. Presentations on Heterogeneous Research Topics, State of Coastal CHL, Identify Strategic Coastal Research Priorities, and update and discussion on the June 2017 meeting in Honolulu, HI.

Meeting Accessibility: Pursuant to 5 U.S.C. 552b, as amended, and 41 CFR 102–3.140 through 102–3.165, and subject to the availability of space, the meeting is open to the public. Because seating capacity is limited, advance registration is required. For registration requirements please see below.

Oral participation by the public is scheduled for 10:45 a.m. on Friday, March 17, 2017. The Ted's Scripps Meeting Room is fully handicap accessible. For additional information about public access procedures, please contact COL Bryan S. Green, the Board's DFO, at the email address or telephone number listed in the **FOR FURTHER INFORMATION CONTACT** section.

Registration: It is encouraged for individuals who wish to attend the meeting of the Board to register with the DFO by email, the preferred method of contact, no later than February 27, 2017, using the electronic mail contact information found in the **FOR FURTHER INFORMATION CONTACT** section. The communication should include the registrant's full name, title, affiliation or employer, email address, and daytime phone number. If applicable, include written comments or statements with the registration email.

Written Comments and Statements: Pursuant to 41 CFR 102–3.015(j) and 102–3.140 and section 10(a)(3) of the FACA, the public or interested organizations may submit written comments or statements to the Board, in response to the stated agenda of the open meeting or in regard to the Board's mission in general. Written comments or statements should be submitted to COL Bryan S. Green, DFO, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section. Each page of the comment or statement must include the author's name, title or affiliation, address, and daytime phone number. The DFO will review all submitted written comments or statements and provide them to members of the Board for their consideration. Written comments or statements being submitted in response to the agenda set forth in this notice must be received by the DFO at least five business days prior to the meeting to be considered by the Board. The DFO will review all timely submitted written comments or statements with the Board Chairperson and ensure the comments are provided to all members of the Board before the meeting. Written comments or statements received after this date may not be provided to the Board until its next meeting.

Verbal Comments: Pursuant to 41 CFR 102–3.140d, the Board is not obligated to allow a member of the public to speak or otherwise address the Board during the meeting. Members of the public will be permitted to make verbal comments during the Board meeting only at the time and in the manner described below. If a member of the public is interested in making a verbal comment at the open meeting, that individual must submit a request, with a brief statement of the subject matter to be addressed by the comment, at least five business days in advance to the Board's DFO, via electronic mail, the preferred mode of submission, at the address listed in the **FOR FURTHER INFORMATION CONTACT** section. The DFO will log each request, in the order received, and in consultation with the Board Chair, determine whether the subject matter of each comment is relevant to the Board's mission and/or the topics to be addressed in this public meeting. A 30-minute period near the end of the meeting will be available for verbal public comments. Members of the public who have requested to make a verbal comment, and whose comments have been deemed relevant under the process described above, will be allotted no more than five minutes during this period, and will be invited to speak in the order in which their requests were received by the DFO.

Brenda S. Bowen,

Army Federal Register Liaison Officer.

[FR Doc. 2017–02570 Filed 2–7–17; 8:45 am]

BILLING CODE 3720–58–P

DEPARTMENT OF EDUCATION

[Docket No. ED–2017–ICCD–0003]

Agency Information Collection Activities; Submission to the Office of Management and Budget for Review and Approval; Comment Request; Application for Grants Under the Veterans Upward Bound Program (1894–0006)

AGENCY: Office of Postsecondary Education (OPE), Department of Education (ED).

ACTION: Notice.

SUMMARY: In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 3501 *et seq.*), ED is proposing a reinstatement of a previously approved information collection.

DATES: Interested persons are invited to submit comments on or before March 10, 2017.

ADDRESSES: To access and review all the documents related to the information collection listed in this notice, please use *http://www.regulations.gov* by searching the Docket ID number ED–2017–ICCD–0003. Comments submitted in response to this notice should be submitted electronically through the Federal eRulemaking Portal at *http://www.regulations.gov* by selecting the Docket ID number or via postal mail, commercial delivery, or hand delivery. *Please note that comments submitted by fax or email and those submitted after the comment period will not be accepted.* Written requests for information or comments submitted by postal mail or delivery should be addressed to the Director of the Information Collection Clearance Division, U.S. Department of Education, 400 Maryland Avenue SW., LBJ, Room 224–82, Washington, DC 20202–4537.

FOR FURTHER INFORMATION CONTACT: For specific questions related to collection activities, please contact Kenneth Foushee, 202–453–7417.

SUPPLEMENTARY INFORMATION: The Department of Education (ED), in accordance with the Paperwork Reduction Act of 1995 (PRA) (44 U.S.C. 3506(c)(2)(A)), provides the general public and Federal agencies with an opportunity to comment on proposed, revised, and continuing collections of information. This helps the Department assess the impact of its information collection requirements and minimize the public's reporting burden. It also helps the public understand the Department's information collection requirements and provide the requested data in the desired format. ED is soliciting comments on the proposed information collection request (ICR) that is described below. The Department of Education is especially interested in public comment addressing the following issues: (1) Is this collection necessary to the proper functions of the Department; (2) will this information be processed and used in a timely manner; (3) is the estimate of burden accurate; (4) how might the Department enhance the quality, utility, and clarity of the information to be collected; and (5) how might the Department minimize the

burden of this collection on the respondents, including through the use of information technology. Please note that written comments received in response to this notice will be considered public records.

Title of Collection: Application for Grants under the Veterans Upward Bound Program (1894–0006).

OMB Control Number: 1840–0823.

Type of Review: A reinstatement of a previously approved information collection.

Respondents/Affected Public: State, Local, and Tribal Governments; Private Sector.

Total Estimated Number of Annual Responses: 143.

Total Estimated Number of Annual Burden Hours: 4,606.

Abstract: The purpose of the Veterans Upward Bound (VUB) Program is to prepare, motivate and assist military veterans in the development of academic and other skills necessary for the acceptance into and success in a program of postsecondary education.

Authority for this program is contained in Title IV, Part A, Subpart 2, Chapter 1, Section 402C of the Higher Education Act of 1965, as amended by the Higher Education Opportunity Act of 2008. Eligible applicants include institutions of higher education, public or private agencies or organizations, including community-based organizations with experience in serving disadvantaged youth, secondary schools, and combinations of institutions, agencies, organizations, and secondary schools.

The Department is requesting a reinstatement with change because the previous VUB application was discontinued in June 2015 and the application will be needed for a Fiscal Year (FY) 2017 competition for new awards. The FY 2017 application removes previously-used competitive preference priorities and adds a selection criterion: Quality of Project Design. The change does not affect burden hours.

Dated: February 3, 2017.

Stephanie Valentine,

Acting Director, Information Collection Clearance Division, Office of the Chief Privacy Officer, Office of Management.

[FR Doc. 2017–02567 Filed 2–7–17; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF EDUCATION

Submission of Data by State Educational Agencies; Submission Dates for State Revenue and Expenditure Reports for Fiscal Year (FY) 2016, Revisions to Those Reports, and Revisions to Prior Fiscal Year Reports

AGENCY: National Center for Education Statistics, Institute of Education Sciences, Department of Education.

ACTION: Notice.

SUMMARY: The Secretary announces dates for State educational agencies (SEAs) to submit expenditure and revenue data and average daily attendance statistics on ED Form 2447 (the National Public Education Financial Survey (NPEFS)) for FY 2016, revisions to those reports, and revisions to prior fiscal year reports. The Secretary sets these dates to ensure that data are available to serve as the basis for timely distribution of Federal funds. The U.S. Census Bureau is the data collection agent for this request of the Department of Education's National Center for Education Statistics (NCES). The data will be published by NCES and will be used by the Secretary in the calculation of allocations for FY 2018 appropriated funds.

DATES: SEAs can begin submitting data on Thursday, February 9, 2017. The deadline for the final submission of all data, including any revisions to previously submitted data for FY 2015 and FY 2016, is Tuesday, August 15, 2017. Any resubmissions of FY 2015 or FY 2016 data by SEAs in response to requests for clarification or reconciliation or other inquiries by NCES or the Census Bureau must be completed as soon as possible, but no later than Tuesday, September 5, 2017. All outstanding data issues must be reconciled or resolved by the SEAs, NCES, and the Census Bureau as soon as possible, but no later than September 5, 2017.

ADDRESSES AND SUBMISSION INFORMATION: SEAs may mail ED Form 2447 to: U.S. Census Bureau, ATTENTION: Economic Reimbursable Surveys Division, 4600 Silver Hill Road, Suitland, MD 20746.

SEAs may submit data online using the interactive survey form on the NPEFS data collection Web site at: *http://surveys.nces.ed.gov/ccdnpefs.* The NPEFS interactive survey includes a digital confirmation page where a personal identification number (PIN) may be entered. A successful entry of the PIN serves as a signature by the authorizing official. Alternatively, a certification form also may be printed from the Web site, signed by the authorizing official, and mailed to the Economic Reimbursable Surveys Division of the Census Bureau at the Washington, DC address provided above, within five business days after submission of the NPEFS Web interactive form.

Alternatively, SEAs may hand-deliver submissions by 4:00 p.m. Washington, DC time on August 15, 2017, to: U.S. Census Bureau, Economic Reimbursable Surveys Division, 4600 Silver Hill Road, Suitland, MD 20746.

FOR FURTHER INFORMATION CONTACT: Mr. Stephen Q. Cornman, NPEFS Project Director, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Telephone: (202) 245–7753 or by email: *stephen.cornman@ed.gov.* You may also contact an NPEFS team member (Census Bureau). Telephone: 1–800–437–4196 or (301) 763–1571 or by email: *erd.npefs.list@census.gov.*

If you use a telecommunications device for the deaf (TDD) or a text telephone (TTY), call the Federal Relay Service, toll free, at 1–800–877–8339.

SUPPLEMENTARY INFORMATION: Under section 153(a)(1)(I) of the Education Sciences Reform Act of 2002, 20 U.S.C. 9543(a)(1)(I), which authorizes NCES to gather data on the financing and management of education, NCES collects data annually from SEAs through ED Form 2447. The report from SEAs includes attendance, revenue, and expenditure data from which NCES determines a State's ''average per-pupil expenditure'' (SPPE) for elementary and secondary education, as defined in section 8101(2) of the Elementary and Secondary Education Act of 1965, as amended (ESEA) (20 U.S.C. 7801(2)).

In addition to using the SPPE data as general information on the financing of elementary and secondary education, the Secretary uses these data directly in calculating allocations for certain formula grant programs, including, but not limited to, title I, part A of the ESEA, Impact Aid, and Indian Education programs. Other programs, such as the Education for Homeless Children and Youth program under title VII of the McKinney-Vento Homeless Assistance Act and the Teacher Quality State Grants program (title II, part A of the ESEA), make use of SPPE data indirectly because their formulas are based, in whole or in part, on State title I, part A allocations.

In January 2017, the Census Bureau, acting as the data collection agent for NCES, will email ED Form 2447 to SEAs, with instructions, and will request that SEAs commence submitting

FY 2016 data to the Census Bureau on Thursday, February 9, 2017. SEAs are urged to submit accurate and complete data by Friday, March 17, 2017, to facilitate timely processing.

Submissions by SEAs to the Census Bureau will be analyzed for accuracy and returned to each SEA for verification. SEAs must submit all data, including any revisions to FY 2015 and FY 2016 data, to the Census Bureau no later than Tuesday, August 15, 2017. Any resubmissions of FY 2015 or FY 2016 data by SEAs in response to requests for clarification or reconciliation or other inquiries by NCES or the Census Bureau must be completed by Tuesday, September 5, 2017. Between August 15, 2017, and September 5, 2017, SEAs may also, on their own initiative, resubmit data to resolve issues not addressed in their final submission of NPEFS data by August 15, 2017. All outstanding data issues must be reconciled or resolved by the SEAs, NCES, and the Census Bureau as soon as possible, but no later than September 5, 2017.

In order to facilitate timely submission of data, the Census Bureau will send reminder notices to SEAs in May, June, and July of 2017.

Having accurate, consistent, and timely information is critical to an efficient and fair Department of Education (Department) allocation process and to the NCES statistical process. To ensure timely distribution of Federal education funds based on the best, most accurate data available, the Department establishes, for program funding allocation purposes, Tuesday, August 15, 2017, as the final date by which the SEAs must submit data using either the interactive survey form on the NPEFS data collection Web site at: *http://surveys.nces.ed.gov/ccdnpefs* or ED Form 2447.

Any resubmissions of FY 2015 or FY 2016 data by SEAs in response to requests for clarification or reconciliation or other inquiries by NCES or the Census Bureau must be completed through the interactive survey form on the NPEFS data collection Web site or ED Form 2447 by Tuesday, September 5, 2017. If an SEA submits revised data after the final deadline that result in a lower SPPE figure, the SEA's allocations may be adjusted downward, or the Department may direct the SEA to return funds. SEAs should be aware that all of these data are subject to audit and that, if any inaccuracies are discovered in the audit process, the Department may seek recovery of overpayments for the applicable programs.

Note: The following are important dates in the data collection process for FY 2016:

February 9, 2017—SEAs can begin to submit accurate and complete data for FY 2016 and revisions to previously submitted data for FY 2015.

March 17, 2017—Date by which SEAs are urged to submit accurate and complete data for FY 2015 and FY 2016.

August 15, 2017—Mandatory final submission date for FY 2015 and FY 2016 data to be used for program funding allocation purposes.

September 5, 2017—Mandatory final deadline for responses by SEAs to requests for clarification or reconciliation or other inquiries by NCES or the Census Bureau. All data issues must be resolved.

If an SEA's submission is received by the Census Bureau after August 15, 2017, the SEA must show one of the following as proof that the submission was mailed on or before that date:

1. A legibly dated U.S. Postal Service postmark.

2. A legible mail receipt with the date of mailing stamped by the U.S. Postal Service.

3. A dated shipping label, invoice, or receipt from a commercial carrier.

4. Any other proof of mailing acceptable to the Secretary.

If the SEA mails ED Form 2447 through the U.S. Postal Service, the Secretary does not accept either of the following as proof of mailing:

1. A private metered postmark.

2. A mail receipt that is not dated by the U.S. Postal Service.

Note: The U.S. Postal Service does not uniformly provide a dated postmark. Before relying on this method, an SEA should check with its local post office.

Accessible Format: Individuals with disabilities may obtain this document in an accessible format (*e.g.,* Braille, large print, audiotape, or compact disc) on request to: Mr. Stephen Q. Cornman, NPEFS Project Director, National Center for Education Statistics, Institute of Education Sciences, U.S. Department of Education. Telephone: (202) 245–7753 or by email: *stephen.cornman@ed.gov.*

Electronic Access to This Document: The official version of this document is the document published in the **Federal Register.** Free Internet access to the official edition of the **Federal Register** and the Code of Federal Regulations is available via the Federal Digital System at: *www.gpo.gov/fdsys.*

At this site you can view this document, as well as all other documents of this Department published in the **Federal Register**, in text or Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at this site.

You may also access documents of the Department published in the **Federal Register** by using the article search feature at: *www.federalregister.gov.*

Specifically, through the advanced search feature at this site, you can limit your search to documents published by the Department.

Authority: 20 U.S.C. 9543.

Dated: February 2, 2017.

Thomas Brock,

Commissioner, National Center for Education Research Delegated the Duties of the Director for the Institute of Education Sciences.

[FR Doc. 2017–02597 Filed 2–7–17; 8:45 am]

BILLING CODE 4000–01–P

DEPARTMENT OF ENERGY

Orders Granting Authority To Import and Export Natural Gas, and To Export Liquefied Natural Gas During December 2016

	FE Docket Nos.
TAQA North	16–156–NG
Maritimes NG Supply Limited Partnership	16–181–NG
Sprague Operating Resources LLC	16–177–NG
Montana-Dakota Utilities Company	16–165–NG
Southern LNG Company, L.L.C	12–100–LNG
Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC & FLNG Liquefaction 3, LLC	16–108–LNG
Comision Federal de Electricidad	16–140–NG

AGENCY: Office of Fossil Energy, Department of Energy.

ACTION: Notice of orders.

SUMMARY: The Office of Fossil Energy (FE) of the Department of Energy gives notice that during December 2016, it

issued orders granting authority to import and export natural gas, and to export liquefied natural gas (LNG). These orders are summarized in the attached appendix and may be found on the FE Web site at *http://energy.gov/fe/listing-doefe-authorizationsorders-issued-2016.*

They are also available for inspection and copying in the U.S. Department of Energy (FE–34), Division of Natural Gas Regulation, Office of Regulation and International Engagement, Office of Fossil Energy, Docket Room 3E–033, Forrestal Building, 1000 Independence Avenue SW., Washington, DC 20585, (202) 586–9478. The Docket Room is open between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday, except Federal holidays.

Issued in Washington, DC, on January 24, 2017.

John A. Anderson,

Director, Office of Regulation and International Engagement, Office of Oil and Natural Gas.

Appendix

DOE/FE ORDERS GRANTING IMPORT/EXPORT AUTHORIZATIONS

3952	12/01/16	16–156–NG	TAQA North	Order 3952 granting blanket authority to import natural gas from Canada.
3953	12/01/16	16–181–NG	Maritimes NG Supply Limited Partnership.	Order 3953 granting blanket authority to import/export natural gas from/to Canada.
3954	12/01/16	16–177–NG	Sprague Operating Resources LLC	Order 3954 granting blanket authority to import natural gas from Canada.
3955	12/01/16	16–165–NG	Montana-Dakota Utilities Company	Order 3955 granting blanket authority to import natural gas from Canada.
3956	12/16/16	12–100–LNG	Southern LNG Company, L.L.C	Opinion and Order 3956 Long-term Multi-contract authority to export LNG by vessel from the Elba Island Terminal in Chatham County, Georgia, to Non-free Trade Agreement Nations.
3957	12/19/16	16–108–LNG	Freeport LNG Expansion, L.P., FLNG Liquefaction, LLC, FLNG Liquefaction 2, LLC & FLNG Liquefaction 3, LLC.	Opinion and Order 3957 granting Long-term Multi-contract authority to export LNG by vessel from the Freeport LNG on Quintana Island, Texas, to Non-free Trade Agreement Nations; and also Record of Decision.
3958	12/13/16	16–140–NG	Comision Federal de Electricidad	Order 3958 granting blanket authority to import/export natural gas from/to Mexico.

[FR Doc. 2017–02575 Filed 2–7–17; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Environmental Management Site-Specific Advisory Board, Hanford

AGENCY: Department of Energy.

ACTION: Notice of open meeting.

SUMMARY: This notice announces a meeting of the Environmental Management Site-Specific Advisory Board (EM SSAB), Hanford. The Federal Advisory Committee Act requires that public notice of this meeting be announced in the **Federal Register**.

DATES:

Wednesday, March 1, 2017, 9:00 a.m.–5:00 p.m.

Thursday, March 2, 2017, 8:30 a.m.–3:00 p.m.

ADDRESSES: Red Lion Hanford House, 802 George Washington Way, Richland, WA 99352.

FOR FURTHER INFORMATION CONTACT: Kristen Holmes, Federal Coordinator, Department of Energy Richland Operations Office, 825 Jadwin Avenue, P.O. Box 550, A7–75, Richland, WA 99352; Phone: (509) 376–5803; or Email: *kristen.l.holmes@rl.doe.gov.*

SUPPLEMENTARY INFORMATION:

Purpose of the Board: The purpose of the Board is to make recommendations to DOE–EM and site management in the areas of environmental restoration, waste management, and related activities.

Tentative Agenda

- Discussion Topics
  - Tri-Party Agreement Agencies' Updates
  - Hanford Advisory Board (HAB) Committee Reports
  - Introductions with new HAB Facilitation Contractor
  - Tank AY–102 Retrieval Update
  - Tri-Party Agreement Milestone-045 Series Change Package (C Farm Closure Schedule)
  - Board Business

Public Participation: The meeting is open to the public. The EM SSAB, Hanford, welcomes the attendance of the public at its advisory committee meetings and will make every effort to accommodate persons with physical disabilities or special needs. If you require special accommodations due to a disability, please contact Kristen Holmes at least seven days in advance of the meeting at the phone number listed above. Written statements may be filed with the Board either before or after the meeting. Individuals who wish to make oral statements pertaining to agenda items should contact Kristen Holmes at the address or telephone number listed above. Requests must be received five days prior to the meeting and reasonable provision will be made to include the presentation in the agenda. The Deputy Designated Federal Officer is empowered to conduct the meeting in a fashion that will facilitate the orderly conduct of business. Individuals wishing to make public comments will be provided a maximum of five minutes to present their comments.

Minutes: Minutes will be available by writing or calling Kristen Holmes's office at the address or phone number listed above. Minutes will also be available at the following Web site: *http://www.hanford.gov/page.cfm/hab.*

Issued at Washington, DC, on February 1, 2017.

LaTanya R. Butler,

Deputy Committee Management Officer.

[FR Doc. 2017–02562 Filed 2–7–17; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Environmental Management Site-Specific Advisory Board, Northern New Mexico

AGENCY: Department of Energy.

ACTION: Notice of open meeting.

SUMMARY: This notice announces a combined meeting of the Environmental Monitoring and Remediation Committee and Waste Management Committee of the Environmental Management Site-Specific Advisory Board (EM SSAB), Northern New Mexico (known locally as the Northern New Mexico Citizens' Advisory Board [NNMCAB]). The Federal Advisory Committee Act (Pub. L. 92–463, 86 Stat. 770) requires that public notice of this meeting be announced in the **Federal Register**.

DATES: Wednesday, February 22, 2017, 1:00 p.m.–4:00 p.m.

ADDRESSES: NNMCAB Office, 94 Cities of Gold Road, Pojoaque, NM 87506.

FOR FURTHER INFORMATION CONTACT: Menice Santistevan, Northern New Mexico Citizens' Advisory Board, 94 Cities of Gold Road, Santa Fe, NM 87506. Phone (505) 995–0393; Fax (505) 989–1752 or Email: *menice.santistevan@em.doe.gov.*

SUPPLEMENTARY INFORMATION:

Purpose of the Board: The purpose of the Board is to make recommendations to DOE-EM and site management in the areas of environmental restoration, waste management, and related activities.

Purpose of the Environmental Monitoring and Remediation Committee (EM&R): The EM&R Committee provides a citizens' perspective to NNMCAB on current and future environmental remediation activities resulting from historical Los Alamos National Laboratory (LANL) operations and, in particular, issues pertaining to groundwater, surface water and work required under the New Mexico Environment Department Order on Consent. The EM&R Committee will keep abreast of DOE-EM and site programs and plans. The committee will work with the NNMCAB to provide assistance in determining priorities and the best use of limited funds and time. Formal recommendations will be proposed when needed and, after consideration and approval by the full NNMCAB, may be sent to DOE-EM for action.

Purpose of the Waste Management (WM) Committee: The WM Committee reviews policies, practices and procedures, existing and proposed, so as to provide recommendations, advice, suggestions and opinions to the NNMCAB regarding waste management operations at the Los Alamos site.

Tentative Agenda

- Call to Order and Introductions
- Approval of Agenda
- Old Business
  - Consideration and Action on Draft Recommendation 2017–01, ''Waste Isolation Pilot Plant (WIPP) Surface Storage''
- New Business
- Update from NNMCAB Co-Deputy Designated Federal Officers
- Presentation from LANL Students: Annual Surveillance Report
- Public Comment Period
- Update on Budget and Priorities from DOE–EM
- Adjourn

Public Participation: The NNMCAB's Committees welcome the attendance of the public at their combined committee meeting and will make every effort to accommodate persons with physical disabilities or special needs. If you require special accommodations due to a disability, please contact Menice Santistevan at least seven days in advance of the meeting at the telephone number listed above. Written statements may be filed with the Committees either before or after the meeting. Individuals who wish to make oral statements pertaining to agenda items should contact Menice Santistevan at the address or telephone number listed above. Requests must be received five days prior to the meeting and reasonable provision will be made to include the presentation in the agenda. The Deputy Designated Federal Officer is empowered to conduct the meeting in a fashion that will facilitate the orderly conduct of business. Individuals wishing to make public comments will be provided a maximum of five minutes to present their comments.

Minutes: Minutes will be available by writing or calling Menice Santistevan at the address or phone number listed above. Minutes and other Board documents are on the Internet at: *http://energy.gov/em/nnmcab/northern-new-mexico-citizens-advisory-board.*

Issued at Washington, DC, on February 1, 2017.

LaTanya R. Butler,

Deputy Committee Management Officer.

[FR Doc. 2017–02560 Filed 2–7–17; 8:45 am]

BILLING CODE 6405–01–P

DEPARTMENT OF ENERGY

Environmental Management Site-Specific Advisory Board, Idaho National Laboratory

AGENCY: Department of Energy.

ACTION: Notice of open meeting.

SUMMARY: This notice announces a meeting of the Environmental Management Site-Specific Advisory Board (EM SSAB), Idaho National Laboratory. The Federal Advisory Committee Act requires that public notice of this meeting be announced in the **Federal Register**.

DATES: Thursday, February 23, 2017, 8:00 a.m.–1:00 p.m.

The opportunity for public comment is at 10:30 a.m.

This time is subject to change; please contact the Federal Coordinator (below) for confirmation of times prior to the meeting.

ADDRESSES: Hilton Garden Inn, 700 Lindsay Boulevard, Idaho Falls, ID 83402.

FOR FURTHER INFORMATION CONTACT: Robert L. Pence, Federal Coordinator, Department of Energy, Idaho Operations Office, 1955 Fremont Avenue, MS–1203, Idaho Falls, Idaho 83415. Phone (208) 526–6518; Fax (208) 526–8789 or email: *pencerl@id.doe.gov* or visit the Board's Internet home page at: *http://inlcab.energy.gov/.*

SUPPLEMENTARY INFORMATION:

Purpose of the Board: The purpose of the Board is to make recommendations to DOE–EM and site management in the areas of environmental restoration, waste management, and related activities.

Tentative Topics (agenda topics may change up to the day of the meeting; please contact Robert L. Pence for the most current agenda):

- Recent Public Outreach
- Idaho Cleanup Project (ICP) Overview
- Waste Isolation Pilot Plant (WIPP) Preparations to Resume Shipping
- History of the Waste Area Group (WAG) 7 Record of Decision (ROD)—CAP Design
- EM Budget Priorities

Public Participation: The EM SSAB, Idaho National Laboratory, welcomes the attendance of the public at its advisory committee meetings and will make every effort to accommodate persons with physical disabilities or special needs. If you require special accommodations due to a disability, please contact Robert L. Pence at least seven days in advance of the meeting at the phone number listed above. Written statements may be filed with the Board either before or after the meeting. Individuals who wish to make oral presentations pertaining to agenda items should contact Robert L. Pence at the address or telephone number listed above. The request must be received five days prior to the meeting and reasonable provision will be made to include the presentation in the agenda. The Deputy Designated Federal Officer is empowered to conduct the meeting in a fashion that will facilitate the orderly conduct of business. Individuals

wishing to make public comments will be provided a maximum of five minutes to present their comments.

Minutes: Minutes will be available by writing or calling Robert L. Pence, Federal Coordinator, at the address and phone number listed above. Minutes will also be available at the following Web site: *http://inlcab.energy.gov/pages/meetings.php.*

Issued at Washington, DC, on February 1, 2017.

LaTanya R. Butler,

Deputy Committee Management Officer.

[FR Doc. 2017–02561 Filed 2–7–17; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Basic Energy Sciences Advisory Committee

AGENCY: Office of Science, Department of Energy.

ACTION: Notice of open meeting.

SUMMARY: This notice announces a meeting of the Basic Energy Sciences Advisory Committee (BESAC). The Federal Advisory Committee Act requires that public notice of these meetings be announced in the **Federal Register**.

DATES: Thursday, February 23, 2017; 8:00 a.m. to 5:00 p.m. and Friday, February 24, 2017; 8:00 a.m. to 12:00 noon.

ADDRESSES: Hilton Washington DC/Rockville Hotel & Executive Meeting Center, 1750 Rockville Pike, Rockville, MD 20852.

FOR FURTHER INFORMATION CONTACT: Katie Runkles; Office of Basic Energy Sciences; U.S. Department of Energy; Germantown Building, 1000 Independence Avenue SW., Washington, DC 20585; Telephone: (301) 903–6529.

SUPPLEMENTARY INFORMATION:

Purpose of the Board: The purpose of this Board is to make recommendation to DOE–SC with respect to the basic energy sciences research program.

Tentative Agenda

- Call to Order, Introductions, Review of the Agenda
- News from the Office of Science
- News from the Office of Basic Energy Sciences
- Report for the Energy-Water Nexus Basic Research Needs Workshop
- Grand Challenges Science Reports Review
- X-Ray Light Sources: An International Perspective
- NSLS–II Operations Update
- Energy Frontier Research Centers/Hubs Committee of Visitors Report
- WDTS Committee of Visitors Report
- ASCAC LDRD Review Update
- Chemical Sciences, Geosciences and Biosciences Committee of Visitors Update
- Public Comments
- Adjourn

Breaks Taken As Appropriate

Public Participation: The meeting is open to the public. If you would like to file a written statement with the Committee, you may do so either before or after the meeting. If you would like to make oral statements regarding any of the items on the agenda, you should contact Katie Runkles at 301–903–6594 (fax) or *katie.runkles@science.doe.gov* (email). Reasonable provision will be made to include the scheduled oral statements on the agenda. The Chairperson of the Committee will conduct the meeting to facilitate the orderly conduct of business. Public comment will follow the 10-minute rule.

Minutes: The minutes of this meeting will be available for public review and copying within 30 days on the Committee's Web site: *http://science.energy.gov/bes/besac/.*

Issued in Washington, DC, on February 1, 2017.

LaTanya R. Butler,

Deputy Committee Management Officier.

[FR Doc. 2017–02563 Filed 2–7–17; 8:45 am]

BILLING CODE 6450–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #2

Take notice that the Commission received the following electric corporate filings:

Docket Numbers: EC17–75–000.

Applicants: Basin Creek Equity Partners L.L.C., Capital District Energy Center Cogeneration Associates, Pawtucket Power Associates Limited Partnership, Forked River Power LLC, Pittsfield Generating Company, L.P.

Description: Application Under FPA Section 203 of Basin Creek Equity Partners, L.L.C., et al.

Filed Date: 2/2/17.

Accession Number: 20170202–5132.

Comments Due: 5 p.m. ET 2/23/17.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER16–1346–002.

Applicants: Midcontinent Independent System Operator, Inc.

Description: Compliance Filing: 2017–02–02_SA 2911 LEPA–MISO External NRIS (J373) Compliance to be effective 4/6/2016.

Filed Date: 2/2/17.

Accession Number: 20170202–5150.

Comments Due: 5 p.m. ET 2/23/17.

Docket Numbers: ER16–1817–003.

Applicants: Midcontinent Independent System Operator, Inc.

Description: Compliance Filing: 2017–02–02_Compliance filing of External NRIS pro forma to be effective 4/5/2016.

Filed Date: 2/2/17.

Accession Number: 20170202–5148.

Comments Due: 5 p.m. ET 2/23/17.

Docket Numbers: ER17–759–001.

Applicants: Appleton Coated LLC.

Description: Tariff Amendment: Amendment to Appleton Coated LLC Initial Baseline Tariff Filing to be effective 3/10/2017.

Filed Date: 2/2/17.

Accession Number: 20170202–5187.

Comments Due: 5 p.m. ET 2/13/17.

Docket Numbers: ER17–918–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Original Service Agreement No. 4606; Queue No. AA1–046 to be effective 1/3/2017.

Filed Date: 2/2/17.

Accession Number: 20170202–5100.

Comments Due: 5 p.m. ET 2/23/17.

Docket Numbers: ER17–919–000.

Applicants: PJM Interconnection, L.L.C.

Description: Tariff Cancellation: Notice of Cancellation of Original Service Agreement No. 4295 to be effective 3/13/2017.

Filed Date: 2/2/17.

Accession Number: 20170202–5101.

Comments Due: 5 p.m. ET 2/23/17.

Docket Numbers: ER17–920–000.

Applicants: Duke Energy Florida, LLC.

Description: Compliance Filing: Unfiled GIAs 2nd Compliance Filing to be effective 9/27/2016.

Filed Date: 2/2/17.

Accession Number: 20170202–5168.

Comments Due: 5 p.m. ET 2/23/17.

Docket Numbers: ER17–921–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Amendment to WMPA SA No. 4156; Queue No. Z2–102 to be effective 5/6/2015.

Filed Date: 2/2/17.

Accession Number: 20170202–5183.

Comments Due: 5 p.m. ET 2/23/17.

The filings are accessible in the Commission's eLibrary system by

clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: February 2, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02533 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings

Take notice that the Commission has received the following Natural Gas Pipeline Rate and Refund Report filings:

Filings Instituting Proceedings

Docket Numbers: RP17–309–000.
Applicants: Crossroads Pipeline Company.
Description: Penalty Revenue Crediting Report of Crossroads Pipeline Company.
Filed Date: 12/30/16.
Accession Number: 20161230–5039.
Comments Due: 5 p.m. ET 2/3/17.

Docket Numbers: RP17–311–000.
Applicants: Columbia Gulf Transmission, LLC.
Description: Penalty Revenue Crediting Report of Columbia Gulf Transmission, LLC.
Filed Date: 12/30/16.
Accession Number: 20161230–5041.
Comments Due: 5 p.m. ET 2/3/17.

Docket Numbers: RP17–312–000.
Applicants: Columbia Gas Transmission, LLC.
Description: Penalty Revenue Crediting Report of Columbia Gas Transmission, LLC.
Filed Date: 12/30/16.
Accession Number: 20161230–5042.
Comments Due: 5 p.m. ET 2/3/17.

Docket Numbers: RP17–349–000.
Applicants: Black Marlin Pipeline Company.
Description: Petition for Extension of Exemptions from Certain Tariff Provisions of Black Marlin Pipeline Company.
Filed Date: 1/24/17.
Accession Number: 20170124–5238.
Comments Due: 5 p.m. ET 2/6/17.

Docket Numbers: RP17–350–000.
Applicants: Eastern Shore Natural Gas Company.
Description: Compliance filing Filing to Comply with Order in Docket Nos. CP15–18–000, 001 to be effective 3/1/2017.
Filed Date: 1/26/17.
Accession Number: 20170126–5011.
Comments Due: 5 p.m. ET 2/7/17.

Docket Numbers: RP17–351–000.
Applicants: Northern Natural Gas Company.
Description: § 4(d) Rate Filing: 20170126 Interim PRA to be effective 3/1/2017.
Filed Date: 1/26/17.
Accession Number: 20170126–5051.
Comments Due: 5 p.m. ET 2/7/17.

Docket Numbers: RP17–352–000.
Applicants: El Paso Natural Gas Company, L.L.C.
Description: § 4(d) Rate Filing: Negotiated Rate Agreement Update (Pioneer Feb 2017) to be effective 2/1/2017.
Filed Date: 1/26/17.
Accession Number: 20170126–5091.
Comments Due: 5 p.m. ET 2/7/17.

Docket Numbers: RP17–353–000.
Applicants: Kinder Morgan Illinois Pipeline LLC.
Description: Penalty Revenue Crediting Report of Kinder Morgan Illinois Pipeline LLC.
Filed Date: 1/26/17.
Accession Number: 20170126–5102.
Comments Due: 5 p.m. ET 2/7/17.

Docket Numbers: RP17–354–000.
Applicants: Kinder Morgan Louisiana Pipeline LLC.
Description: Penalty Revenue Crediting Report of Kinder Morgan Louisiana Pipeline LLC.
Filed Date: 1/26/17.
Accession Number: 20170126–5107.
Comments Due: 5 p.m. ET 2/7/17.

Docket Numbers: RP17–355–000.
Applicants: Transcontinental Gas Pipe Line Company.
Description: § 4(d) Rate Filing: Negotiated Rates—Cherokee AGL—Replacement Shippers—Feb 2017 to be effective 2/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5000.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–356–000.
Applicants: Transcontinental Gas Pipe Line Company.
Description: § 4(d) Rate Filing: Rate Schedule S–2 Tracker effective 02–01–17 to be effective 2/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5005.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–357–000.
Applicants: Iroquois Gas Transmission System, L.P.
Description: § 4(d) Rate Filing: 01/27/17 Negotiated Rates—Cargill Incorporated (RTS) 3085–28 to be effective 2/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5032.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–358–000.
Applicants: Southern LNG Company, L.L.C.
Description: § 4(d) Rate Filing: Dredging Surcharge Cost Adjustment—2017 to be effective 3/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5035.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–359–000.
Applicants: Big Sandy Pipeline, LLC.
Description: § 4(d) Rate Filing: Big Sandy Fuel Filing effective 3–1–2017 to be effective 3/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5036.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–360–000.
Applicants: KPC Pipeline, LLC.
Description: Compliance filing Compliance Filing to be effective 3/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5039.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–361–000.
Applicants: Wyoming Interstate Company, L.L.C.
Description: § 4(d) Rate Filing: Fuel and Lost and Unaccounted For Filing to be effective 3/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5053.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–362–000.
Applicants: Midcontinent Express Pipeline LLC.
Description: Compliance filing Annual Report of Operational Transactions.
Filed Date: 1/27/17.
Accession Number: 20170127–5102.
Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–363–000.
Applicants: Eastern Shore Natural Gas Company.
Description: § 4(d) Rate Filing: General Section 4 Rate Case Filing to be effective 3/1/2017.
Filed Date: 1/27/17.
Accession Number: 20170127–5211.

Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP17–364–000.

Applicants: Dominion Cove Point LNG, LP.

Description: § 4(d) Rate Filing: DCP—Keys Energy Project to be effective 3/1/2017.

Filed Date: 1/27/17.

Accession Number: 20170127–5240.

Comments Due: 5 p.m. ET 2/8/17.

Docket Numbers: RP11–1711–000.

Applicants: Texas Gas Transmission, LLC.

Description: Report Filing: 2016 Cash Out Filing.

Filed Date: 1/30/17.

Accession Number: 20170130–5043.

Comments Due: 5 p.m. ET 2/13/17.

Docket Numbers: RP17–365–000.

Applicants: Cheniere Creole Trail Pipeline, L.P.

Description: § 4(d) Rate Filing: Housekeeping_Clean Up Filing to be effective 3/1/2017.

Filed Date: 1/30/17.

Accession Number: 20170130–5093.

Comments Due: 5 p.m. ET 2/13/17.

Docket Numbers: RP17–366–000.

Applicants: Trunkline Gas Company, LLC.

Description: Compliance filing TGC Cost and Revenue Study in Compliance with CP12–491 Order.

Filed Date: 1/30/17.

Accession Number: 20170130–5258.

Comments Due: 5 p.m. ET 2/13/17.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: January 31, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02518 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. EL17–27–000]

PacifiCorp; Notice of Institution of Section 206 Proceeding and Refund Effective Date

On February 2, 2017, the Commission issued an order in Docket No. EL17–27–000, pursuant to section 206 of the Federal Power Act (FPA), 16 U.S.C. 824e (2012), instituting an investigation into whether the proposed rate decreases of PacifiCorp are just and reasonable. *PacifiCorp,* 158 FERC 61,121 (2017).

The refund effective date in Docket No. EL17–27–000, established pursuant to section 206(b) of the FPA, will be the date of publication of this notice in the **Federal Register**.

Any interested person desiring to be heard in Docket No. EL17–27–000 must file a notice of intervention or motion to intervene, as appropriate, with the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426, in accordance with Rule 214 of the Commission's Rules of Practice and Procedure, 18 CFR 385.214, within 21 days of the date of issuance of the order.

Dated: February 2, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02534 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following electric corporate filings:

Docket Numbers: EC17–64–000.

Applicants: Orange and Rockland Utilities, Inc.

Description: Revised Exhibit A to January 19, 2017 Application of Orange and Rockland Utilities, Inc. for order pursuant to Section 203 of the Federal Power Act.

Filed Date: 1/31/17.

Accession Number: 20170131–5422.

Comments Due: 5 p.m. ET 2/14/17.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER17–415–001.

Applicants: California Independent System Operator Corporation.

Description: Compliance filing: 2017–01–31 Petition Limited Waiver Administrative Pricing Enhancements Amendment to be effective N/A.

Filed Date: 1/31/17.

Accession Number: 20170131–5369.

Comments Due: 5 p.m. ET 2/21/17.

Docket Numbers: ER17–912–000.

Applicants: Arizona Public Service Company.

Description: § 205(d) Rate Filing: Limited Section 205 Filing–Modify PBOP Base Expense in Transmission Formula to be effective 4/23/2016.

Filed Date: 1/31/17.

Accession Number: 20170131–5364.

Comments Due: 5 p.m. ET 2/21/17.

Docket Numbers: ER17–913–000.

Applicants: Consolidated Edison Company of New York, Inc.

Description: § 205(d) Rate Filing: ConEd Filing for New Rate Year 2/2017 to be effective 2/1/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5000.

Comments Due: 5 p.m. ET 2/22/17.

Docket Numbers: ER17–914–000.

Applicants: Southern California Edison Company.

Description: § 205(d) Rate Filing: Revision to ADIT Calculation in SCE?s Formula Transmission Rate Tariff to be effective 4/3/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5001.

Comments Due: 5 p.m. ET 2/22/17.

Take notice that the Commission received the following public utility holding company filings:

Docket Numbers: PH17–10–000.

Applicants: Riverstone Holdings LLC, Pattern Energy Group LP.

Description: Riverstone Holdings LLC, et al. submits FERC 65–B Waiver Notification.

Filed Date: 1/31/17.

Accession Number: 20170131–5413.

Comments Due: 5 p.m. ET 2/21/17.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/*

docs-filing/efiling/filing-req.pdf. For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: February 1, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02517 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

Combined Notice of Filings #1

Take notice that the Commission received the following exempt wholesale generator filings:

Docket Numbers: EG17–56–000.

Applicants: Flat Top Wind I, LLC.

Description: Notice of Self-Certification of EWG Status of Flat Top Wind I, LLC.

Filed Date: 2/2/17.

Accession Number: 20170202–5069.

Comments Due: 5 p.m. ET 2/23/17.

Take notice that the Commission received the following electric rate filings:

Docket Numbers: ER10–2498–003.

Applicants: South Carolina Electric & Gas Company.

Description: Notice of Non-Material Change in Status of South Carolina Electric & Gas Company.

Filed Date: 1/31/17.

Accession Number: 20170131–5464.

Comments Due: 5 p.m. ET 2/21/17.

Docket Numbers: ER14–199–002.

Applicants: Lakewood Cogeneration, L.P.

Description: Compliance Filing: Reactive Power Settlement Compliance Filing (February 1, 2017) to be effective 1/27/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5105.

Comments Due: 5 p.m. ET 2/22/17.

Docket Numbers: ER14–714–002.

Applicants: Essential Power Rock Springs, LLC.

Description: Compliance Filing: Reactive Power Settlement Compliance Filing (February 1, 2017) to be effective 1/27/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5093.

Comments Due: 5 p.m. ET 2/22/17.

Docket Numbers: ER14–715–002.

Applicants: Essential Power OPP, LLC.

Description: Compliance Filing: Reactive Power Settlement Compliance Filing (February 1, 2017) to be effective 1/27/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5100.

Comments Due: 5 p.m. ET 2/22/17.

Docket Numbers: ER17–915–000.

Applicants: PJM Interconnection, L.L.C.

Description: Tariff Cancellation: Notice of Cancellation of WMPA SA No. 3772, Queue No. Y2–088 to be effective 1/20/2017.

Filed Date: 2/1/17.

Accession Number: 20170201–5227.

Comments Due: 5 p.m. ET 2/22/17.

Docket Numbers: ER17–916–000.

Applicants: PJM Interconnection, L.L.C.

Description: § 205(d) Rate Filing: Amendment to WMPA, SA No. 4418, Queue No. AA2–123 to update contact info. to be effective 2/17/2016.

Filed Date: 2/1/17.

Accession Number: 20170201–5262.

Comments Due: 5 p.m. ET 2/22/17.

Take notice that the Commission received the following electric securities filings:

Docket Numbers: ES17–12–000.

Applicants: Xcel Energy Southwest Transmission Company, LLC.

Description: Application under Section 204 of the Federal Power Act of Xcel Energy Southwest Transmission Company, LLC.

Filed Date: 1/31/17.

Accession Number: 20170131–5466.

Comments Due: 5 p.m. ET 2/21/17.

Docket Numbers: ES17–13–000.

Applicants: Xcel Energy Transmission Development Company, LLC.

Description: Application under Section 204 of the Federal Power Act of Xcel Energy Transmission Development Company, LLC.

Filed Date: 1/31/17.

Accession Number: 20170131–5469.

Comments Due: 5 p.m. ET 2/21/17.

The filings are accessible in the Commission's eLibrary system by clicking on the links or querying the docket number.

Any person desiring to intervene or protest in any of the above proceedings must file in accordance with Rules 211 and 214 of the Commission's Regulations (18 CFR 385.211 and 385.214) on or before 5:00 p.m. Eastern time on the specified comment date. Protests may be considered, but intervention is necessary to become a party to the proceeding.

eFiling is encouraged. More detailed information relating to filing requirements, interventions, protests, service, and qualifying facilities filings can be found at: *http://www.ferc.gov/docs-filing/efiling/filing-req.pdf.* For other information, call (866) 208–3676 (toll free). For TTY, call (202) 502–8659.

Dated: February 2, 2017.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2017–02532 Filed 2–7–17; 8:45 am]

BILLING CODE 6717–01–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OARM–2016–0762; FRL–9959–17–OARM]

Proposed Information Collection Request; Comment Request; General Administrative Requirements for Assistance Programs

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: The Environmental Protection Agency is planning to submit an information collection request (ICR), ''General Administrative Requirements for Assistance Programs'' (EPA ICR No. 0938.21, OMB Control No. 2030–0020) to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act (44 U.S.C. 3501 *et seq.*). Before doing so, EPA is soliciting public comments on specific aspects of the proposed information collection as described below. This is a proposed extension of the ICR, which is currently approved through June 30, 2017. An Agency may not conduct or sponsor and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

DATES: Comments must be submitted on or before April 10, 2017.

ADDRESSES: Submit your comments, referencing Docket ID No. EPA–HQ–OARM–2016–0762, online using *www.regulations.gov* (our preferred method), by email to *oei.docket@epa.gov,* or by mail to: EPA Docket Center, Environmental Protection Agency, Mail Code 28221T, 1200 Pennsylvania Ave. NW., Washington, DC 20460.

EPA's policy is that all comments received will be included in the public docket without change including any personal information provided, unless the comment includes profanity, threats, information claimed to be Confidential Business Information (CBI) or other information whose disclosure is restricted by statute.

FOR FURTHER INFORMATION CONTACT: Elizabeth January, Office of Grants and Debarment, National Policy, Training and Compliance Division, Mail Code: 3903R, Environmental Protection

Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460; telephone number: (617) 918–8655; fax number: (202) 565–2470; email address: *January.Elizabeth@epa.gov*.

SUPPLEMENTARY INFORMATION:

Supporting documents which explain in detail the information that the EPA will be collecting are available in the public docket for this ICR. The docket can be viewed online at *www.regulations.gov* or in person at the EPA Docket Center, WJC West, Room 3334, 1301 Constitution Ave. NW., Washington, DC. The telephone number for the Docket Center is 202–566–1744. For additional information about EPA's public docket, visit *http://www.epa.gov/dockets.*

Pursuant to section 3506(c)(2)(A) of the PRA, EPA is soliciting comments and information to enable it to: (i) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the Agency, including whether the information will have practical utility; (ii) evaluate the accuracy of the Agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (iii) enhance the quality, utility, and clarity of the information to be collected; and (iv) minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses. EPA will consider the comments received and amend the ICR as appropriate. The final ICR package will then be submitted to OMB for review and approval. At that time, EPA will issue another **Federal Register** notice to announce the submission of the ICR to OMB and the opportunity to submit additional comments to OMB.

Abstract: The information is collected from applicants/recipients of EPA assistance to monitor adherence to the programmatic and administrative requirements of the Agency's financial assistance program. It is used to make awards, pay recipients, and collect information on how Federal funds are being spent. EPA needs this information to meet its Federal stewardship responsibilities. This ICR renewal requests authorization for the collection of information under EPA's General Regulation for Assistance Programs, which establishes minimum management requirements for all recipients of EPA grants or cooperative agreements (assistance agreements). Recipients must respond to these information requests to obtain and/or retain a benefit (Federal funds). For awards made prior to December 26, 2014, 40 CFR part 30, ''Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,'' establishes the management requirements for institutions of higher education, hospitals, and other non-profit organizations, as well as procurement requirements for non-governmental recipients. For awards made prior to December 26, 2014, 40 CFR part 31, ''Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments,'' includes the management requirements for States, local governments, and Indian Tribal governments. These regulations include only those provisions mandated by statute, required by Office of Management and Budget (OMB) Circulars, or added by EPA to ensure sound and effective financial assistance management. For awards made on or after December 26, 2014, 2 CFR 200 and EPA's implementation of 2 CFR 200 at 2 CFR 1500 ''Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards'' establishes the management requirements for all entity types. These regulations include only those provisions mandated by statute, required by OMB Circulars, or added by EPA to ensure sound and effective financial assistance management. This ICR combines all of these requirements under OMB Control Number 2030–0020. The information required by these regulations will be used by EPA award officials to make assistance awards and assistance payments and to verify that the recipient is using Federal funds appropriately.

Form Numbers:

EPA Form 190–F–04–001, ''EPA Payment Request''

EPA Form 190–F–05–001, ''Fellowship Stipend Payment Enrollment Form''

EPA Form 4700–4, ''Preaward Compliance Review Report for All Applicants and Recipients Requesting Federal Financial Assistance''

EPA Form 5700–52A, ''MBE/WBE Utilization Under Federal Grants and Cooperative Agreements''

EPA Form 5700–53, ''Lobbying and Litigation Certification for Grants and Cooperative Agreements''

EPA Form 5700–54, ''Key Contacts Form,'' and EPA Form 5700–55, ''Key Contacts Form for Multiple Principal Investigators''

EPA Form 5770–2, ''Fellowship Application''

EPA Form 5770–3, ''Fellowship Facilities and Commitment Statement''

EPA Form 5770–5, ''Agency Fellowship Certification''

EPA Form 5770–7, ''EPA Fellowship Activation Notice''

EPA Form 5770–8, ''Fellowship Agreement''

EPA Form 5770–9, ''Completion of Studies Notice''

EPA Form 6600–01, ''EPA Administrative and Financial Onsite Review Questionnaire''

EPA Form 6600–06, ''Certification Regarding Lobbying''

EPA Form 6600–08, ''Lobbying Cost Certificate for Indirect Costs/ Certificate of Indirect Costs for State and Local Governments''

EPA Form 6600–09, ''EPA Administrative Capability Questionnaire''

NCER Form 5, ''Current and Pending Support''

SF 428, ''Tangible Personal Property''

SF 429, ''Real Property Status Report''

Respondents/affected entities: The primary recipients of EPA assistance agreements are State and local governments, Indian Tribes, educational institutions, and not-for-profit institutions.

Respondent's obligation to respond: Required to obtain an assistance agreement (40 CFR part 30 and 40 CFR part 31 for awards made prior to December 26, 2014, and 2 CFR 200 and 2 CFR 1500 for awards made on or after December 26, 2014).

Estimated number of respondents: 8,326 (total).

Frequency of response: On occasion, quarterly, and annually.

Total estimated burden: 155,006 hours (per year). Burden is defined at 5 CFR 1320.03(b).

Total estimated cost: $9,064,017 (per year), includes $0 annualized capital or operation & maintenance costs.

Changes in Estimates: Estimates are likely to stay substantially the same compared with the ICR currently approved by OMB due to limited programmatic changes or changes in the estimated respondent universe.

Dated: January 23, 2017.

Denise A. Polk,

Director of the Office of Grants and Debarment.

[FR Doc. 2017–02595 Filed 2–7–17; 8:45 am]

BILLING CODE 6560–50–P

ENVIRONMENTAL PROTECTION AGENCY

[EPA–HQ–OPPT–2016–0511; FRL–9957–06]

Certain New Chemicals or Significant New Uses; Statements of Findings for November 2016

AGENCY: Environmental Protection Agency (EPA).

ACTION: Notice.

SUMMARY: Section 5(g) of the Toxic Substances Control Act (TSCA) requires EPA to publish in the **Federal Register** a statement of its findings after its review of TSCA section 5(a) notices when EPA makes a finding that a new chemical substance or significant new use is not likely to present an unreasonable risk of injury to health or the environment. Such statements apply to premanufacture notices (PMNs), microbial commercial activity notices (MCANs), and significant new use notices (SNUNs) submitted to EPA under TSCA section 5. This document presents statements of findings made by EPA on TSCA section 5(a) notices during the period from October 25, 2016 to November 30, 2016.

FOR FURTHER INFORMATION CONTACT:

For technical information contact: Greg Schweer, Chemical Control Divison (7405M), Office of Pollution Prevention and Toxics, Environmental Protection Agency, 1200 Pennsylvania Ave. NW., Washington, DC 20460–0001; telephone number: 202–564–8469; email address: *schweer.greg@epa.gov.*

For general information contact: The TSCA-Hotline, ABVI-Goodwill, 422 South Clinton Ave., Rochester, NY 14620; telephone number: (202) 554–1404; email address: *TSCA-Hotline@epa.gov.*

SUPPLEMENTARY INFORMATION:

I. General Information

A. Does this action apply to me?

This action is directed to the public in general. As such, the Agency has not attempted to describe the specific entities that this action may apply to. Although others may be affected, this action applies directly to the submitters of the PMNs addressed in this action.

B. How can I get copies of this document and other related information?

The docket for this action, identified by docket identification (ID) number EPA–HQ–OPPT–2016–0511, is available at *http://www.regulations.gov* or at the Office of Pollution Prevention and Toxics Docket (OPPT Docket), Environmental Protection Agency Docket Center (EPA/DC), West William Jefferson Clinton Bldg., Rm. 3334, 1301 Constitution Ave. NW., Washington, DC. The Public Reading Room is open from 8:30 a.m. to 4:30 p.m., Monday through Friday, excluding legal holidays. The telephone number for the Public Reading Room is (202) 566–1744, and the telephone number for the OPPT Docket is (202) 566–0280. Please review the visitor instructions and additional information about the docket available at *http://www.epa.gov/dockets.*

II. What action is the Agency taking?

This document lists the statements of findings made by EPA after review of notices submitted under TSCA section 5(a) that certain new chemical substances or significant new uses are not likely to present an unreasonable risk of injury to health or the environment. This document presents statements of findings made by EPA during the period from October 25, 2016 to November 30, 2016.

III. What is the Agency's authority for taking this action?

TSCA section 5(a)(3) requires EPA to review a TSCA section 5(a) notice and make one of the following specific findings:

- The chemical substance or significant new use presents an unreasonable risk of injury to health or the environment;
- The information available to EPA is insufficient to permit a reasoned evaluation of the health and environmental effects of the chemical substance or significant new use;
- The information available to EPA is insufficient to permit a reasoned evaluation of the health and environmental effects and the chemical substance or significant new use may present an unreasonable risk of injury to health or the environment;
- The chemical substance is or will be produced in substantial quantities, and such substance either enters or may reasonably be anticipated to enter the environment in substantial quantities or there is or may be significant or substantial human exposure to the substance; or
- The chemical substance or significant new use is not likely to present an unreasonable risk of injury to health or the environment.

Unreasonable risk findings must be made without consideration of costs or other non-risk factors, including an unreasonable risk to a potentially exposed or susceptible subpopulation identified as relevant under the conditions of use. The term ''conditions of use'' is defined in TSCA section 3 to mean ''the circumstances, as determined by the Administrator, under which a chemical substance is intended, known, or reasonably foreseen to be manufactured, processed, distributed in commerce, used, or disposed of.''

EPA is required under TSCA section 5(g) to publish in the **Federal Register** a statement of its findings after its review of a TSCA section 5(a) notice when EPA makes a finding that a new chemical substance or significant new use is not likely to present an unreasonable risk of injury to health or the environment. Such statements apply to premanufacture notices (PMNs), microbial commercial activity notices (MCANs), and significant new use notices (SNUNs) submitted to EPA under TSCA section 5.

Anyone who plans to manufacture (which includes import) a new chemical substance for a non-exempt commercial purpose and any manufacturer or processor wishing to engage in a use of a chemical substance designated by EPA as a significant new use must submit a notice to EPA at least 90 days before commencing manufacture of the new chemical substance or before engaging in the significant new use.

The submitter of a notice to EPA for which EPA has made a finding of ''not likely to present an unreasonable risk of injury to health or the environment'' may commence manufacture of the chemical substance or manufacture or processing for the significant new use notwithstanding any remaining portion of the applicable review period.

IV. Statements of Administrator Findings Under TSCA Section 5(a)(3)(C)

In this unit, EPA provides the following information (to the extent that such information is not claimed as Confidential Business Information (CBI)) on the PMNs, MCANs and SNUNs for which, during this period, EPA has made findings under TSCA section 5(a)(3)(C) that the new chemical substances or significant new uses are not likely to present an unreasonable risk of injury to health or the environment:

- EPA case number assigned to the TSCA section 5(a) notice.
- Chemical identity (generic name, if the specific name is claimed as CBI).
- Web site link to EPA's decision document describing the basis of the ''not likely to present an unreasonable risk'' finding made by EPA under TSCA section 5(a)(3)(C).

EPA Case Number: J–16–0024; *Chemical identity: Trichoderma reesei* modified (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-*

control-act-tsca/tsca-section-5a3c-determination-32.

EPA Case Number: J–16–0025; *Chemical identity: Trichoderma reesei* modified (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-33.*

EPA Case Number: P–16–0403; *Chemical identity:* Heteropolycyclic carboxylic acid, polymer with 2-ethyl-2-(hydroxymethyl)-1,3-propanediol and 4-substitutedbenzene, substituted carbomonocycle- and alkyl-substituted carbomonocycle-blocked (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-28.*

EPA Case Number: P–16–0492; *Chemical identity:* Polyester-amide polymer of 'isophthalic acid' with diamino-alkane, cyclohexanedialcohol, alkanetriol, di-isocyanate and acrylic acid-ethylene copolymer (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-26.*

EPA Case Number: P–16–0515; *Chemical identity:* Diamine substituted arylimidazole (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-25.*

EPA Case Number: P–16–0518; *Chemical identity:* Polyalkylether polyester (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-29.*

EPA Case Number: P–16–0519; *Chemical identity:* Polyalkylether polyester (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-30.*

EPA Case Number: P–16–0545; *Chemical identity:* Substituted siloxane polymer (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-27.*

EPA Case Number: P–16–0580; *Chemical identity:* Trimethylolpropane ester of mixed linear and branched carboxylic acids (generic name); *Web site link: https://www.epa.gov/reviewing-new-chemicals-under-toxic-substances-control-act-tsca/tsca-section-5a3c-determination-31.*

Authority: 15 U.S.C. 2601 *et seq.*

Dated: January 8, 2017.

Maria J. Doa,

Director, Chemical Control Division, Office of Pollution Prevention and Toxics.

[FR Doc. 2017–02596 Filed 2–7–17; 8:45 am]

BILLING CODE 6560–50–P

FEDERAL DEPOSIT INSURANCE CORPORATION

Agency Information Collection Activities: Submission for OMB Review; National Survey of Unbanked and Underbanked Households (3064–0167); Comment Request

AGENCY: Federal Deposit Insurance Corporation (FDIC).

ACTION: Notice and request for comment.

SUMMARY: The FDIC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on the renewal of existing information collections, as required by the Paperwork Reduction Act of 1995 (44 U.S.C. chapter 35). On May 24, 2016, (81 FR 35752), the FDIC requested comment for 60 days on a proposal to renew the information collections described below. No comments were received. The FDIC hereby gives notice of its plan to submit to OMB a request to approve the renewal of these collections, and again invites comment on this renewal.

DATES: Comments must be submitted on or before March 10, 2017.

ADDRESSES: Interested parties are invited to submit written comments to the FDIC by any of the following methods:

- *http://www.FDIC.gov/regulations/laws/federal/notices.html.*
- *Email: comments@fdic.gov.* Include the name and number of the collection in the subject line of the message.
- *Mail:* Manny Cabeza (202–898–3767), Counsel, MB–3007, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429.
- *Hand Delivery:* Comments may be hand-delivered to the guard station at the rear of the 17th Street Building (located on F Street), on business days between 7:00 a.m. and 5:00 p.m.

All comments should refer to the relevant OMB control number. A copy of the comments may also be submitted to the OMB desk officer for the FDIC: Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Washington, DC 20503.

FOR FURTHER INFORMATION CONTACT: Manny Cabeza, at the FDIC address above.

SUPPLEMENTARY INFORMATION: The FDIC is considering possible revisions to the following collection of information:

Title: National Survey of Unbanked and Underbanked Households.

OMB Number: 3064–0167.

Frequency of Response: Once.

Affected Public: U.S. Households.

Estimated Number of Respondents: 40,000.

Average Time per Response: 9 minutes (0.15 hours) per respondent.

Estimated Total Annual Burden: 0.15 hours × 40,000 respondents = 6,000 hours.

General Description of Collection

The FDIC recognizes that public confidence in the banking system is strengthened when banks effectively serve the broadest possible set of consumers. As a result, the agency is committed to increasing the participation of unbanked and underbanked households in the financial mainstream by ensuring that all Americans have access to safe, secure, and affordable banking services. The National Survey of Unbanked and Underbanked Households is one contribution to this end.

The National Survey of Unbanked and Underbanked Households is also a key component of the FDIC's efforts to comply with a Congressional mandate contained in section 7 of the Federal Deposit Insurance Reform Conforming Amendments Act of 2005 (''Reform Act'') (Pub. L. 109–173), which calls for the FDIC to conduct ongoing surveys ''on efforts by insured depository institutions to bring those individuals and families who have rarely, if ever, held a checking account, a savings account or other type of transaction or check cashing account at an insured depository institution (hereafter in this section referred to as the 'unbanked') into the conventional finance system.'' Section 7 further instructs the FDIC to consider several factors in its conduct of the surveys, including: (1) ''what cultural, language and identification issues as well as transaction costs appear to most prevent 'unbanked' individuals from establishing conventional accounts''; and (2) ''what is a fair estimate of the size and worth of the ''unbanked'' market in the United States.'' The National Survey of Unbanked and Underbanked Households is designed to address these factors and provide a factual basis on the proportions of unbanked households. Such a factual basis is

necessary to adequately assess banks' efforts to serve these households as required by the statutory mandate.

To obtain this information, the FDIC partnered with the U.S. Census Bureau, which administered the Household Survey supplement (''FDIC Supplement') to households that participated in the January 2009, June 2011, June 2013 and June 2015 CPS. The results of these surveys were released to the public in December 2009, September 2012, October 2014, and October 2016, respectively.

The FDIC supplement has yielded nationally-representative data, not otherwise available, on the size and characteristics of the population that is unbanked or underbanked, the use by this population of alternative financial services, and the reasons why some households do not make greater use of mainstream banking services. The National Survey of Unbanked and Underbanked Households is the only population-representative survey conducted at the national level that provides state-level estimates of the size and characteristics of unbanked and underbanked households for all 50 states and the District of Columbia. An executive summary of the results of the previous Household Surveys, the full reports, and the survey questionnaires can be accessed through the following link: *http://www.economicinclusion.gov/surveys.*

Consistent with the statutory mandate to conduct the surveys on an ongoing basis, the FDIC already has in place arrangements for conducting the fourth Household Survey as a supplement to the June 2017 CPS. However, prior to finalizing the next survey questionnaire, the FDIC seeks to solicit public comment on whether changes to the existing instrument are desirable and, if so, to what extent. It should be noted that, as a supplement of the CPS survey, the Household Survey needs to adhere to specific parameters that include limits in the length and sensitivity of the questions that can be asked of CPS respondents. Specifically, there is a strict limitation on the number of questions permitted and the average time required to complete the survey.

Request for Comment

Comments are invited on: (a) Whether the collections of information are necessary for the proper performance of the FDIC's functions, including whether the information has practical utility; (b) the accuracy of the estimates of the burden of the information collections, including the validity of the methodology and assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collections of information on respondents, including through the use of automated collection techniques or other forms of information technology. All comments will become a matter of public record.

Dated at Washington, DC, this 3rd day of February 2017.

Federal Deposit Insurance Corporation.

Valerie J. Best,

Assistant Executive Secretary.

[FR Doc. 2017–02593 Filed 2–7–17; 8:45 am]

BILLING CODE 6714–01–P

FEDERAL MARITIME COMMISSION

Notice of Agreements Filed

The Commission hereby gives notice of the filing of the following agreements under the Shipping Act of 1984. Interested parties may submit comments on the agreements to the Secretary, Federal Maritime Commission, Washington, DC 20573, within twelve days of the date this notice appears in the **Federal Register**. Copies of the agreements are available through the Commission's Web site (*www.fmc.gov*) or by contacting the Office of Agreements at (202)–523–5793 or *tradeanalysis@fmc.gov.*

Agreement No.: 011346–025.

Title: Israel Carrier Association.

Parties: Maersk Line A/S and ZIM Integrated Shipping Services, Ltd.

Filing Party: Wayne Rohde; Cozen O'Connor; 1200 19th Street NW., Washington, DC 20036.

Synopsis: The amendment deletes American President Lines, Ltd. as a party to the agreement.

Agreement No.: 012457.

Title: Siem Car Carriers AS/''K'' Line Space Charter Agreement.

Parties: The China Navigation Company Pte Ltd. and Kyowa Shipping Co., Ltd.

Filing Party: Ashley W. Craig; Venable LLP; 575 Seventh Street NW., Washington, DC 20004.

Synopsis: The Agreement authorizes Siem Car Carriers AS and K Line to charter space to each other in the trades between the U.S. on the one hand, and ports in China, Japan, South Korea, Thailand, Mexico, and Germany on the other hand.

Agreement No.: 012458.

Title: CNCo/Kyowa Space Charter Agreement (Korea, Guam and Saipan).

Parties: The China Navigation Company Pte Ltd. and Kyowa Shipping Co., Ltd.

Filing Party: Neal M. Mayer; Hoppel, Mayer & Coleman; 1050 Connecticut Ave. NW., 5th Floor, Washington, DC 20036.

Synopsis: The Agreement authorizes The China Navigation Co. Pte Ltd. and Kyowa Shipping Co. Ltd. to charter space to each other on an ''as needed/as available'' basis in the trade between Korea on the one hand, and Guam and Saipan on the other hand.

Agreement No.: 012459.

Title: Crowley/King Ocean Space Charter Agreement—Eastern Caribbean and South American Services.

Parties: Crowley Caribbean Services, LLC and King Ocean Services Limited, Inc.

Filing Party: Wayne Rohde; Cozen O'Connor; 1200 19th Street NW., Washington, DC 20036.

Synopsis: The Agreement authorizes Crowley to charter space to King Ocean in the trade from the U.S. East Coast to Guyana, Surinam and Trinidad, and authorizes King Ocean to charter space to Crowley in the trade from the U.S. East Coast to St. Maarten, St. Lucia and Barbados. It also authorizes the parties to charter space to each other on an ''as needed/as available'' basis for the northbound movement of empty containers.

By Order of the Federal Maritime Commission.

Dated: February 3, 2017.

Rachel E. Dickon,

Assistant Secretary.

[FR Doc. 2017–02590 Filed 2–7–17; 8:45 am]

BILLING CODE 6731–AA–P

FEDERAL MINE SAFETY AND HEALTH REVIEW COMMISSION

Sunshine Act Meeting Notice

TIME AND DATE: 11:00 a.m., Thursday, February 16, 2017.

PLACE: The Richard V. Backley Hearing Room, Room 511N, 1331 Pennsylvania Avenue NW., Washington, DC 20004 (enter from F Street entrance).

STATUS: Open.

MATTERS TO BE CONSIDERED: The Commission will consider and act upon the following in open session: *Secretary of Labor* v. *John Richards Construction,* Docket Nos. WEST 2014–440, et al. (Issues include whether the Judge erred in concluding that the operator had violated the Mine Safety and Health Act by denying an inspector access to a mine for inspection purposes.)

Any person attending this meeting who requires special accessibility features and/or auxiliary aids, such as

sign language interpreters, must inform the Commission in advance of those needs. Subject to 29 CFR 2706.150(a)(3) and § 2706.160(d).

CONTACT PERSON FOR MORE INFO: Emogene Johnson (202) 434–9935/(202) 708–9300 for TDD Relay/1–800–877–8339 for toll free.

PHONE NUMBER FOR LISTENING TO ARGUMENT: 1–(866) 867–4769, Passcode: 129–339.

Dated: February 6, 2017.

Sarah L. Stewart,

Deputy General Counsel.

[FR Doc. 2017–02712 Filed 2–6–17; 4:15 pm]

BILLING CODE 6735–01–P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than March 3, 2017.

A. Federal Reserve Bank of Chicago (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690–1414:

1. *MainSource Financial Group, Inc., Greenburg, Indiana;* to acquire FCB Bancorp, Inc., and thereby indirectly acquire The First Capital Bank of Kentucky, both Louisville, Kentucky.

B. Federal Reserve Bank of Minneapolis (Jacquelyn K. Brunmeier, Assistant Vice President) 90 Hennepin Avenue, Minneapolis, Minnesota 55480–0291:

1. *West End Financial Corp., Ironwood, Minnesota;* to acquire Ewen Bancshares, Inc., and thereby indirectly acquire The State Bank of Ewen, both Ewen, Michigan.

Board of Governors of the Federal Reserve System, February 1, 2017.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2017–02579 Filed 2–7–17; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificant listed below has applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than February 23, 2017.

A. Federal Reserve Bank of Minneapolis (Jacquelyn K. Brunmeier, Assistant Vice President) 90 Hennepin Avenue, Minneapolis, Minnesota 55480–0291:

1. *The Franklin G. Larson Revocable Trust, Franklin G. Larson trustee, Valley City, North Dakota, Mary JoAndrea Larson Irrevocable Spousal Trust, Franklin G. Larson, trustee, Valley City, North Dakota; Scott M. Larson, Stillwater, Oklahoma; Wyatt Larson Irrevocable Trust, Scott Larson trustee, Stillwater, Oklahoma; Michael J. Larson, Fargo, North Dakota; Heidi J. Barranger, Zephyr Cove, Nevada; Nicholas Barranger, Fountain Hills, Arizona; Michelle Larson, Bismarck, North Dakota; Paige Larson 2015 Irrevocable Trust 1, First Lawyers Trust Company Joel Black trustee; Rapid City, South Dakota; and Annika Larson 2015 Irrevocable Trust 1, First Lawyers Trust Company Joel Black trustee,* to retain shares of Starion Bancorporation, and thereby indirectly control Starion Bank, both Bismarck, North Dakota.

Board of Governors of the Federal Reserve System, February 2, 2017.

Yao Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2017–02580 Filed 2–7–17; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Change in Bank Control Notices; Acquisitions of Shares of a Bank or Bank Holding Company

The notificant listed below has applied under the Change in Bank Control Act (12 U.S.C. 1817(j)) and § 225.41 of the Board's Regulation Y (12 CFR 225.41) to acquire shares of a bank or bank holding company. The factors that are considered in acting on the notices are set forth in paragraph 7 of the Act (12 U.S.C. 1817(j)(7)).

The notices are available for immediate inspection at the Federal Reserve Bank indicated. The notices also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing to the Reserve Bank indicated for that notice or to the offices of the Board of Governors. Comments must be received not later than February 22, 2017.

A. Federal Reserve Bank of Chicago (Colette A. Fried, Assistant Vice President) 230 South LaSalle Street, Chicago, Illinois 60690–1414:

1. *Steven H. Gerdes, Houston, Texas;* to acquire voting shares or more of Citizen Bancshares, Inc., and thereby indirect control Citizens First State Bank of Walnut, both Walnut, Illinois.

B. Federal Reserve Bank of St. Louis (David L. Hubbard, Senior Manager) P.O. Box 442, St. Louis, Missouri 63166–2034. Comments can also be sent electronically to *Comments.applications@stls.frb.org:*

1. *The Daniels Family Investment Trust, Charles and Sonya Daniels as co-trustees, Charles Franklin Daniels, individually, Sonya Kay Daniels, individually, all of Navarre Beach, Florida; James Troy ''J.T.'' Compton, Mountain View, Arkansas, individually, and Charles Kevin Compton, Little Rock, Arkansas, individually, and as members of a family control group* to retain control of the voting of Stone Bancshares, Inc., and thereby retain shares of Stone Bank both Mountain View, Arkansas.

Board of Governors of the Federal Reserve System, February 1, 2017.

Yao Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2017–02578 Filed 2–7–17; 8:45 am]

BILLING CODE P

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The applications will also be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act (12 U.S.C. 1843). Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than March 3, 2017.

A. Federal Reserve Bank of San Francisco (Gerald C. Tsai, Director, Applications and Enforcement) 101 Market Street, San Francisco, California 94105–1579:

1. *Pacific Premier Bancorp, Irvine, California;* to acquire Heritage Oaks Bancorp, and thereby indirectly acquire Heritage Oaks Bank, both Paso Robles, California.

Board of Governors of the Federal Reserve System, February 2, 2017.

Yao-Chin Chao,

Assistant Secretary of the Board.

[FR Doc. 2017–02581 Filed 2–7–17; 8:45 am]

BILLING CODE P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[30Day–17–0881]

Agency Forms Undergoing Paperwork Reduction Act Review

The Centers for Disease Control and Prevention (CDC) has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The notice for the proposed information collection is published to obtain comments from the public and affected agencies.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address any of the following: (a) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) Enhance the quality, utility, and clarity of the information to be collected; (d) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses; and (e) Assess information collection costs.

To request additional information on the proposed project or to obtain a copy of the information collection plan and instruments, call (404) 639–7570 or send an email to *omb@cdc.gov.* Written comments and/or suggestions regarding the items contained in this notice should be directed to the Attention: CDC Desk Officer, Office of Management and Budget, Washington, DC 20503 or by fax to (202) 395–5806. Written comments should be received within 30 days of this notice.

Proposed Project

Data Calls for the Laboratory Response Network (OMB Control Number 0920–0881, Expires 4/30/2017)—Revision—National Center for Emerging and Zoonotic Infectious Diseases (NCEZID), Centers for Disease Control and Prevention (CDC).

Background and Brief Description

The Centers for Disease Control and Prevention (CDC) is submitting a request for a three year revision for OMB Control No. 0920–0881, an existing collection conducted by Laboratory Response Network (LRN), National Center for Emerging and Zoonotic Infectious Diseases (NCEZID).

The Department of Health and Human Services established LRN in accordance with Presidential Decision Directive 39, which outlined national anti-terrorism policies and assigned specific missions to Federal departments and agencies. The LRN's mission is to maintain an integrated national and international network of laboratories that can respond to acts of biological, chemical, or radiological terrorism and other public health emergencies. Federal, state and local public health laboratories voluntarily join the LRN.

The LRN Program Office maintains a database of information for each member laboratory that includes contact information as well as staff and equipment inventories. However, semiannually or during emergency response, the LRN Program Office may conduct a Special Data Call to obtain additional information from LRN Member Laboratories in regards to biological or chemical terrorism preparedness.

LRN has used the ''Data Calls for the Laboratory Response Network'' generic mechanism (OMB Control No. 0920–0881) twice during the last three years. Once in 2014, LRN surveyed its members to ascertain which, if any, labs would be willing to test clinical specimens for Ebola virus. The information gathered led to an emergency deployment of a new Ebola assay for LRN members. It is critical for the LRN to know which labs have equipment to support an agent specific assay during an emergency. In 2015, LRN surveyed members via broadcast email asking how many facilities had a specific version of an instrument. The information was used to help the LRN program office determine if new procedures should be written and made available to members to support the instrument in question.

Special Data calls may be conducted via queries that are distributed by broadcast emails or by survey tools (*i.e.* Survey Monkey).

The only cost to respondents is their time to respond to the data call. Authorizing legislation comes from Section 301 of the Public Health Service Act.

ESTIMATED ANNUALIZED BURDEN HOURS

Type of respondents	Form name	Number of respondents	Number of responses per respondent	Average burden per response (in hours)
Public Health laboratorians	Special Data Call	136	1	30/60

Leroy A. Richardson,

Chief, Information Collection Review Office, Office of Scientific Integrity, Office of the Associate Director for Science, Office of the Director, Centers for Disease Control and Prevention.

[FR Doc. 2017–02564 Filed 2–7–17; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Centers for Disease Control and Prevention

[30Day–17–0995]

Agency Forms Undergoing Paperwork Reduction Act Review

The Centers for Disease Control and Prevention (CDC) has submitted the following request for reinstatement with change to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The notice for the proposed information collection is published to obtain comments from the public and affected agencies.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address any of the following: (a) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used; (c) Enhance the quality, utility, and clarity of the information to be collected; (d) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses; and (e) Assess information collection costs.

To request additional information on the proposed project or to obtain a copy of the information collection plan and instruments, call (404) 639–7570 or send an email to *omb@cdc.gov.* Written comments and/or suggestions regarding the items contained in this notice should be directed to the Attention: CDC Desk Officer, Office of Management and Budget, Washington, DC 20503 or by fax to (202) 395–5806. Written comments should be received within 30 days of this notice.

Proposed Project

National Network of Sexually Transmitted Diseases Clinical Prevention Training Centers (NNPTC): Evaluation (OMB Control No. 0920–0995, Expiration 10/31/2016)—Reinstatement with Change—National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention (NCHHSTP), Centers for Disease Control and Prevention (CDC).

Background and Brief Description

The Centers for Disease Control and Prevention (CDC), Division of STD Prevention (DSTDP) requests a three-year approval for this reinstatement with change to the previously OMB approved information collection project entitled, ''*Health Professional Application for Training (HPAT)* OMB #0920–0995 exp. 10/31/2016''. The revision request consists of changing the title to ''*National Network of Sexually Transmitted Disease Clinical Prevention Training Centers (NNPTC): Evaluation*'', abbreviating the Health Professional Application for Training HPAT form; now called the ''NNPTC HPAT''. This request also contains the following changes: Elimination of 18 demographic items from the HPAT, addition of 5 demographic items to the HPAT, and addition of 98 evaluation questions to be used in 14 post-course and 90-day follow-up evaluation instruments to monitor and evaluate program outcomes.

The Prevention Training Centers (PTCs) offer classroom, web-based, and experiential training, clinical consultation, and capacity building assistance to maintain and enhance the capacity of health care professionals to screen for, diagnose, treat, manage, and prevent STDs. Previously, there has not been a systematic evaluation of the outcomes of the NNPTC program. The CDC's Funding Opportunity Announcement PS 14–1407, National Network of Sexually Transmitted Diseases Clinical Prevention Training Centers (NNPTC) requires the collection of demographic information on trainees and the collection of national evaluation outcomes. Therefore, the 14 new evaluation forms were needed and the previously approved HPAT registration form was shortened to decrease the burden on respondents. This evaluation will provide the CDC with information to assess the performance of their grantees, and will provide the NNPTC with information to improve program processes and operations in order to improve the quality of STD prevention and treatment, a key public health and evaluation activity promoted by the CDC and DSTDP.

The NNPTC HPAT will serve as the standard application and registration form for all NNPTC trainings collecting demographic information such as race, gender, work contact information, profession, functional role, work setting, programmatic focus, and at-risk populations served. NNPTC HPAT data will be used to plan and organize trainings, and determine whether NNPTC trainings are reaching the designated priority audiences: STD experts and primary care providers who serve adolescents, young adults, pregnant women, and men who have sex with men. Evaluation instruments will be used to assess satisfaction with the training, and measure participant changes in knowledge, skills, intentions to change clinical practices, and actual changes in clinical practices.

Data will be collected up to three times annually from 4,500 healthcare professionals who provide STD screening, diagnosis, and treatment or provide services to populations at risk of STD and receive NNPTC training or technical assistance. This is a decrease from the origionally approved 7,400 due to a decrease in the number of PTCs and therefore number of healthcare professionals trained. All 4,500 healthcare professionals will complete the NNPTC HPAT registration and all will be asked via two emails to voluntarily complete one evaluation within several days after training (Post-Course Evaluation) and a second

evaluation (Long-Term Evaluation) three months after training. A subset of 1,590 is expected to volunteer to complete the Post-Course Evaluation, and a smaller subset of 519 is expected to volunteer to complete the Long-Term Evaluation. The total burden hours for this request is 416 hours compared to the originally approved 617 burden hours.

The 3-minute NNPTC HPAT provides an efficient online registration process for all PTCs and takes two minutes less to complete than the previously approved version. The 14 evaluation instruments vary in number of questions based on the intensity of the training. Time to complete the different evaluation instruments ranges from 2 minutes for a one-hour training to 16 minutes for a multi-day training. Burden is calculated for each instrument separately based on number of respondents and number of questions in each instrument.

There are no costs to respondents other than their time. The estimated annualized burden hours for this data collection are 416 hours as compared to 617 for the previous approval. This reduction in burden is due to the shorter time needed to complete the HPAT (3 minutes versus the previously approved 5 minutes) and the smaller number of estimated respondents (4,500 versus 7,400) since there are now fewer PTCs conducting training. This savings for the HPAT burden is greater than the additional burden created by adding 14 new evaluation instruments since only a subset of the 4,500 respondents will complete the post-course evaluation and 90-day long-term evaluation.

ESTIMATED ANNUAL BURDEN HOURS

Type of respondent	Form name	Number of respondents	Number responses per respondent	Average burden per response (in hours)	Total burden hours
Data Collection 1					
Healthcare Professionals	NNPTC Abbreviated Health Professional Application for Training (NNPTC HPAT).	4,500	1	3/60	225
Data Collection 2 (POST) and Data Collection 3 (Long-Term)					
Healthcare Professionals	Intensive Complete POST-Course Evaluation	116	1	16/60	31
	Intensive Complete Long-Term Evaluation	36	1	10/60	6
Healthcare Professionals	Intensive-Didactic POST-Course Evaluation	166	1	10/60	28
	Intensive-Didactic Long-Term Evaluation	58	1	7/60	7
Healthcare Professionals	Practicum POST-Course Evaluation	70	1	4/60	5
	Practicum Long-Term Evaluation	20	1	3/60	1
Healthcare Professionals	Wet Mount POST-Course Evaluation	40	1	3/60	2
	Wet Mount Long-Term Evaluation	15	1	2/60	1
Healthcare Professionals	STD Tx Guidelines Complete POST-Course Evaluation.	548	1	6/60	55
	STD Tx Guidelines Complete Long-Term Evaluation.	180	1	5/60	15
Healthcare Professionals	STD Tx Guidelines Short POST-Course Evaluation.	500	1	3/60	25
	STD Tx Guidelines Short Long-Term Evaluation	160	1	3/60	8
Healthcare Professionals	Basic POST-Course Evaluation	150	1	2/60	5
	Basic Long-Term Evaluation	50	1	2/60	2

Leroy A. Richardson,

Chief, Information Collection Review Office, Office of Scientific Integrity, Office of the Associate Director for Science, Office of the Director, Centers for Disease Control and Prevention.

[FR Doc. 2017–02557 Filed 2–7–17; 8:45 am]

BILLING CODE 4163–18–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Digestive, Kidney and Urological Systems Integrated Review Group; Systemic Injury by Environmental Exposure.

Date: March 1–2, 2017.

Time: 8:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Crowne Plaza Washington Natl. Airport, 1480 Crystal Drive, Arlington, VA 22202.

Contact Person: Meenakshisundar Ananthanarayanan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4200, Bethesda, MD 20817, 301–435–1234, *ananth.ananthanarayanan@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR–15–358: Molecular and Cellular Causal Aspects of Alzheimer's Disease.

Date: March 2, 2017.

Time: 8:00 a.m. to 6:30 p.m.

Agenda: To review and evaluate grant applications.

Place: Renaissance Arlington Capital View Hotel, 2800 S Potomac Avenue, Arlington, VA 22202.

Contact Person: Laurent Taupenot, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4188, MSC 7850, Bethesda, MD 20892, 301–435–1203, *laurent.taupenot@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Oncological Sciences.

Date: March 2–3, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Embassy Suites at the Chevy Chase Pavilion, 4300 Military Road NW., Washington, DC 20015.

Contact Person: Jian Cao, MD, Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, 301–827–5902, *caojn@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Sensory and Motor Neuroscience, Cognition and Perception.

Date: March 2–3, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Bahia Resort Hotel, 998 West Mission Bay Drive, San Diego, CA 92109.

Contact Person: Sharon S. Low, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5104, MSC 7846, Bethesda, MD 20892, 301–237–1487, *lowss@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Medical Imaging Investigations.

Date: March 2, 2017.

Time: 10:30 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Mehrdad Mohseni, MD, Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5211, MSC 7854, Bethesda, MD 20892, 301–435–0484, *mohsenim@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA Panel: Investigations on Primary Immunodeficiency Diseases.

Date: March 2, 2017.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Jin Huang, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4095G, MSC 7812, Bethesda, MD 20892, 301–435–1230.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR16–365 Pilot Clinical Trials for the Spectrum of Alzheimer's Disease.

Date: March 2, 2017.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Unja Hayes, Ph.D., Scientific Review Officer, National Institutes of Health, Center for Scientific Review, 6701 Rockledge Drive, Bethesda, MD 20892, 301–827–6830, *unja.hayes@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Pregnancy and Neonatology.

Date: March 2, 2017.

Time: 2:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Dianne Hardy, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6175, MSC 7892, Bethesda, MD 20892, 301–435–1154, *dianne.hardy@nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Improvement of Animal Models for Stem Cell-Based Regenerative Medicine.

Date: March 2, 2017.

Time: 12:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Jonathan Arias, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5170, MSC 7840, Bethesda, MD 20892, 301–435–2406, *ariasj@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA Panel: Molecular and Cellular Substrates of Complex Brain Disorders.

Date: March 3, 2017.

Time: 8:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Hilton Garden Inn Bethesda, 7301 Waverly Street, Bethesda, MD 20814.

Contact Person: Brian H. Scott, Ph.D., Scientific Review Officer, National Institutes of Health, Center for Scientific Review, 6701 Rockledge Drive, Bethesda, MD 20892, 301–827–7490, *brianscott@mail.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; Infectious Diseases, Reproductive Health, Asthma and Pulmonary Conditions: Small Grant Mechanisms.

Date: March 3, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: American Inn of Bethesda, 8130 Wisconsin Ave., Bethesda, MD 20814.

Contact Person: Gniesha Yvonne Dinwiddie, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive Room 3137, Bethesda, MD 20892, *dinwiddiegy@csr.nih.gov*.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR16–216: Outcome Measures for Use in Treatment Trials for IDD.

Date: March 3, 2017.

Time: 12:00 p.m. to 2:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Serena Chu, Ph.D., Scientific Review Officer, BBBP IRG, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3178, MSC 7848, Bethesda, MD 20892, 301–500–5829, *sechu@csr.nih.gov*.

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846–93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: February 1, 2017.

David Clary,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02510 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Human Genome Research Institute; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Human Genome Research Institute Special Emphasis Panel; H3A Research Projects.

Date: March 3, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Bethesda North Marriott Hotel & Conference Center, Glen Echo, 5701 Marinelli Road, Bethesda, MD 20852.

Contact Person: Keith McKenney, Ph.D., Scientific Review Officer, National Human Genome Research Institute, 5635 Fishers Lane, Suite 4076, Bethesda, MD 20814, 301–594–4280, *mckenneyk@mail.nih.gov*.

Name of Committee: National Human Genome Research Institute Special Emphasis Panel; H3A Collaborative Centers.

Date: March 20–21, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Gaithersburg Marriott Washingtonian Center Lakeside Ballroom, 9751 Washingtonian Blvd., Gaithersburg, MD 20878.

Contact Person: Rudy O. Pozzatti, Ph.D., Scientific Review Officer, Scientific Review Branch, National Human Genome Research

Institute, 5635 Fishers Lane, Suite 4076, MSC 9306, Rockville, MD 20852, (301) 402–0838, *pozzattr@mail.nih.gov.*

Name of Committee: National Human Genome Research Institute Special Emphasis Panel; Ethical, Legal, and Societal Issues (ELSI).

Date: March 22, 2017.

Time: 12:30 p.m. to 3:30 p.m.

Agenda: To review and evaluate grant applications.

Place: National Human Genome Research Institute, 3rd Floor Conf. Room, 5635 Fishers Lane, Rockville, MD 20852 (Telephone Conference Call).

Contact Person: Ken D. Nakamura, Ph.D., Scientific Review Officer, Scientific Review Branch, National Human Genome Research Institute, National Institutes of Health, 5635 Fishers Lane, Suite 4076, MSC 9306, Rockville, MD 20852, 301–402–0838, *nakamurk@mail.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.172, Human Genome Research, National Institutes of Health, HHS)

Dated: February 1, 2017.

Sylvia L. Neal,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02506 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Allergy and Infectious Diseases; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Institute of Allergy and Infectious Diseases Special Emphasis Panel; Systems Approach to Immunity and Inflammation (U19).

Date: March 1–2, 2017.

Time: 10:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 5601 Fishers Lane, Rockville, MD 20892 (Telephone Conference Call).

Contact Person: Paul A. Amstad, Ph.D., Scientific Review Officer, Scientific Review Program, Division of Extramural Activities, Room 3G41, NIAID/NIH/DHHS, 5601 Fishers Lane, Bethesda, MD 20892–7616, 240–669–5067, *pamstad@niaid.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.855, Allergy, Immunology, and Transplantation Research; 93.856, Microbiology and Infectious Diseases Research, National Institutes of Health, HHS)

Dated: February 1, 2017.

Natasha M. Copeland,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02508 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Eye Institute; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: National Eye Institute Special Emphasis Panel; NEI Conference Grant Applications.

Date: March 1–2, 2017.

Time: 9:00 a.m. to 8:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 5635 Fishers Lane, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Anne E Schaffner, Ph.D., Chief, Scientific Review Branch, Division Of Extramural Research, National Eye Institute, 5635 Fishers Lane, Suite 1300, MSC 9300, Bethesda, MD 20892–9300, (301) 451–2020 *aes@nei.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.867, Vision Research, National Institutes of Health, HHS)

Dated: February 1, 2017.

Natasha M. Copeland,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02509 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute on Deafness and Other Communication Disorders; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of a meeting of the Board of Scientific Counselors, NIDCD. The meeting will be closed to the public as indicated below in accordance with the provisions set forth in section 552b(c)(6), Title 5 U.S.C., as amended for the review, discussion, and evaluation of individual intramural programs and projects conducted by the National Institute on Deafness and Other Communication Disorders, including consideration of personnel qualifications and performance, and the competence of individual investigators, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Board of Scientific Counselors, NIDCD.

Date: March 14, 2017.

Time: 3:00 p.m. to 4:00 p.m.

Agenda: To review and evaluate personal qualifications and performance, and competence of individual investigators.

Place: National Institutes of Health, Building 31, Room 3C02, 31 Center Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Andrew J. Griffith, Ph.D., MD, Director, Division of Intramural Research, National Institute on Deafness and Other Communication Disorders, 35A Convent Drive, GF 103, Rockville, MD 20892, 301–496–1960, *griffita@nidcd.nih.gov.*

Information is also available on the Institute's/Center's home page: *http://www.nidcd.nih.gov/about/groups/bsc/,* where an agenda and any additional information for the meeting will be posted when available.

(Catalogue of Federal Domestic Assistance Program Nos. 93.173, Biological Research Related to Deafness and Communicative Disorders, National Institutes of Health, HHS)

Dated: February 1, 2017.

Sylvia L. Neal,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02505 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Amended Notice of Meeting

Notice is hereby given of a change in the meeting of the Center for Scientific Review Special Emphasis Panel, February 09, 2017, 08:00 a.m. to February 09, 2017, 05:00 p.m., National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 which was published in the **Federal Register** on January 17, 2017, V–82 Page 3343.

The meeting will be held at JW Marriott, 614 Canal St., New Orleans, LA 70130. The meeting time has not changed. The meeting is closed to the public.

Dated: February 2, 2017.

Michelle Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02504 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Human Genome Research Institute; Notice of Closed Meeting

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meeting.

The meeting will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Inherited Disease Research Access Committee.

Date: March 3, 2017.

Time: 11:30 a.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Suite 3049, 5635 Fishers Lane, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Barbara J. Thomas, Ph.D., Scientific Review Officer, Scientific Review Branch, National Human Genome Research Institute, National Institutes of Health, 5635 Fishers Lane, Ste. 4076, MSC 9306, Bethesda, MD 20892–9306, 301–402–0838, *barbara.thomas@nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.172, Human Genome Research, National Institutes of Health, HHS)

Dated: February 1, 2017.

Sylvia L. Neal,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02507 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Center for Scientific Review; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), Title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Improving Smoking Cessation in Socioeconomically Disadvantaged Populations via Scalable Interventions.

Date: February 28, 2017.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Miriam Mintzer, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3108, Bethesda, MD 20892, 301–523–0646, *mintzermz@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Small Business: Bioanalytical Chemistry, Biophysics and Assay Development.

Date: March 2–3, 2017.

Time: 9:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892.

Contact Person: Vonda K. Smith, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6188, MSC 7892, Bethesda, MD 20892, 301–435–1789, *smithvo@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Genetics of Diseases.

Date: March 2, 2017.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Luis Dettin, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 2208, Bethesda, MD 20892, 301–451–1327, *dettinle@nih.csr.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Neural Circuits.

Date: March 2, 2017.

Time: 11:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Jana Drgonova, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive Room 5213, Bethesda, MD 20892, *jdrgonova@mail.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Nursing and Related Clinical Sciences.

Date: March 2, 2017.

Time: 12:00 p.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Tasmeen Weik, DRPH, MPH., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3141, Bethesda, MD 20892, *weikts@mail.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Palliative Care.

Date: March 3, 2017.

Time: 11:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892.

Contact Person: Martha L. Hare, RN, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3154, MSC 7770, Bethesda, MD 20892, (301) 451–8504, *harem@mail.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Infectious Diseases, Reproductive Health, Asthma and Pulmonary Conditions.

Date: March 3, 2017.

Time: 1:00 p.m. to 2:00 p.m.

Agenda: To review and evaluate grant applications.

Place: American Inn of Bethesda, 8130 Wisconsin Ave., Bethesda, MD 20814.

Contact Person: Lisa Steele, Ph.D., Scientific Review Officer, PSE IRG, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3139, MSC 7770, Bethesda, MD 20892, 301–594–6594, *steeleln@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Extracellular Vesicles and Substance Abuse.

Date: March 3, 2017.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892, (Virtual Meeting).

Contact Person: Jasenka Borzan, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4214 MSC 7814, Bethesda, MD 20892–7814, 301–435–1787, *borzanj@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Vascular and Hematology.

Date: March 6, 2017.

Time: 8:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Natalia Komissarova, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5207, MSC 7846, Bethesda, MD 20892, 01–435–1206, *komissar@mail.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA–RM–16–006: NIH Director's Early Independence Award Review.

Date: March 6–7, 2017.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: The Fairmont Washington, DC, 2401 M Street NW.,Washington, DC 20037.

Contact Person: Weijia Ni, Ph.D., Chief/Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3100, MSC 7808, Bethesda, MD 20892, 301–594–3292, *niw@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Member Conflict: Addictions, Depression, Bipolar Disorder, and Schizophrenia.

Date: March 6, 2017.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Kristin Kramer, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5205, MSC 7846, Bethesda, MD 20892, (301) 437–0911, *kramerkm@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Pilot Clinical Studies in Kidney Diseases.

Date: March 6, 2017.

Time: 1:00 p.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Atul Sahai, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 188, MSC 7818 , Bethesda, MD 20892, 301–435–1198, *sahaia@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Learning, Memory, Language, Communication and Related Neurosciences.

Date: March 7, 2017.

Time: 8:00 a.m. to 7:00 p.m.

Agenda: To review and evaluate grant applications.

Place: The St. Regis Washington DC, 923 16th Street NW., Washington, DC 20006.

Contact Person: Susan Gillmor, Ph.D., Scientific Review Officer, National Institutes of Health, Center for Scientific Review, 6701 Rockledge Drive, Bethesda, MD 20892, 301–435–1730, *susan.gillmor@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Topics in Bacterial Pathogenesis.

Date: March 7, 2017.

Time: 8:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Hotel Solamar, 435 6th Avenue, San Diego, CA 92101.

Contact Person: Richard G. Kostriken, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 3192, MSC 7808, Bethesda, MD 20892, 240–519–7808, *kostrikr@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Fellowships: Chemistry.

Date: March 7–8, 2017.

Time: 8:30 a.m. to 12:00 p.m.

Agenda: To review and evaluate grant applications.

Place: Hyatt Regency Bethesda, One Bethesda Metro Center, 7400 Wisconsin Avenue, Bethesda, MD 20814.

Contact Person: Mike Radtke, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4176, MSC 7806, Bethesda, MD 20892, 301–435–1728, *radtkem@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR panel: Chemical Discovery for Substance Use Disorders.

Date: March 7, 2017.

Time: 11:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892.

Contact Person: William A Greenberg, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 4168, MSC 7806, Bethesda, MD 20892 (301) 435–1726, *greenbergwa@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Molecular Mechanisms of Obesity and Diabetes.

Date: March 7, 2017.

Time: 1:00 p.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Gregory S Shelness, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6156, Bethesda, MD 20892–7892, (301) 435–0492, *shelnessgs@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; Pilot and Feasibility Clinical Research Grants in Urologic Disorders.

Date: March 8, 2017.

Time: 9:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Ganesan Ramesh, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Dr. Room 2182 MSC 7818, Bethesda, MD 20892, *ganesan.ramesh@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR Panel: Biophysical and Biomechanical Aspects of Embryonic Development.

Date: March 8, 2017.

Time: 10:00 a.m. to 6:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Charles Selden, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive Room 5187 MSC 7840, Bethesda, MD 20892, (301) 451–3388, *seldens@mail.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; RFA–ES16–011: BD2K Research Education Curriculum Development.

Date: March 8, 2017.

Time: 10:00 a.m. to 3:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: James J Li, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 5148, MSC 7849, Bethesda, MD 20892, (301) 806–8065, *lijames@csr.nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR16–366: Research in Biomedicine and Agriculture.

Date: March 8, 2017.

Time: 11:00 a.m. to 4:00 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Virtual Meeting).

Contact Person: Gary Hunnicutt, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institutes of Health, 6701 Rockledge Drive, Room 6164, MSC 7892, Bethesda, MD 20892, (301) 435–0229, *gary.hunnicutt@nih.gov.*

Name of Committee: Center for Scientific Review Special Emphasis Panel; PAR 16–

323: Small Research Grants for Establishing Basic Sciences Clinical Collaboration to Understand Structural Birth Defects.

Date: March 8, 2017.

Time: 1:00 p.m. to 4:30 p.m.

Agenda: To review and evaluate grant applications.

Place: National Institutes of Health, 6701 Rockledge Drive, Bethesda, MD 20892 (Telephone Conference Call).

Contact Person: Rass M Shayiq, Ph.D., Scientific Review Officer, Center for Scientific Review, National Institute of Health, 6701 Rockledge Drive, Room 2182, MSC 7818, Bethesda, MD 20892, (301) 435–2359, *shayiqr@csr.nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.306, Comparative Medicine; 93.333, Clinical Research, 93.306, 93.333, 93.337, 93.393–93.396, 93.837–93.844, 93.846– 93.878, 93.892, 93.893, National Institutes of Health, HHS)

Dated: February 2, 2017.

Michelle Trout,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2017–02516 Filed 2–7–17; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

[1651–0036]

Agency Information Collection Activities: Temporary Scientific or Educational Purposes

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: 60-Day notice and request for comments; extension of an existing collection of information.

SUMMARY: U.S. Customs and Border Protection (CBP) of the Department of Homeland Security will be submitting the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act: Temporary Scientific or Education Purposes. CBP is proposing that this information collection be extended with no change to the burden hours or to the information collected. This document is published to obtain comments from the public and affected agencies.

DATES: Written comments should be received on or before April 10, 2017 to be assured of consideration.

ADDRESSES: All submissions received must include the OMB Control Number 1651–0036 in the subject line and the agency name. To avoid duplicate submissions, please use only *one* of the following methods to submit comments:

(1) *Email.* Submit comments to: (*CBP_PRA@cbp.dhs.gov*). The email should include the OMB Control number in the subject line.

(2) *Mail.* Submit written comments to CBP PRA Officer, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, Economic Impact Analysis Branch, 10th Floor, 90 K St. NE., Washington, DC 20229–1177.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Paperwork Reduction Act Officer, U.S. Customs and Border Protection, Regulations and Rulings, Office of Trade, 90 K Street NE., 10th Floor, Washington, DC 20229–1177, or via email (*CBP_PRA@cbp.dhs.gov*). Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877–227–5511, (TTY) 1–800–877–8339, or CBP Web site at *https://www.cbp.gov/.* For additional help: *https://help.cbp.gov/app/home/search/1.*

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501). The comments should address: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden including the use of automated collection techniques or the use of other forms of information technology; and (e) the annual cost burden to respondents or record keepers from the collection of information (total capital/startup costs and operations and maintenance costs). The comments that are submitted will be summarized and included in the CBP request for OMB approval. All comments will become a matter of public record. In this document, CBP is soliciting comments concerning the following Information collection:

Title: Declaration of the Ultimate Consignee that Articles were Exported for Temporary Scientific or Educational Purposes.

OMB Number: 1651–0036.

Form Number: None.

Abstract: The Declaration of the Ultimate Consignee that Articles were Exported for Temporary Scientific or Educational Purposes is used to document duty free entry under conditions when articles are temporarily exported solely for scientific or educational purposes. This declaration, which is completed by the ultimate consignee and submitted to CBP by the importer or the agent of the importer, is used to assist CBP personnel in determining whether the imported articles should be free of duty. It is provided for under 19 U.S.C. 1202, HTSUS Subheading 9801.00.40, and 19 CFR 10.67(a)(3) which requires a declaration to CBP stating that the articles were sent from the United States solely for temporary scientific or educational use and describing the specific use to which they were put while abroad.

Current Actions: CBP proposes to extend the expiration date of this information collection with no change to the burden hours or to the information being collected.

Type of Review: Extension (without change).

Affected Public: Businesses.

Estimated Number of Respondents: 55.

Estimated Number of Annual Responses per Respondent: 3.

Estimated Number of Total Annual Responses: 165.

Estimated Time per Response: 10 minutes.

Estimated Total Annual Burden Hours: 27.

Dated: February 3, 2017.

Seth Renkema,

Branch Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection.

[FR Doc. 2017–02599 Filed 2–7–17; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

U.S. Customs and Border Protection

[1651–0050]

Agency Information Collection Activities: Importation Bond Structure

AGENCY: U.S. Customs and Border Protection, Department of Homeland Security.

ACTION: 60-Day Notice and request for comments; extension of an existing collection of information.

SUMMARY: U.S. Customs and Border Protection (CBP) of the Department of Homeland Security will be submitting the following information collection

request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act: Importation Bond Structure (CBP Forms 301, and 5297). CBP is proposing that this information collection be extended with no change to the burden hours or to the information collected. This document is published to obtain comments from the public and affected agencies.

DATES: Written comments should be received on or before April 10, 2017 to be assured of consideration.

ADDRESSES: All submissions received must include the OMB Control Number 1651–0050 in the subject line and the agency name. To avoid duplicate submissions, please use only *one* of the following methods to submit comments:

(1) Email. Submit comments to: (*CBP_PRA@cbp.dhs.gov*). The email should include the OMB Control number in the subject line.

(2) Mail. Submit written comments to CBP PRA Officer, U.S. Customs and Border Protection, Office of Trade, Regulations and Rulings, Economic Impact Analysis Branch, 10th Floor, 90 K St. NE., Washington, DC 20229–1177.

FOR FURTHER INFORMATION CONTACT: Requests for additional PRA information should be directed to Paperwork Reduction Act Officer, U.S. Customs and Border Protection, Regulations and Rulings, Office of Trade, 90 K Street NE., 10th Floor, Washington, DC 20229–1177, or via email (*CBP_PRA@cbp.dhs.gov*). Please note that the contact information provided here is solely for questions regarding this notice. Individuals seeking information about other CBP programs should contact the CBP National Customer Service Center at 877–227–5511, (TTY) 1–800–877–8339, or CBP Web site at *https://www.cbp.gov/.* For additional help: *https://help.cbp.gov/app/home/search/1.*

SUPPLEMENTARY INFORMATION: CBP invites the general public and other Federal agencies to comment on proposed and/or continuing information collections pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501). The comments should address: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimates of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden including the use of automated collection techniques or the use of other forms of information technology; and (e) the annual cost burden to respondents or record keepers from the collection of information (total capital/startup costs and operations and maintenance costs). The comments that are submitted will be summarized and included in the CBP request for OMB approval. All comments will become a matter of public record. In this document, CBP is soliciting comments concerning the following Information collection:

Title: Importation Bond Structure.

OMB Number: 1651–0050.

Form Number: CBP Forms 301 and 5297.

Abstract: Bonds are used to ensure that duties, taxes, charges, penalties, and reimbursable expenses owed to the Government are paid; to facilitate the movement of cargo and conveyances through CBP processing; and to provide legal recourse for the Government for noncompliance with laws and regulations. Each person who is required by law or regulation to post a bond in order to secure a Customs transaction must submit the bond on CBP Form 301 which is available at: *https://www.cbp.gov/newsroom/publications/forms?title=301&=Apply.*

Surety bonds are usually executed by an agent of the surety. The surety company grants authority to the agent via a Corporate Surety Power of Attorney, CBP Form 5297. This power is vested with CBP so that when a bond is filed, the validity of the authority of the agent executing the bond and the name of the surety can be verified to the surety's grant. CBP Form 5297 is available at: *https://www.cbp.gov/document/forms/form-5297-corporate-surety-power-attorney.* Bonds are required pursuant to 19 U.S.C. 1608, and 1623; 22 U.S.C. 463; 19 CFR part 113.

Current Actions: This submission is being made to extend the expiration date with no change to the burden hours or to CBP Forms 301 or 5297.

Type of Review: Extension (without change).

Affected Public: Businesses.

Form 301, Customs Bond

Estimated Number of Annual Respondents: 800,000.

Total Number of Estimated Annual Responses: 800,000.

Estimated time per Response: 15 minutes.

Estimated Total Annual Burden Hours: 200,000.

Form 5297, Corporate Surety Power of Attorney

Estimated Number of Respondents: 500.

Total Number of Estimated Annual Responses: 500.

Estimated Time per Response: 15 minutes.

Estimated Total Annual Burden Hours: 125.

Dated: February 3, 2017.

Seth Renkema,

Branch Chief, Economic Impact Analysis Branch, U.S. Customs and Border Protection.

[FR Doc. 2017–02598 Filed 2–7–17; 8:45 am]

BILLING CODE 9111–14–P

DEPARTMENT OF HOMELAND SECURITY

United States Immigration and Customs Enforcement

Agency Information Collection Activities: Extension, Without Change, of an Existing Information Collection; Comment Request; OMB Control No. 1653–0051

AGENCY: U.S. Immigration and Customs Enforcement, Department of Homeland Security.

ACTION: 60-Day notice of information collection for review; standards to prevent, detect, and respond to sexual abuse and assault in confinement facilities; OMB control No. 1653–0051.

The Department of Homeland Security, U.S. Immigration and Customs Enforcement (USICE), is submitting the following information collection request for review and clearance in accordance with the Paperwork Reduction Act of 1995. The information collection is published in the **Federal Register** to obtain comments from the public and affected agencies. Comments are encouraged and will be accepted for sixty day until April 10, 2017.

Written comments and suggestions regarding items contained in this notice and especially with regard to the estimated public burden and associated response time should be directed to the Department of Homeland Security (DHS), Scott Elmore, PRA Clearance Officer, U.S. Immigrations and Customs Enforcement, 801 I Street NW., Mailstop 5800, Washington, DC 20536–5800.

Written comments and suggestions from the public and affected agencies concerning the proposed collection of information should address one or more of the following four points:

(1) Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(2) Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

(3) Enhance the quality, utility, and clarity of the information to be collected; and

(4) Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.,* permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension, without change, of a currently approved information collection.

(2) *Title of the Form/Collection:* Standards to Prevent, Detect, and Respond to Sexual Abuse and Assault in Confinement Facilities.

(3) *Affected public who will be asked or required to respond, as well as a brief abstract:* Primary: Individuals or households. DHS is setting standards for the prevention, detection, and response to sexual abuse in its confinement facilities. For DHS facilities and as incorporated in DHS contracts, these standards require covered facilities to retain and report to the agency certain specified information relating to sexual abuse prevention planning, responsive planning, education and training, and investigations, as well as to collect, retain, and report to the agency certain specified information relating to allegations of sexual abuse within the covered facility.

(4) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* 1,385,063 responses at 5 minutes (.08 hours) per response.

(6) *An estimate of the total public burden (in hours) associated with the collection:* 119,321 annual burden hours.

Dated: February 3, 2017.

Scott Elmore,

PRA Clearance Officer, Office of the Chief Information Officer, U.S. Immigration and Customs Enforcement, Department of Homeland Security.

[FR Doc. 2017–02586 Filed 2–7–17; 8:45 am]

BILLING CODE 9111–28–P

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–5961–N–02]

Additional Clarifying Guidance, Waivers, and Alternative Requirements for Grantees in Receipt of Community Development Block Grant (CDBG) Disaster Recovery Grant Funds Under the Disaster Relief Appropriations Act, 2013

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: This Notice modifies a waiver and alternative requirement for the State of New Jersey's tenant-based rental assistance program funded through its Community Development Block Grant disaster recovery (CDBG–DR) grant pursuant to the Disaster Relief Appropriations Act, 2013 (Pub. L. 113–2) (the Appropriations Act). A waiver and alternative requirement for the tenant-based rental assistance program was initially published in a **Federal Register** notice on July 11, 2014 (79 FR 40134), and later modified in the **Federal Register** notice published on April 2, 2015 (80 FR 17772).

DATES: *Effective Date:* February 13, 2017.

FOR FURTHER INFORMATION CONTACT: Jessie Handforth Kome, Acting Director, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 7th Street SW., Room 7286, Washington, DC 20410, telephone number 202–708–3587. Persons with hearing or speech impairments may access this number via TTY by calling the Federal Relay Service at 800–877–8339. Facsimile inquiries may be sent to Mr. Stan Gimont at 202–401–2044. (Except for the''800'' number, these telephone numbers are not toll-free.) Email inquiries may be sent to *disaster_recovery@hud.gov.*

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I. Background

The Appropriations Act made available $16 billion in Community Development Block Grant disaster recovery funds for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas, resulting from a major disaster declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 *et seq.*) (Stafford Act), due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013. On March 1, 2013, the President issued a sequestration order pursuant to Section 251A of the Balanced Budget and Emergency Deficit Control Act, as amended (2 U.S.C. 901a), and reduced the amount of funding for CDBG–DR grants under the Appropriations Act to $15.18 billion. To date, a total of $15.18 billion has been allocated or set aside: $13 billion in response to Hurricane Sandy, $514 million in response to disasters occurring in 2011 or 2012, $655 million in response to 2013 disasters, and $1 billion for the National Disaster Resilience Competition. This notice modifies the waiver and alternative requirement initially published in the **Federal Register** notice on July 11, 2014 (79 FR 40133), and later modified in the **Federal Register** notice published on April 2, 2015 (80 FR 17772). All waivers and alternative requirements for Hurricane Sandy grantees in receipt of allocations under the Appropriations Act, are described within the **Federal Register** notices published by the Department on March 5, 2013 (78 FR 14329), April 19, 2013 (78 FR 23578), August 2, 2013 (78 FR 46999), November 18, 2013 (78 FR 69104), March 27, 2014 (79 FR 17173), July 11, 2014 (79 FR 40133), October 16, 2014 (79 FR 62182), April 2, 2015 (80 FR 17772), and May 11, 2015 (80 FR 26942), August 25, 2015 (80 FR 51589), November 18, 2015 (80 FR 72102), February 12, 2016 (81 FR 7567), and August 15, 2016 (81 FR 54114) (referred to collectively in this notice as the ''prior notices''). The requirements of the prior notices continue to apply, except as modified by this notice.[1]

II. Applicable Rules, Statutes, Waivers, and Alternative Requirements

The Appropriations Act authorizes the Secretary to waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with HUD's obligation or use by the recipient of these funds (except for requirements related to fair housing, nondiscrimination, labor standards, and the environment). Waivers and alternative requirements are based upon a determination by the

[1] Links to the prior notices, the text of the Appropriations Act, and additional guidance prepared by the Department for CDBG–DR grants, are available on the HUD Exchange Web site: *https://www.hudexchange.info/cdbg-dr/cdbg-dr-laws-regulations-and-federal-register-notices/.*

Secretary that good cause exists and that the waiver or alternative requirement is not inconsistent with the overall purposes of Title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 *et seq.*) (HCDA). Regulatory waiver authority is also provided by 24 CFR 5.110, 91.600, and 570.5.

For the waiver and alternative requirement described in this notice, the Secretary has determined that good cause exists and that the waiver and alternative requirement are not inconsistent with the overall purpose of Title I of the HCDA. Grantees may request waivers and alternative requirements from the Department as needed to address specific needs related to their recovery activities. Under the requirements of the Appropriations Act, waivers must be published in the **Federal Register** no later than 5 days before the effective date of such waiver.

1. Tenant-based rental assistance (State of New Jersey, only). The State of New Jersey requested a waiver of 42 U.S.C. 5305(a) in order to provide up to $17 million in tenant-based rental assistance to households beyond the permissible length of time, and this waiver was granted by the Department in the **Federal Register** notice published on July 11, 2014 (79 FR 40134). While existing CDBG regulations allow payments for these purposes, those regulations limit assistance to a period not to exceed three months. The State justified longer term assistance in order to meet the housing needs of vulnerable populations until the State completes construction of affordable rental units and those units are made available to low- and moderate-income (LMI) populations.

The State later requested that HUD increase the amount covered by the waiver from $17 million to $32 million, and extend the period of assistance by two years, to January 1, 2018, in order to meet the goals of a Voluntary Compliance Agreement (VCA) with the Department. HUD granted this waiver extension in the April 2, 2015 **Federal Register** notice (80 FR 17772) to support the State's compliance with its VCA and because of the continued lack of affordable housing caused by Hurricane Sandy.

The State of New Jersey recently requested an extension to the expenditure deadline to January 1, 2019, to allow the State to provide up to two years of assistance to this LMI population. Without this extension, 85% of this LMI population would not be able to receive the full two years of assistance under the TBRA program. Because the Department is committed to assisting this population and allowing the State to disburse the full amount of assistance made available by the VCA, HUD is modifying its waiver of 42 U.S.C. 5305(a) to the extent necessary to allow the State to disburse the $32 million in Community Development Block Grant disaster recovery (CDBG–DR) funds allocated to State's TBRA program until January 1, 2019. The funds extended through this waiver are subject to the 24-month limitation on assistance and all other waiver and alternative requirements related to the TBRA program in the notice published on July 11, 2014 (79 FR 40133), as modified by the notice published on April 2, 2015 (80 FR 17772), as well as the requirements of the VCA and any subsequent amendments to the VCA.

III. Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance numbers for the disaster recovery grants under this Notice is 14.269.

IV. Environmental Review

This Notice does not direct, provide for assistance or loan and mortgage insurance for, or otherwise govern or regulate, real property acquisition, disposition, leasing (other than tenant-based rental assistance), rehabilitation, alteration, demolition, or new construction, or establish, revise or provide for standards for construction or construction materials, manufactured housing, or occupancy. Accordingly, under 24 CFR 50.19(c)(1), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (42 U.S.C 4321).

Dated: February 3, 2017.

Janet M. Golrick,

Acting Deputy Secretary.

[FR Doc. 2017–02585 Filed 2–7–17; 8:45 am]

BILLING CODE 4210–67–P

INTERNATIONAL TRADE COMMISSION

Notice of Receipt of Complaint; Solicitation of Comments; Relating to the Public Interest

AGENCY: U.S. International Trade Commission.

ACTION: Notice.

SUMMARY: Notice is hereby given that the U.S. International Trade Commission has received a complaint entitled *Certain Hybrid Electric Vehicles and Components Thereof, DN 3196* the Commission is soliciting comments on any public interest issues raised by the complaint or complainant's filing pursuant to the Commission's Rules of Practice and Procedure.

FOR FURTHER INFORMATION CONTACT: Lisa R. Barton, Secretary to the Commission, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone (202) 205–2000. The public version of the complaint can be accessed on the Commission's Electronic Document Information System (EDIS) at *https://edis.usitc.gov,* and will be available for inspection during official business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436, telephone (202) 205–2000.

General information concerning the Commission may also be obtained by accessing its Internet server at United States International Trade Commission (USITC) at *https://www.usitc.gov* . The public record for this investigation may be viewed on the Commission's Electronic Document Information System (EDIS) at *https://edis.usitc.gov.* Hearing-impaired persons are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on (202) 205–1810.

SUPPLEMENTARY INFORMATION: The Commission has received a complaint and a submission pursuant to § 210.8(b) of the Commission's Rules of Practice and Procedure filed on behalf of Paice LLC and Abell Foundation, Inc. on February 3, 2017. The complaint alleges violations of section 337 of the Tariff Act of 1930 (19 U.S.C. 1337) in the importation into the United States, the sale for importation, and the sale within the United States after importation of certain hybrid vehicles and components thereof. The complaint names as a respondent, Ford Motor Company of Dearborn, MI. The complainant requests that the Commission issue a limited exclusion order, cease and desist order and impose a bond upon respondents' alleged infringing articles during the 60-day Presidential review period pursuant to 19 U.S.C. 1337(j).

Proposed respondents, other interested parties, and members of the public are invited to file comments, not to exceed five (5) pages in length, inclusive of attachments, on any public interest issues raised by the complaint or § 210.8(b) filing. Comments should address whether issuance of the relief specifically requested by the complainant in this investigation would affect the public health and welfare in the United States, competitive

conditions in the United States economy, the production of like or directly competitive articles in the United States, or United States consumers.

In particular, the Commission is interested in comments that:

(i) Explain how the articles potentially subject to the requested remedial orders are used in the United States;

(ii) identify any public health, safety, or welfare concerns in the United States relating to the requested remedial orders;

(iii) identify like or directly competitive articles that complainant, its licensees, or third parties make in the United States which could replace the subject articles if they were to be excluded;

(iv) indicate whether complainant, complainant's licensees, and/or third party suppliers have the capacity to replace the volume of articles potentially subject to the requested exclusion order and/or a cease and desist order within a commercially reasonable time; and

(v) explain how the requested remedial orders would impact United States consumers.

Written submissions must be filed no later than by close of business, eight calendar days after the date of publication of this notice in the **Federal Register**. There will be further opportunities for comment on the public interest after the issuance of any final initial determination in this investigation.

Persons filing written submissions must file the original document electronically on or before the deadlines stated above and submit 8 true paper copies to the Office of the Secretary by noon the next day pursuant to § 210.4(f) of the Commission's Rules of Practice and Procedure (19 CFR 210.4(f)). Submissions should refer to the docket number (''Docket No. 3196'') in a prominent place on the cover page and/or the first page. (*See* Handbook for Electronic Filing Procedures, Electronic Filing Procedures.[1]) Persons with questions regarding filing should contact the Secretary (202–205–2000).

Any person desiring to submit a document to the Commission in confidence must request confidential treatment. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All such requests should be directed to the Secretary to the Commission and must include a full statement of the reasons why the Commission should grant such treatment. *See* 19 CFR 201.6. Documents for which confidential treatment by the Commission is properly sought will be treated accordingly. All information, including confidential business information and documents for which confidential treatment is properly sought, submitted to the Commission for purposes of this Investigation may be disclosed to and used: (i) By the Commission, its employees and Offices, and contract personnel (a) for developing or maintaining the records of this or a related proceeding, or (b) in internal investigations, audits, reviews, and evaluations relating to the programs, personnel, and operations of the Commission including under 5 U.S.C. Appendix 3; or (ii) by U.S. government employees and contract personnel,[2] solely for cybersecurity purposes. All nonconfidential written submissions will be available for public inspection at the Office of the Secretary and on EDIS.[3]

This action is taken under the authority of section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337), and of §§ 201.10 and 210.8(c) of the Commission's Rules of Practice and Procedure (19 CFR 201.10, 210.8(c)).

By order of the Commission.

Issued: February 3, 2017.

Lisa R. Barton,

Secretary to the Commission.

[FR Doc. 2017–02584 Filed 2–7–17; 8:45 am]

BILLING CODE 7020–02–P

[1] Handbook for Electronic Filing Procedures: *https://www.usitc.gov/documents/handbook_on_filing_procedures.pdf.*

[2] All contract personnel will sign appropriate nondisclosure agreements.

[3] Electronic Document Information System (EDIS): *http://edis.usitc.gov.*

DEPARTMENT OF JUSTICE

Foreign Claims Settlement Commission

[F.C.S.C. Meeting and Hearing Notice No. 2–17]

Sunshine Act Meeting

The Foreign Claims Settlement Commission, pursuant to its regulations (45 CFR part 503.25) and the Government in the Sunshine Act (5 U.S.C. 552b), hereby gives notice in regard to the scheduling of open meetings as follows:

Thursday, February 23, 2017

10:00 a.m.—Issuance of Proposed Decisions in claims against Iraq.

STATUS: Open.

All meetings are held at the Foreign Claims Settlement Commission, 600 E Street NW., Washington, DC. Requests for information, or advance notices of intention to observe an open meeting, may be directed to: Patricia M. Hall, Foreign Claims Settlement Commission, 600 E Street NW., Suite 6002, Washington, DC 20579. Telephone: (202) 616–6975.

Brian M. Simkin,

Chief Counsel.

[FR Doc. 2017–02637 Filed 2–6–17; 11:15 am]

BILLING CODE 4410–BA–P

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice (17–005)]

NASA Advisory Council; Science Committee; Ad Hoc Task Force on Big Data; Meeting

AGENCY: National Aeronautics and Space Administration.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Public Law 92–463, as amended, the National Aeronautics and Space Administration (NASA) announces a meeting of the Ad Hoc Big Data Task Force. This task force reports to the NASA Advisory Council's Science Committee. The meeting will be held for the purpose of soliciting and discussing, from the scientific community and other persons, scientific and technical information relevant to big data.

DATES: Monday, March 6, 2017, 9:00 a.m.–5:00 p.m.; and Tuesday, March 7, 2017, 9:00 a.m.–5:00 p.m., Local Time.

ADDRESSES: NASA Headquarters, Room 5H41–A, 300 E Street SW., Washington, DC 20546.

FOR FURTHER INFORMATION CONTACT: Ms. KarShelia Henderson, Science Mission Directorate, NASA Headquarters, Washington, DC 20546, (202) 358–2355, fax (202) 358–2779, or *khenderson@nasa.gov.*

SUPPLEMENTARY INFORMATION: The meeting will be open to the public up to the capacity of the room. The meeting will also be available telephonically and by WebEx. You must use a touch tone phone to participate in this meeting. Any interested person may call the USA toll free conference call number 1–888–324–9653 or toll number 1–312–470–

7237, passcode 3883300, to participate in this meeting by telephone for both days. The WebEx link is *https://nasa.webex.com/;* the meeting number is 997 477 523 and the password is BDTFmtg#4 (case sensitive) for both days. The agenda for the meeting includes the following topics:

—NASA Science Mission Data Repositories
—Current Big Data Efforts at NASA
—Federal Big Data Initiatives

Attendees will be requested to sign a register and to comply with NASA Headquarters security requirements, including the presentation of a valid picture ID to Security before access to NASA Headquarters. Due to the Real ID Act, any attendees with drivers licenses issued from non-compliant states must present a second form of ID. Non-compliant states are: Maine, Minnesota, Missouri, Montana, and Washington. Foreign nationals attending this meeting will be required to provide a copy of their passport and visa in addition to providing the following information no less than 10 days prior to the meeting: Full name; gender; date/place of birth; citizenship; passport information (number, country, telephone); visa information (number, type, expiration date); employer/affiliation information (name of institution, address, country, telephone); title/position of attendee. To expedite admittance, attendees that are U.S. citizens and Permanent Residents (green card holders) are requested to provide full name and citizenship status 3 working days in advance. Information should be sent to Ms. KarShelia Henderson, via email at *khenderson@nasa.gov* or by fax at (202) 358–2779. It is imperative that the meeting be held on these dates to the scheduling priorities of the key participants.

Patricia D. Rausch,

Advisory Committee Management Officer, National Aeronautics and Space Administration.

[FR Doc. 2017–02600 Filed 2–7–17; 8:45 am]

BILLING CODE 7510–13–P

NATIONAL SCIENCE FOUNDATION

Sunshine Act Meeting; National Science Board

The National Science Board's Committee on National Science and Engineering Policy (SEP), pursuant to NSF regulations (45 CFR part 614), the National Science Foundation Act, as amended (42 U.S.C. 1862n–5), and the Government in the Sunshine Act (5 U.S.C. 552b), hereby gives notice of the scheduling of a teleconference for the transaction of National Science Board business, as follows:

DATE AND TIME: Monday, February 13, 2017 at 4:00 p.m. EST.

SUBJECT MATTER: Discussion of a companion brief, Career Pathways for STEM Ph.D.s.

STATUS: Open.

LOCATION: This meeting will be held by teleconference at the National Science Foundation, 4201 Wilson Blvd., Arlington, VA 22230. An audio link will be available for the public. Members of the public must contact the Board Office to request the public audio link by sending an email to *nationalsciencebrd@nsf.gov* at least 24 hours prior to the teleconference.

UPDATES AND POINT OF CONTACT: Please refer to the National Science Board Web site *www.nsf.gov/nsb* for additional information. Meeting information and updates (time, place, subject matter or status of meeting) may be found at *http://www.nsf.gov/nsb/notices/*. Point of contact for this meeting is: Matt Wilson (*mbwilson@nsf.gov*), 4201 Wilson Blvd., Arlington, VA 22230.

Chris Blair,

Executive Assistant to the National Science Board Office.

[FR Doc. 2017–02706 Filed 2–6–17; 4:15 pm]

BILLING CODE 7555–01–P

NUCLEAR REGULATORY COMMISSION

[NRC–2016–0227]

Program-Specific Guidance About Exempt Distribution Licenses

AGENCY: Nuclear Regulatory Commission.

ACTION: Draft NUREG; request for comment.

SUMMARY: The U.S. Nuclear Regulatory Commission (NRC) is revising its licensing guidance for licenses authorizing initial distribution of byproduct material or source material to persons exempt from the requirements (exempt distribution) for an NRC license. The NRC is requesting public comment on draft NUREG–1556, Volume 8, Revision 1, ''Consolidated Guidance About Materials Licenses: Program-Specific Guidance About Exempt Distribution Licenses.'' The document has been updated from the original version to include information on safety culture, protection of sensitive information, and changes in regulatory policies and practices. This document is intended for use by applicants, licensees, and the NRC staff.

DATES: Submit comments by March 17, 2017. Comments received after this date will be considered if it is practicable to do so, but the NRC is only able to assure consideration of comments received on or before this date.

ADDRESSES: You may submit comments by any of the following methods (unless this document describes a different method for submitting comments on a specific subject):

- *Federal Rulemaking Web site:* Go to *http://www.regulations.gov* and search for Docket ID NRC–2016–0227. Address questions about NRC dockets to Carol Gallagher; telephone: 301–415–3463; email: *Carol.Gallagher@nrc.gov*. For technical questions, contact the individual listed in the **FOR FURTHER INFORMATION CONTACT** section of this document.
- *Mail comments to:* Cindy Bladey, Office of Administration, Mail Stop: OWFN–12–H8, U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001.

For additional direction on obtaining information and submitting comments, see ''Obtaining Information and Submitting Comments'' in the **SUPPLEMENTARY INFORMATION** section of this document.

FOR FURTHER INFORMATION CONTACT: Katie Wagner, Office of Nuclear Material Safety and Safeguards; U.S. Nuclear Regulatory Commission, Washington, DC 20555–0001; telephone: 301–415–6202; email: *Katie.Wagner@nrc.gov.*

SUPPLEMENTARY INFORMATION:

I. Obtaining Information and Submitting Comments

A. Obtaining Information

Please refer to Docket ID NRC–2016–0227 when contacting the NRC about the availability of information regarding this document. You may obtain publicly-available information related to this action by the following methods:

- *Federal Rulemaking Web site:* Go to *http://www.regulations.gov* and search for Docket ID NRC–2016–0227.
- *NRC's Agencywide Documents Access and Management System (ADAMS):* You may obtain publicly-available documents online in the ADAMS Public Documents collection at *http://www.nrc.gov/reading-rm/adams.html.* To begin the search, select ''ADAMS Public Documents'' and then select ''Begin Web-based ADAMS Search.'' For problems with ADAMS, please contact the NRC's Public Document Room (PDR) reference staff at 1–800–397–4209, 301–415–4737 or by email to *pdr.resource@nrc.gov.* The draft NUREG–1556, Volume 8, Revision 1, is

available in ADAMS under Accession No. ML17031A153.

• *NRC's PDR:* You may examine and purchase copies of public documents at the NRC's PDR, Room O1–F21, One White Flint North, 11555 Rockville Pike, Rockville, Maryland 20852.

B. Submitting Comments

Please include Docket ID NRC–2016–0227 in the subject line of your comment submission, in order to ensure that the NRC is able to make your comment submission available to the public in this docket.

The NRC cautions you not to include identifying or contact information that you do not want publicly disclosed in your comment submission. The NRC will post all comment submissions at *http://www.regulations.gov* as well as enter the comment submissions into ADAMS, and the NRC does not routinely edit comment submissions to remove identifying or contact information.

If you are requesting or aggregating comments from other persons for submission to the NRC, then you should inform those persons not to include identifying or contact information that they do not want to be publicly disclosed in their comment submission. Your request should state that the NRC does not routinely edit comment submissions to remove such information before making the comment submissions available to the public or entering the comment submissions into ADAMS.

II. Further Information

This NUREG provides guidance to existing licensees initially distributing byproduct material or source material to persons exempt from the requirements (exempt distribution) for an NRC license under 10 CFR 30.14, 10 CFR 30.15, 10 CFR 30.18, 10 CFR 30.19, 10 CFR 30.20, 10 CFR 30.21, 10 CFR 30.22, and 10 CFR 40.13(c) and exempt from licensing requirements under the equivalent provisions in Agreement State regulations. This NUREG also provides guidance to applicants preparing a license application to distribute such materials. Additionally, this NUREG provides NRC reviewers with criteria for evaluating such a license application. The purpose of this notice is to provide the public an opportunity to review and comment on draft NUREG–1556, Volume 8, Revision 1, ''Consolidated Guidance About Materials Licenses: Program-Specific Guidance About Exempt Distribution Licenses.'' These comments will be considered in the final version or subsequent revisions.

Dated at Rockville, Maryland, this 1st day of February, 2017.

For the U.S. Nuclear Regulatory Commission.

Daniel S. Collins,

Director, Division of Material Safety, State, Tribal and Rulemaking Programs, Office of Nuclear Material Safety and Safeguards.

[FR Doc. 2017–02574 Filed 2–7–17; 8:45 am]

BILLING CODE 7590–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79929; File No. S7–966]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among NYSE MKT LLC, Bats BZX Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, the Chicago Board Options Exchange, Incorporated, Bats EDGX Exchange, Inc., the International Securities Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Financial Industry Regulatory Authority, Inc., NYSE Arca, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., the NASDAQ PHLX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL, LLC Concerning Options-Related Sales Practice Matters

February 2, 2017.

Notice is hereby given that the Securities and Exchange Commission (''Commission'') has issued an Order, pursuant to Section 17(d) of the Securities Exchange Act of 1934 (''Act''),[1] approving and declaring effective an amendment to the plan for allocating regulatory responsibility (''Plan'') filed on January 13, 2017, pursuant to Rule 17d–2 of the Act,[2] by NYSE MKT LLC (''MKT''), Bats BZX Exchange, Inc., (''Bats''), the BOX Options Exchange LLC (''BOX''), C2 Options Exchange, Incorporated (''C2''), the Chicago Board Options Exchange, Incorporated (''CBOE''), Bats EDGX Exchange, Inc. (''EDGX''), the International Securities Exchange LLC (''ISE''), ISE Gemini, LLC (''Gemini''), ISE Mercury, LLC (''ISE Mercury''), Financial Industry Regulatory Authority, Inc. (''FINRA''), NYSE Arca, Inc. (''Arca''), The NASDAQ Stock Market LLC (''Nasdaq''), NASDAQ BX, Inc. (''BX''), NASDAQ PHLX, Inc. (''PHLX''), Miami International Securities Exchange (''MIAX''), and MIAX PEARL, LLC (''MIAX PEARL'') (collectively, ''Participating Organizations'' or ''parties'').

I. Introduction

Section 19(g)(1) of the Act,[3] among other things, requires every self-regulatory organization (''SRO'') registered as either a national securities exchange or national securities association to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to Section 17(d)[4] or Section 19(g)(2)[5] of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (''common members''). Such regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act[6] was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.[7] With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules, and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d–1 and Rule 17d–2 under the Act.[8] Rule 17d–1 authorizes the Commission to name a single SRO as the designated examining authority (''DEA'') to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules.[9] When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with the applicable financial responsibility rules. On its face, Rule 17d–1 deals only

[1] 15 U.S.C. 78q(d).

[2] 17 CFR 240.17d–2.

[3] 15 U.S.C. 78s(g)(1).

[4] 15 U.S.C. 78q(d).

[5] 15 U.S.C. 78s(g)(2).

[6] 15 U.S.C. 78q(d)(1).

[7] *See* Securities Act Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94–75, 94th Cong., 1st Session 32 (1975).

[8] 17 CFR 240.17d–1 and 17 CFR 240.17d–2, respectively.

[9] *See* Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18808 (May 7, 1976).

with an SRO's obligations to enforce member compliance with financial responsibility requirements. Rule 17d–1 does not relieve an SRO from its obligation to examine a common member for compliance with its own rules and provisions of the federal securities laws governing matters other than financial responsibility, including sales practices and trading activities and practices.

To address regulatory duplication in these and other areas, the Commission adopted Rule 17d–2 under the Act.[10] Rule 17d–2 permits SROs to propose joint plans for the allocation of regulatory responsibilities with respect to their common members. Under paragraph (c) of Rule 17d–2, the Commission may declare such a plan effective if, after providing for notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among the SROs, to remove impediments to, and foster the development of, a national market system and a national clearance and settlement system, and is in conformity with the factors set forth in Section 17(d) of the Act. Commission approval of a plan filed pursuant to Rule 17d–2 relieves an SRO of those regulatory responsibilities allocated by the plan to another SRO.

II. The Plan

On September 8, 1983, the Commission approved the SRO participants' plan for allocating regulatory responsibilities pursuant to Rule 17d–2.[11] On May 23, 2000, the Commission approved an amendment to the plan that added the ISE as a participant.[12] On November 8, 2002, the Commission approved another amendment that replaced the original plan in its entirety and, among other things, allocated regulatory responsibilities among all the participants in a more equitable manner.[13] On February 5, 2004, the Commission approved an amendment to the plan, primarily to include the BSE, which was establishing a new options trading facility to be known as BOX, as an SRO participant.[14] On March 26, 2007, the Commission approved an amendment to the plan that, among other things, provided that the National Association of Securities Dealers (''NASD'') (n/k/a FINRA) and NYSE are Designated Options Examining Authorities under the plan.[15] On March 12, 2008, the Commission approved an amendment to the plan primarily to add NASDAQ as an SRO participant.[16] On June 18, 2008, the Commission approved an amendment to the plan primarily to remove the NYSE as a Designated Options Examining Authority, leaving FINRA as the sole Designated Options Examining Authority for all common members that are members of FINRA.[17] On February 25, 2010, the Commission approved a proposed amendment to the plan to add Bats and C2 as SRO participants and to reflect the name changes of the American Stock Exchange LLC to the NYSE Amex LLC, the Boston Stock Exchange, Inc., to the NASDAQ OMX BX, Inc. and the Philadelphia Stock Exchange, Inc. to the NASDAQ OMX PHLX, Inc.[18] On May 11, 2012, the Commission approved an amendment to the plan to add BOX as an SRO participant and to amend Section XIII of the plan to set forth a revised procedure for adding new participants to the plan.[19] On December 5, 2012, the Commission approved an amendment to the plan to add MIAX as an SRO participant, and to change the name of NYSE Amex LLC to NYSE MKT LLC.[20] On July 26, 2013, the Commission approved an amendment to the plan to add Topaz Exchange LLC as an SRO participant.[21] On October 29, 2015, the Commission approved an amendment to the plan to add EDGX as an SRO participant and to change the name of Topaz Exchange, LLC to ISE Gemini, LLC.[22] On February 16, 2016, the Commission approved an amendment to the plan to add ISE Mercury, and remove the NYSE, as an SRO participant to the Plan.[23]

The plan reduces regulatory duplication for a large number of firms currently members of two or more of the SRO participants by allocating regulatory responsibility for certain options-related sales practice matters to one of the SRO participants. Generally, under the plan, the SRO participant responsible for conducting options-related sales practice examinations of a firm, and investigating options-related customer complaints and terminations for cause of associated persons of that firm, is known as the firm's ''Designated Options Examining Authority'' (''DOEA''). Pursuant to the plan, any other SRO of which the firm is a member is relieved of these responsibilities during the period in which the firm is assigned to another SRO acting as that firm's DOEA.

III. Proposed Amendment to the Plan

On January 13, 2017, the Parties submitted a proposed amendment to the Plan. The primary purpose of the amendment is to add MIAX PEARL as a participant to the Plan. The text of the proposed amended 17d–2 plan is as follows (additions are *italicized;* deletions are [bracketed]):

* * * * *

Agreement by and among [BATS]***Bats BZX*** Exchange, Inc., BOX Options Exchange, LLC, the Chicago Board Options Exchange, Incorporated, C2 Options Exchange, Incorporated, the International Securities Exchange, LLC, Financial Industry Regulatory Authority, Inc., Miami International Securities Exchange, LLC, the NYSE MKT LLC, the NYSE Arca, Inc., The NASDAQ Stock Market LLC, NASDAQ [OMX] BX, Inc., the NASDAQ [OMX] PHLX LLC, ISE Gemini, LLC, *Bats* EDGX Exchange, Inc., [and] ISE Mercury, LLC *and MIAX PEARL, LLC,* Pursuant to Rule 17d–2 under the Securities Exchange Act of 1934.

This agreement (''Agreement''), by and among [BATS]*Bats BZX* Exchange, Inc., BOX Options Exchange, LLC, the Chicago Board Options Exchange, Incorporated, C2 Options Exchange, Incorporated, the International Securities Exchange, LLC, Financial Industry Regulatory Authority, Inc. (''FINRA''), Miami International Securities Exchange, LLC, The NASDAQ Stock Market LLC (''NASDAQ''), NASDAQ [OMX] BX, Inc., the NYSE MKT LLC, the NYSE Arca, Inc., the NASDAQ [OMX] PHLX

[10] *See* Securities Exchange Act Release No. 12935 (October 28, 1976), 41 FR 49091 (November 8, 1976).

[11] *See* Securities Exchange Act Release No. 20158 (September 8, 1983), 48 FR 41256 (September 14, 1983).

[12] *See* Securities Exchange Act Release No. 42816 (May 23, 2000), 65 FR 34759 (May 31, 2000).

[13] *See* Securities Exchange Act Release No. 46800 (November 8, 2002), 67 FR 69774 (November 19, 2002).

[14] *See* Securities Exchange Act Release No. 49197 (February 5, 2004), 69 FR 7046 (February 12, 2004).

[15] *See* Securities Exchange Act Release No. 55532 (March 26, 2007), 72 FR 15729 (April 2, 2007).

[16] *See* Securities Exchange Act Release No. 57481 (March 12, 2008), 73 FR 14507 (March 18, 2008).

[17] *See* Securities Exchange Act Release No. 57987 (June 18, 2008), 73 FR 36156 (June 25, 2008).

[18] *See* Securities Exchange Act Release No. 61589 (February 25, 2012), 75 FR 9976 (March 4, 2010).

[19] *See* Securities Exchange Act Release No. 66974 (May 11, 2012), 77 FR 29705 (May 18, 2012).

[20] *See* Securities Exchange Act Release No. 68363 (December 5, 2012), 77 FR 73711 (December 11, 2012).

[21] *See* Securities Exchange Act Release No. 70051 (July 26, 2013), 78 FR 46644 (August 1, 2013).

[22] *See* Securities Exchange Act Release No. 76309 (October 29, 2015), 80 FR 68361 (November 4, 2015).

[23] *See* Securities Exchange Act Release No. 77148 (February 16, 2016), 81 FR 8775 (February 22, 2016).

LLC, ISE Gemini, LLC, *Bats* EDGX Exchange, Inc.*,* [and] ISE Mercury, LLC *and MIAX PEARL, LLC,* hereinafter collectively referred to as the Participants, is made this [2nd]*13th* day of [February]*January,* 201[6]*7,* pursuant to the provisions of Rule 17d–2 under the Securities Exchange Act of 1934 (the ''Exchange Act''), which allows for plans among self-regulatory organizations to allocate regulatory responsibility. This Agreement shall be administered by a committee known as the Options Self-Regulatory Council (the ''Council'').

This Agreement amends and restates the agreement entered into among the Participants on [October 8, 2015] *February 3, 2016,* entitled ''Agreement by and among BATS Exchange, Inc., BOX Options Exchange, LLC, the Chicago Board Options Exchange, Incorporated, C2 Options Exchange, Incorporated, the International Securities Exchange, LLC, Financial Industry Regulatory Authority, Inc., Miami International Securities Exchange, LLC, the New York Stock Exchange LLC, NYSE MKT LLC, the NYSE Arca, Inc., the NASDAQ Stock Market LLC, NASDAQ OMX BX, Inc., the NASDAQ OMX PHLX, Inc., ISE Gemini, LLC*,* [and] EDGX Exchange, Inc. *and ISE Mercury, LLC,* Pursuant to Rule 17d–2 under the Securities Exchange Act of 1934.''

Whereas, the Participants are desirous of allocating regulatory responsibilities with respect to broker-dealers, and persons associated therewith, that are members [1] of more than one Participant (the ''Common Members'') and conduct a public business for compliance with Common Rules (as hereinafter defined) relating to the conduct by broker-dealers of accounts for listed options, index warrants, currency index warrants and currency warrants (collectively, ''Covered Securities''); and

Whereas, the Participants are desirous of executing a plan for this purpose pursuant to the provisions of Rule 17d–2 and filing such plan with the Securities and Exchange Commission (''SEC'' or the ''Commission'') for its approval;

Now, therefore, in consideration of the mutual covenants contained hereafter, the Participants agree as follows:

I. As used herein the term Designated Options Examining Authority (''DOEA'') shall mean: (1) FINRA insofar as it shall perform Regulatory Responsibility (as hereinafter defined) for its broker-dealer members that also are members of another Participant or (2) the Designated Examination Authority (''DEA'') pursuant to SEC Rule 17d–1 under the Securities Exchange Act (''Rule 17d–1'') for a broker-dealer that is a member of a more than one Participant (but not a member of FINRA).

II. As used herein, the term ''Regulatory Responsibility'' shall mean the examination and enforcement responsibilities relating to compliance by Common Members with the rules of the applicable Participant that are substantially similar to the rules of the other Participants (the ''Common Rules''), insofar as they apply to the conduct of accounts for Covered Securities. A list of the current Common Rules of each Participant applicable to the conduct of accounts for Covered Securities is attached hereto as Exhibit A. Each year within 30 days of the anniversary date of the commencement of operation of this Agreement, each Participant shall submit in writing to FINRA and each DEA performing as a DOEA for any members of such Participant any revisions to Exhibit A reflecting changes in the rules of the Participant, and confirm that all other rules of the Participant listed in Exhibit A continue to meet the definition of Common Rules as defined in this Agreement. Within 30 days from the date that FINRA and each DEA performing as a DOEA has received revisions and/or confirmation that no change has been made to Exhibit A from all Participants, FINRA and each DEA performing as a DOEA shall confirm in writing to each Participant whether the rules listed in any updated Exhibit A are Common Rules as defined in this Agreement. Notwithstanding anything herein to the contrary, it is explicitly understood that the term ''Regulatory Responsibility'' does not include, and each of the Participants shall (unless allocated pursuant to Rule 17d–2 otherwise than under this Agreement) retain full responsibility for, each of the following:

(a) Surveillance and enforcement with respect to trading activities or practices involving its own marketplace, including without limitation its rules relating to the rights and obligations of specialists and other market makers;

(b) Registration pursuant to its applicable rules of associated persons;

(c) Discharge of its duties and obligations as a DEA; and

(d) Evaluation of advertising, responsibility for which shall remain with the Participant to which a Common Member submits same for approval.

III. Apparent violations of another Participant's rules discovered by a DOEA, but which rules are not within the scope of the discovering DOEA's Regulatory Responsibility, shall be referred to the relevant Participant for such action as the Participant to which such matter has been referred deems appropriate. Notwithstanding the foregoing, nothing contained herein shall preclude a DOEA in its discretion from requesting that another Participant conduct an enforcement proceeding on a matter for which the requesting DOEA has Regulatory Responsibility. If such other Participants agree, the Regulatory Responsibility in such case shall be deemed transferred to the accepting Participant and confirmed in writing by the Participants involved. Each Participant agrees, upon request, to make available promptly all relevant files, records and/or witnesses necessary to assist another Participant in an investigation or enforcement proceeding.

IV. The Council shall be composed of one representative designated by each of the Participants. Each Participant shall also designate one or more persons as its alternate representative(s). In the absence of the representative of a Participant, such alternate representative shall have the same powers, duties and responsibilities as the representative. Each Participant may, at any time, by notice to the then Chair of the Council, replace its representative and/or its alternate representative on such Council. A majority of the Council shall constitute a quorum and, unless specifically otherwise required, the affirmative vote of a majority of the Council members present (in person, by telephone or by written consent) shall be necessary to constitute action by the Council. The representative from FINRA shall serve as Chair of the Council. All notices and other communications for the Council shall be sent to it in care of the Chair or to each of the representatives.

V. The Council shall determine the times and locations of Council meetings, provided that the Chair, acting alone, may also call a meeting of the Council in the event the Chair determines that there is good cause to do so. To the extent reasonably possible, notice of any meeting shall be given at least ten-business days prior thereto. Notwithstanding anything herein to the contrary, representatives shall always be given the option of participating in any meeting telephonically at their own expense rather than in person.

VI. FINRA shall have Regulatory Responsibility for all Common Members that are members of FINRA. For the

[1] In the case of BOX Options Exchange, LLC (''BOX''), NASDAQ OMX BX, Inc. (''BX'') and NASDAQ members are those persons who are options participants (as defined in the BOX, BX and NASDAQ Options Market Rules).

purpose of fulfilling the Participants' Regulatory Responsibilities for Common Members that are not members of FINRA, the Participant that is the DEA shall serve as the DOEA. All Participants shall promptly notify the DOEAs no later than the next scheduled meeting of any change in membership of Common Members. A DOEA may request that a Common Member that is allocated to it be reallocated to another DOEA by giving thirty days written notice thereof. The DOEAs in their discretion may approve such request and reallocate such Common Member to another DOEA.

VII. Each DOEA shall conduct an examination of each Common Member. The Participants agree that, upon request, relevant information in their respective files relative to a Common Member will be made available to the applicable DOEA. At each meeting of the Council, each DOEA shall be prepared to report on the status of its examination program for the previous quarter and any period prior thereto that has not previously been reported to the Council.

VIII. Each DOEA will promptly furnish a copy of the Examination report, relating to Covered Securities, of any examination made pursuant to the provisions of this Agreement to each other Participant of which the Common Member examined is a member.

IX. Each DOEA's Regulatory Responsibility shall for each Common Member allocated to it include investigations into terminations ''for cause'' of associated persons relating to Covered Securities, unless such termination is related solely to another Participant's market. In the latter instance, that Participant to whose market the termination for cause relates shall discharge Regulatory Responsibility with respect to such termination for cause. In connection with a DOEA's examination, investigation and/or enforcement proceeding regarding a Covered Security-related termination for cause, the other Participants of which the Common Member is a member shall furnish, upon request, copies of all pertinent materials related thereto in their possession. As used in this Section, ''for cause'' shall include, without limitation, terminations characterized on Form U5 under the label ''Permitted to Resign,'' ''Discharge'' or ''Other.''

X. Each DOEA shall discharge the Regulatory Responsibility for each Common Member allocated to it relative to a Covered Securities-related customer complaint [2] unless such complaint is uniquely related to another Participant's market. In the latter instance, the DOEA shall forward the matter to that Participant to whose market the matter relates, and the latter shall discharge Regulatory Responsibility with respect thereto. If a Participant receives a customer complaint for a Common Member related to a Covered Security for which the Participant is not the DOEA, the Participant shall promptly forward a copy of such complaint to the DOEA.

XI. Any written notice required or permitted to be given under this Agreement shall be deemed given if sent by certified mail, return receipt requested, or by a comparable means of electronic communication to each Participant entitled to receipt thereof, to the attention of the Participant's representative on the Council at the Participant's then principal office or by email at such address as the representative shall have filed in writing with the Chair.

XII. The Participants shall notify the Common Members of this Agreement by means of a uniform joint notice approved by the Council.

XIII. This Agreement may be amended to add a new Participant provided that such Participant does not assume Regulatory Responsibility, solely by an amendment by FINRA and such new Participant. All other Participants expressly consent to allow FINRA to add new Participants to this Agreement as provided above. FINRA will promptly notify all Participants of any such amendments to add new Participants. All other amendments to this Agreement must be approved in writing by each Participant. All amendments, including adding a new Participant, must be filed with and approved by the SEC before they become effective.

XIV. Any of the Participants may manifest its intention to cancel its participation in this Agreement at any time by giving the Council written notice thereof at least 90 days prior to the effective date of such cancellation. Upon receipt of such notice the Council shall allocate, in accordance with the provisions of this Agreement, any Common Members for which the petitioning party was the DOEA. Until such time as the Council has completed the reallocation described above; the petitioning Participant shall retain all its rights, privileges, duties and obligations hereunder.

XV. The cancellation of its participation in this Agreement by any Participant shall not terminate this Agreement as to the remaining Participants. This Agreement will only terminate following notice to the Commission, in writing, by the then Participants that they intend to terminate the Agreement and the expiration of the applicable notice period. Such notice shall be given at least six months prior to the intended date of termination, provided that in the event a notice of cancellation is received from a Participant that, assuming the effectiveness thereof, would result in there being just one remaining member of the Council, notice to the Commission of termination of this Agreement shall be given promptly upon the receipt of such notice of cancellation, which termination shall be effective upon the effectiveness of the cancellation that triggered the notice of termination to the Commission.

XVI. No Participant nor the Council nor any of their respective directors, governors, officers, employees or representatives shall be liable to any other Participant in this Agreement for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of Regulatory Responsibility as provided hereby or for the failure to provide any such Responsibility, except with respect to such liability, loss or damages as shall have been suffered by one or more of the Participants and caused by the willful misconduct of one or more of the other participants or their respective directors, governors, officers, employees or representatives. No warranties, express or implied, are made by any or all of the Participants or the Council with respect to any Regulatory Responsibility to be performed by each of them hereunder.

XVII. Pursuant to Section 17(d)(1)(A) of the Securities Exchange Act of 1934 and Rule 17d–2 promulgated pursuant thereto, the Participants join in requesting the Securities and Exchange Commission, upon its approval of this Agreement or any part thereof, to relieve those Participants which are from time to time participants in this Agreement which are not the DOEA as to a Common Member of any and all Regulatory Responsibility with respect to the matters allocated to the DOEA.

* * * * *

[2] For purposes of complaints, they can be reported pursuant to Form U4, Form U5 or RE–3 and any amendments thereto.

[February 2, 2016]*January 13, 2017*

Exhibit A

Rules Enforced Under 17d–2 Agreement

Pursuant to Section II of the Agreement by and among [BATS]*Bats BZX* Exchange, Inc. (''[BATS]*BZX*''), BOX Options Exchange, LLC (''BOX''), the Chicago Board Options Exchange, Incorporated (''CBOE''), C2 Options Exchange, Incorporated (''C2''), the International Securities Exchange, LLC (''ISE''), Financial Industry Regulatory Authority, Inc. (''FINRA''), Miami International Securities Exchange, LLC (''MIAX''), The NASDAQ Stock Market LLC (''NASDAQ''), NASDAQ [OMX] BX, Inc. (''BX''), the NYSE MKT LLC (''NYSE MKT''), the NYSE Arca, Inc. (''NYSE ARCA''), the NASDAQ [OMX] PHLX LLC (''PHLX''), ISE Gemini, LLC (''ISE Gemini''), [and] *Bats* EDGX Exchange, Inc. (''EDGX''), [and] ISE Mercury, LLC (''ISE Mercury'') *and MIAX PEARL (''MIAX PEARL'')* pursuant to Rule 17d–2 under the Securities Exchange Act of 1934 dated [February 2, 2016] *January 13, 2017* (the ''Agreement''), a revised list of the current Common Rules of each Participant, as compared to those of FINRA, applicable to the conduct of accounts for Covered Securities is set forth in this Exhibit A.

Opening of Accounts	
NYSE MKT	Rules 411, 921 and 1101.
[BATS]*BZX*	Rule 26.2.
BOX	Rule 4020.
CBOE	Rule 9.7.
C2 *	CBOE Rule 9.7.
EDGX	Rule 26.2.
ISE	Rule 608.
FINRA	Rules 2360(b)(16) and 2352.
MIAX	Rule 1307.
MIAX PEARL	*Rule 1307.*
ISE Gemini	Rule 608.
ISE Mercury	Rule 608.
PHLX	Rule 1024(b) and (c).[1]
NYSE ARCA	Options Rules 9.2(a) and 9.18(b) and Equities Rules 9.18(b) and 8.4.
BX	Chapter XI, Section 7.
NASDAQ	Chapter XI, Section 7.
Supervision	
NYSE MKT	Rules 411, 922 and 1104.
[BATS]*BZX*	Rule 26.3.
BOX	Rule 4030.
CBOE	Rule 9.8.[2]
C2	CBOE Rule 9.8.[2]
EDGX	Rule 26.3.
ISE	Rule 609.
FINRA	Rules 2360(b)(20), 2360(b)(17)(B), 2360(b)(16)(E), 2355 and 2358.
MIAX	Rule1308.
MIAX PEARL	*Rule 1308.*
ISE Gemini	Rule 609.
ISE Mercury	Rule 609.
PHLX	Rule 1025.
NYSE ARCA	Options Rules 9.2(b) and 9.18(d)(2)(G) and Equities Rule[s 9.18(d)(2)(G) and] 8.7.
BX	Chapter XI, Section 8.
NASDAQ	Chapter XI, Section 8.
Suitability	
NYSE MKT	Rules 923 and 1102.
[BATS]*BZX*	Rule 26.4.
BOX	Rule 4040.
CBOE	Rule 9.9.
C2	CBOE Rule 9.9.
EDGX	Rule 26.4.
ISE	Rule 610.
FINRA	Rule 2360(b)(19) and 2353.
MIAX	Rule 1309.
MIAX PEARL	*Rule 1309.*
ISE Gemini	Rule 610.
ISE Mercury	Rule 610.
PHLX	Rule 1026.
NYSE ARCA	Options Rule 9.18(c) and Equities Rules 9.18(c) and 8.5.
BX	Chapter XI, Section 9.
NASDAQ	Chapter XI, Section 9.
Discretionary Accounts	
NYSE MKT	Rules 421, 924 and 1103.
[BATS]*BZX*	Rule 26.5.[3]
BOX	Rule 4050.

CBOE	Rule 9.10.
C2	CBOE Rule 9.10.
EDGX	Rule 26.5.[3]
ISE	Rule 611.
FINRA	Rules 2360(b)(18) and 2354.
MIAX	Rule 1310.
MIAX PEARL	*Rule 1310.*
ISE Gemini	Rule 611.
ISE Mercury	Rule 611.
PHLX	Rule 1027.
NYSE ARCA	Options Rule 9.18(e) and Equities Rules 9.18(e) and 8.6.
BX	Chapter XI, Section 10.
NASDAQ	Chapter XI, Section 10.
Customer Communications (Advertising)	
NYSE MKT	Rules 991 and 1106.
[BATS]*BZX*	Rule 26.16.
BOX	Rule 4170.
CBOE	Rule 9.21.
C2	CBOE Rule 9.21.
EDGX	Rule 26.16.
ISE	Rule 623.
FINRA	Rules 2220 and 2357.
MIAX	Rule 1322.
MIAX PEARL	*Rule 1322.*
ISE Gemini	Rule 623.
ISE Mercury	Rule 623.
PHLX	N/A.
NYSE ARCA	Options Rules 9.21(a) and 9.21(b).
BX	Chapter XI, Section 22.
NASDAQ	Chapter XI, Section 22.
Customer Complaints	
NYSE MKT	Rules 932 and 1105.
[BATS]*BZX*	Rule 26.17.
BOX	Rule 4190.
CBOE	Rule 9.23.
C2	CBOE Rule 9.23.
EDGX	Rule 26.17.
ISE	Rule 625.
FINRA	FINRA Rules 2360(b)(17)(A) and 2356.
MIAX	Rule 1324.
MIAX PEARL	*Rule 1324.*
ISE Gemini	Rule 625.
ISE Mercury	Rule 625.
PHLX	Rule 1028.
NYSE ARCA	Options Rule 9.18(l) and Equities Rules 9.18(l) and 8.8.
BX	Chapter XI, Section 24.
NASDAQ	Chapter XI, Section 24.
Customer Statements	
NYSE MKT	Rules 419 and 930.
[BATS]*BZX*	Rule 26.7.
BOX	Rule 4070.
CBOE	Rule 9.12.
C2	CBOE Rule 9.12.
EDGX	Rule 26.7.
ISE	Rules 613.
FINRA	Rule 2360(b)(15).
MIAX	Rule 1312.
MIAX PEARL	*Rule 1312.*
ISE Gemini	Rule 613.
ISE Mercury	Rule 613.
PHLX	Rule 1032.
NYSE ARCA	Options Rule 9.18(j) and Equities Rule 9.18(j).
BX	Chapter XI, Sections 12.
NASDAQ	Chapter XI, Section 12.
Confirmations	
NYSE MKT	Rule 925.
[BATS]*BZX*	Rule 26.6.
BOX	Rule 4060.
CBOE	Rule 9.11.

C2	CBOE Rule 9.11.
EDGX	Rule 26.6.
ISE	Rule 612.
FINRA	Rule 2360(b)(12).
MIAX	Rule 1311.
MIAX PEARL	*Rule 1311.*
ISE Gemini	Rule 612.
ISE Mercury	Rule 612.
PHLX	Rule 1028.
NYSE ARCA	Options Rule 9.18(f) and Equities Rule 9.18([j]*f*).
BX	Chapter XI, Section 11.
NASDAQ	Chapter XI, Section 11.
Allocation of Exercise Assignment Notices	
NYSE MKT	Rule 981.
[BATS]*BZX*	Rule 23.2.
BOX	Rule 9010.
CBOE	Rule 11.2.
C2	CBOE Rule 11.2.
EDGX	Rule 23.2.
ISE	Rule 1101.
FINRA	Rule 2360(b)(23)(C).
MIAX	Rule 701.
MIAX PEARL	*Rule 701.*
ISE Gemini	Rule 1101.
ISE Mercury	Rule 1101.
PHLX	Rule 1043.
NYSE ARCA	Options Rule 6.25(a).
BX	Chapter VIII, Section 2.
NASDAQ	Chapter VIII, Section 2.
Disclosure Documents	
NYSE MKT	Rules 921 and 926.
[BATS]*BZX*	Rule 26.10.
BOX	Rule 4100.
CBOE	Rule 9.15.
C2	CBOE Rule 9.15.
EDGX	Rule 26.10.
ISE	Rule 616.
FINRA	Rule 2360(b)(11).
MIAX	Rule 1315.
MIAX PEARL	*Rule 1315.*
ISE Gemini	Rule 616.
ISE Mercury	Rule 616.
PHLX	Rule 1024(b)(v), 1029.
NYSE ARCA	Options Rule 9.18(g) and Equities Rule 9.18(g).
BX	Chapter XI, Section 15.
NASDAQ	Chapter XI, Section 15.
Branch Offices of Member Organizations	
NYSE MKT	Rule 922(d).[4]
BOX	Rule 4010(b).
CBOE	Rule 9.6.
C2	CBOE Rule 9.6.
ISE	Rule 607.
FINRA	Rules 2360(b)(20)(B) and 2355.
MIAX	Rule 1306.
MIAX PEARL	*Rule 1306.*
ISE Gemini	Rule 607.
ISE Mercury	Rule 607.
PHLX	N/A.
NYSE ARCA	Options Rule 9.18(m) and Equities Rule 9.18(m).
BX	Chapter XI, Section 6.
NASDAQ	Chapter XI, Section 6.
Prohibition Against Guarantees	
NYSE MKT	Rule 390.
[BATS]*BZX*	Rule 26.13.
BOX	Rule 4130.
CBOE	Rule 9.18.
C2	CBOE Rule 9.18.
EDGX	Rule 26.13.
ISE	Rules 619.

FINRA	Rule 2150(b).
MIAX	Rule 1318.
MIAX PEARL	*Rule 1318.*
ISE Gemini	Rule 619.
ISE Mercury	Rule 619.
PHLX	Rule 777.
NYSE ARCA	Options Rule 9.1(e) *and Equities Rule 9.1(e).*
BX	Chapter XI, Sections 18 and 19.
NASDAQ	Chapter XI, Sections 18 and 19.
Sharing in Accounts	
NYSE MKT	Rule 390.
[BATS]*BZX*	Rule 26.14.[6]
BOX	Rule 4140.
CBOE	Rule 9.18(b).
C2	CBOE Rule 9.18(b).
EDGX	Rule 26.14,[6]
ISE	Rule 620.[5]
FINRA	Rule 2150(c).
MIAX	Rule 1319.
MIAX PEARL	*Rule 1319.*
ISE Gemini	Rule 620.[5]
ISE Mercury	Rule 620.[5]
PHLX	N/A.
NYSE ARCA	Options Rule 9.1(f).
BX	Chapter XI, Section 19.[6]
NASDAQ	Chapter XI, Section 19.[6]
Registration of ROP	
NYSE MKT	Rule 920.
[BATS]*BZX*	Rule 17.2(g)(1), (2), (6) and (7).
BOX	Rule 2020(c)(1), (e)(1) and IM–2040–4 and IM–2040–5(b).
CBOE	Rule 9.2.
C2	CBOE Rule 9.2.
EDGX	Rule 17.2(g)(1), (2), (6) and (7).
ISE	Rule 601.
FINRA	NASD Rules 1022(f), IM–1022–1, & 1250(a)(1).
MIAX	Rule 1301.
MIAX PEARL	*Rule 1301.*
ISE Gemini	Rule 601.
ISE Mercury	Rule 601.
PHLX	Rule 1024(a)(i).
NYSE ARCA	Options Rule 9.26 and Equities Rule 9.26.
BX	Chapter XI, Section 2 and Chapter II, Section 2(g).
NASDAQ	Chapter XI, Section 2 and Chapter II, Section 2(g).
Certification of Registered Personnel	
NYSE MKT	Rule 920.
[BATS]*BZX*	Rule 2.5 Interpretation .01(c) and 11.4(e).
BOX	IM–2040–3.
CBOE	Rule 9.3.
C2	CBOE Rule 9.3.
EDGX	Rule 2.5 Interpretation .01(c) and 11.4(e).
ISE	Rule 602.
FINRA	NASD Rule 1032(d).
MIAX	Rule 1302.
MIAX PEARL	*Rule 1302.*
ISE Gemini	Rule 602.
ISE Mercury	Rule 602.
PHLX	Rule 1024.
NYSE ARCA	Options Rule 9.27(a) *and Equities Rule 9.27(a).*
BX	Chapter XI, Section 3 and Chapter II, Section 2(h).
NASDAQ	Chapter XI, Section 3 and Chapter II, Section 2(h).

[1] FINRA shall not have any Regulatory Responsibility regarding foreign currency option requirements specified in any of the PHLX rules in this Exhibit A.

[2] FINRA shall not have any Regulatory Responsibility regarding receipt of written reports by April 1 of each year pursuant to CBOE Rule 9.8(g).

[3] FINRA shall not have any Regulatory Responsibility to enforce this rule as to time and price discretion in institutional accounts.

[4] FINRA shall only have Regulatory Responsibility for the first paragraph and shall not have any Regulatory Responsibility regarding the requirements for debt options.

[5] FINRA shall not have any Regulatory Responsibility regarding ISE's, ISE Gemini's and ISE Mercury's requirements to the extent its rule does not contain an exception to permit sharing in the profits and losses of an account.

[6] FINRA shall not have any Regulatory Responsibility regarding NASDAQ's, BX's, [BATS]*BZX*'s, and EDGX's requirements to the extent such rules do not contain an exception addressing immediate family.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. 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 S7–966 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 *S7–966.* 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 plan that are filed with the Commission, and all written communications relating to the proposed plan 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 plan also will be available for inspection and copying at the principal offices of FINRA and MIAX PEARL. 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 *S7–966* and should be submitted on or before March 1, 2017.

V. Discussion

The Commission continues to believe that the proposed plan is an achievement in cooperation among the SRO participants. The Plan, as amended, will reduce unnecessary regulatory duplication by allocating to the designated SRO the responsibility for certain options-related sales practice matters that would otherwise be performed by multiple SROs. The plan promotes efficiency by reducing costs to firms that are members of more than one of the SRO participants. In addition, because the SRO participants coordinate their regulatory functions in accordance with the plan, the plan promotes, and will continue to promote, investor protection.

Under paragraph (c) of Rule 17d–2, the Commission may, after appropriate notice and comment, declare a plan, or any part of a plan, effective. In this instance, the Commission believes that appropriate notice and comment can take place after the proposed amendment is effective. The primary purpose of the amendment is to add MIAX PEARL as a participant to the Plan. By declaring it effective today, the amended Plan can become effective and be implemented without undue delay.[24] The Commission notes that the prior version of this plan immediately prior to this proposed amendment was published for comment and the Commission did not receive any comments thereon.[25] Furthermore, the Commission does not believe that the amendment to the plan raises any new regulatory issues that the Commission has not previously considered.

VI. Conclusion

This order gives effect to the amended Plan submitted to the Commission that is contained in File No. S7–966.

It is therefore ordered, pursuant to Section 17(d) of the Act, that the Plan, as amended, filed with the Commission pursuant to Rule 17d–2 on January 13, 2017, is hereby approved and declared effective.

It is further ordered that those SRO participants that are not the DOEA as to a particular common member are relieved of those regulatory responsibilities allocated to the common member's DOEA under the amended Plan to the extent of such allocation.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[26]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02547 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[24] On December 13, 2016, the Commission approved MIAX PEARL's application for registration as a national securities exchange. *See* Securities Exchange Act Release No. 79543, 81 FR 92901 (December 20, 2016).

[25] *See* Securities Exchange Act Release No. 77148 (February 16, 2016), 81 FR 8775 (February 22, 2016).

[26] 17 CFR 200.30–3(a)(34).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79949; File No. SR–BatsEDGX–2017–08]

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Adopt Rules 4.5 Through 4.16 To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 30, 2017, Bats EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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.[3] 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 filed a proposal to adopt Rules 4.5 through 4.16 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available at the Exchange's Web site at *www.bats.com,* 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

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–BatsEDGX–2017–06, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

the most significant parts 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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act [5] and Rule 608 of Regulation NMS thereunder,[6] the CAT NMS Plan.[7] 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,[8] and approved by the Commission, as modified, on November 15, 2016.[9]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[10] As is described more fully below, the Proposed Rules 4.5 through 4.16 set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rules 4.5 through 4.16 include twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 4.5 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rules 4.5 through 4.16. Each of the defined terms in Proposed Rule 4.5 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-ID'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[11] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The

[5] 15 U.S.C. 78k–1.

[6] 17 CFR 242.608.

[7] *See* 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.

[8] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[9] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[10] *See* SEC Rule 613(g)(1).

[11] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 4.5 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 4.5 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 4.5 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[12] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 4.5 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 4.5 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under Rules 4.5 through 4.16. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under Rules 4.5 through 4.16.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in Rules 4.5 through 4.16.

(E) CAT

Paragraph (e) of Proposed Rule 4.5 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

[12] *See* Exemptive Request Letter at 26–27; and Exemption Order.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 4.5 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 4.5 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[13] Such a third party, referred to in the Proposed Rules 4.5 through 4.16 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 4.5 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under Rules 4.5 through 4.16.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 4.5 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 4.5 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 4.15(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 4.15(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 4.5 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rules 4.5 through 4.16. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 4.5 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 4.5(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 4.5 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[14] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rules 4.5 through 4.16, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 4.5. Specifically, paragraph (n) of Proposed Rule 4.5 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rules 4.5 through 4.16 only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (p) [sic] of Proposed Rule 4.5 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[15] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[16] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[17] As such, the Exchange or the SEC ''may [sic] take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[18] The CAT NMS Plan sets the initial Error Rate at 5%.[19] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[20]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[21]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 4.5. Paragraph (p) of Proposed Rule 4.5 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly,

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

[15] Section 6.5(d)(i) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Section 6.5(d)(i) of the CAT NMS Plan.

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Approval Order at 84718.

the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 4.5. Specifically, paragraph (q) of Proposed Rule 4.5 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 4.5 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 4.5 states that the term ''Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 4.5 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and the Proposed Rules 4.5 through 4.16 apply to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rules 4.5 through 4.16 apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 4.5 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 4.5 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[22] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution systems use timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 4.5. Specifically, paragraph (v) of Proposed Rule 4.5 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 4.7 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 4.5. Specifically, paragraph (w) of Proposed Rule 4.5 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 4.5. Specifically, paragraph (x) of Proposed Rule 4.5 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 4.5 to mean any NMS Security other than an option. This is the same

[22] Exemption Order.

definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 4.5 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[23] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 4.5. Specifically, paragraph (aa) of Proposed Rule 4.5 defines the term ''Options Market Makers'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 4.5. Specifically, paragraph (bb) of Proposed Rule 4.5 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 4.5. Specifically, paragraph (cc) of Proposed Rule 4.5 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 4.5 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 4.5 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 4.5 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 4.5 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 4.5 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 4.7(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(1).

(II) Reportable Event

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 4.5. Specifically, paragraph (ii) of Proposed Rule 4.5 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 4.5 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

[23] *See* Exemptive Request Letter at 2, and Exemption Order.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[24] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself; and information to identify each such Industry Member, including the CRD number and LEI if such LEI has been obtained, and itself, including LEI, if such LEI has been obtained. Additionally, each Industry Member is required to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained. The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant Identifier'' in Proposed Rule 4.5. Specifically, paragraph (kk) of Proposed Rule 4.5 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rules 4.5 through 4.16 differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 4.5. Specifically, paragraph (ll) of Proposed Rule 4.5 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 4.7(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in Proposed Rule 4.5. Specifically, Paragraph (mm) of Proposed Rule 4.5 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.6 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 4.6 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 4.6 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.6 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 4.6 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 4.6 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 4.6 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required

[24] *See* Exemptive Request Letter at 19, and Exemption Order.

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 4.6 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 4.6 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 4.6 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 4.6 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of Proposed Rule 4.6 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 4.6 requires Industry Members to report to the Plan Processor and the Exchange, violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.7 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 4.7 has six sections [sic] covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities covered by the recording and reporting requirements, (4) the security symbology to be used in the recording and reporting, and (5) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 4.7 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 4.7 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 4.10); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 4.10); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 4.10; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.7 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 4.7(a)(1) ''Industry Member Data'')) in the

manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 4.8, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 4.7 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 4.7 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 4.7 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 4.7 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 4.7 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 4.7 describes the securities to which the recording and reporting requirements of Proposed Rule 4.7 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 4.7 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 4.7 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 4.7 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 4.7 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 4.7 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 4.7 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of Proposed Rule 4.7, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 4.7 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 4.8 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13. Paragraph (b) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 4.8 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its

Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of Proposed Rule 4.8 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 4.9 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 4.9 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[26] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 4.10 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

[26] 17 CFR 242.613(d)(3).

Paragraph (a) of Proposed Rule 4.10 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 4.10 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 4.10. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 4.10 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 4.10 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 4.10 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 4.10 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 4.10 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 4.11 (Consolidated Audit Trail—Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rules 4.5 through 4.16. Proposed Rule 4.11 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in the Proposed Rules 4.5 through 4.16 without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 4.12 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 4.12 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 4.12 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 4.12 addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 4.12 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 4.12 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rules 4.5 through 4.16. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rules 4.5 through 4.16. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 4.12 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member

remains primarily responsible for compliance with the requirements of the Proposed Rules 4.5 through 4.16, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 4.12.

(ix) Development and Testing

The Exchange proposes Rule 4.13 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 4.13 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 4.13 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[27] Specifically, Proposed Rule 4.13 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 4.14 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 4.14 requires each Industry Member to maintain and preserve records of the information required to be recorded in accordance with the Proposed Rules 4.5 through 4.16, for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved in accordance with Proposed Rules 4.5 through 4.16, may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 4.14 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[28] Accordingly, Proposed Rule 4.15 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 4.15 requires that Industry Members record and report data to the Central Repository as required by the Proposed Rules 4.5 through 4.16 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 4.15 requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rules 4.5 through 4.16 and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[29]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rules 4.5 through 4.16. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of Proposed Rule 4.15 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 4.15 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate

[27] Approval Order at 84725.

[28] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[29] Approval Order at 84745.

over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[30] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 4.15 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated the Proposed Rules 4.5 through 4.16.

(xii) Compliance Dates

Proposed Rule 4.16 (Consolidated Audit Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rules 4.5 through 4.16. Paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date of the Proposed Rules 4.5 through 4.16. Unless otherwise noted, the Proposed Rules 4.5 through 4.16 will be fully effective upon approval by the Commission and Members must comply with their terms.

Paragraph (b) of Proposed Rule 4.16 establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 4.6. Paragraph (b)(1) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[31]

Paragraph (c) of Proposed Rule 4.16 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[32] which require, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[33] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the Proposed Rules 4.5 through 4.16 implement provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing similar rules to apply the requirements of the CAT NMS Plan to their members. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

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 Exchange consents, the Commission will: (a) By order approve or disapprove such 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–BatsEDGX–2017–08 on the subject line.

2. 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–BatsEDGX–2017–08. 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

[30] Appendix C of the CAT NMS Plan.

[31] *See* Letter from Participants to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, dated January 17, 2017, requesting exemptive relief from SEC Rule 613(a)(3)(iii) and Section 6.7(a)(ii) of the CAT NMS Plan.

[32] 15 U.S.C. 78f(b)(5).

[33] 15 U.S.C. 78f(b)(8).

[34] Approval Order at 84697.

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–BatsEDGX–2017–08 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02554 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79945; File No. SR–Phlx–2017–07]

Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing of Proposed Rule Change To Adopt the Rule 900A Series

February 2, 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 January 30, 2017, NASDAQ PHLX LLC (''Phlx'' 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.[3] 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 the Rule 900A Series to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

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

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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act[5] and Rule 608 of Regulation NMS thereunder,[6] the CAT NMS Plan.[7] 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,[8] and approved by the Commission, as modified, on November 15, 2016.[9]

The Plan is designed to create, implement, and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[10] As is described more fully below, the Proposed Rule 900A Series sets forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rule 900A Series includes twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 910A (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rule 900A Series. Each of the defined terms in Proposed Rule 910A is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–Phlx–2017–03, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] 15 U.S.C. 78k–1.

[6] 17 CFR 242.608.

[7] *See* 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.

[8] Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[9] Securities Exchange Act Release. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[10] *See* SEC Rule 613(g)(1).

about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's [sic] associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository[sic].'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[11] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney, etc.) and LEI and/or Larger Trader ID (''LTID''). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 910A describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 910A states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such

[11] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 910A defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The Participants requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[12] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 910A defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 910A defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under this Rule 900A Series. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in this Rule 900A Series.

(E) CAT

Paragraph (e) of Proposed Rule 910A defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 910A defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 910A defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[13] Such a third party, referred to in this Proposed Rule 900A Series as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 910A defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Rule 900A Series.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 910A defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 910A defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 993A(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 993A(d), each Industry Member is required to meet a separate

[12] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 910A proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rule 900A Series. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 910A defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 910A(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 910A defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[14] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations, and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rule 900A Series, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 910A. Specifically, paragraph (n) of Proposed Rule 910A defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rule 900A Series only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of Proposed Rule 910A defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

Repository.[15] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[16] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[17] As such, the Exchange or the SEC ''may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[18] The CAT NMS Plan sets the initial Error Rate at 5%.[19] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[20]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[21]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 910A. Paragraph (p) of Proposed Rule 910A defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 910A. Specifically, paragraph (q) of Proposed Rule 910A defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 910A defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 910A states that the term ''Industry Member Data'' has the meaning set forth in Proposed Rule 930A(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 930A(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 910A defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this Proposed Rule 900A Series applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rule 900A Series apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 910A defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 910A states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[22] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Members[sic] uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository to the extent the Industry Member's order handling

[15] Section 6.5(d)(i) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Section 6.5(d)(i) of the CAT NMS Plan.

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Approval Order at 84718.

[22] Exemption Order.

or execution systems use increments finer than milliseconds. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 910A. Specifically, paragraph (v) of Proposed Rule 910A defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 930A requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 910A. Specifically, paragraph (w) of Proposed Rule 910A defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 910A. Specifically, paragraph (x) of Proposed Rule 910A defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 910A to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 910A defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The Participants, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[23] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 910A. Specifically, paragraph (aa) of Proposed Rule 910A defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rule 900A Series requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 910A. Specifically, paragraph (bb) of Proposed Rule 910A defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 910A. Specifically,

[23] *See* Exemptive Request Letter at 2, and Exemption Order.

paragraph (cc) of Proposed Rule 910A defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 910A defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 910A defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 910A defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 910A states that the term ''Received Industry Member Data'' has the meaning set forth in Proposed Rule 930A(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 930A(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 910A states that the term ''Recorded Industry Member Data'' has the meaning set forth in Proposed Rule 930A(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 930A(a)(1).

(II) Reportable Event

The Proposed Rule 900A Series requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 910A. Specifically, paragraph (ii) of Proposed Rule 910A states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 910A defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The Participants requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[24] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in Proposed Rule 910A. Specifically, paragraph (kk) of Proposed Rule 910A defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO, or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rule 900A Series differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 910A. Specifically, paragraph (ll) of Proposed Rule 910A defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of

[24] *See* Exemptive Request Letter at 19, and Exemption Order.

''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 930A(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in Proposed Rule 910A. Specifically, Paragraph (mm) of Proposed Rule 910A states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 920A (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 920A sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 920A requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 920A requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 920A clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 920A includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 920A requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 920A sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 920A sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 920A requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 920A periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via an information circular (''Circular'').

Paragraph (d) of Proposed Rule 920A establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 920A requires Industry Members to report to the Plan Processor and the Exchange violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 930A (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 930A has six sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover[sic] by the recording and reporting requirements, (4) format, (5) the security symbology to be used in the recording and reporting, and (6) error correction

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 930A describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 930A set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 960A); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 960A); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 960A); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 960A); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 960A; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 930A requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 930A(a)(1) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 940A, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 930A states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 930A describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 930A set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 930A requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 930A requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m., Eastern Time, deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 930A describes the securities to which the recording and reporting requirements of Proposed Rule 930A apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 930A set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 930A requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 930A for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 930A requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 930A for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 930A describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 930A requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 930A requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of Proposed Rule 930A, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 930A requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 940A (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 940A requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 980A. Paragraph (b) of Proposed Rule 940A requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 940A requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Circular.

Finally, paragraph (d) of Proposed Rule 940A addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 950A (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 950A requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 980A, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[26] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 960A (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 960A sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 960A requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 960A. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 960A requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 960A regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 960A sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 960A permits each Industry Member to record and report Manual Order Events to the

[26] 17 CFR 242.613(d)(3).

Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 960A permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 965A (Consolidated Audit Trail—Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rule 900A Series. Proposed Rule 965A states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 970A (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 970A describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 970A requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 970A addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 970A requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 970A states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rule 900A Series. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rule 900A Series. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 970A requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rule 900A Series, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 970A.

(ix) Development and Testing

The Exchange proposes Rule 980A (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 980A sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 940A(a) and 950A, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 940A(a) and 950A, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 980A implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[27] Specifically, Proposed Rule 980A requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Circular.

(x) Recordkeeping

Proposed Rule 990A (Consolidated Audit Trail—Recordkeeping) sets forth

[27] Adopting Release at 84725.

the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 990A requires each Industry Member to maintain and preserve records of the information required to be recorded under the Proposed Rule 900A Series for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the Proposed Rule 900A Series may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 990A is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[28] Accordingly, Proposed Rule 993A (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 993A requires that Industry Members record and report data to the Central Repository as required by the Proposed Rule 900A Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 993A requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rule 900A Series and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[29]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rule 900A Series. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Circular.

Furthermore, paragraph (d) of Proposed Rule 993A addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 993A states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[30] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 993A states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Proposed Rule Series.

(xi) Compliance Dates

Proposed Rule 995A (Consolidated Audi Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rule 900A Series. Paragraph (a) of Proposed Rule 995A states that, except as set forth in paragraphs (b) and (c) of this Rule or otherwise set forth in this Rule Series, these rules are fully effective and members must comply with their terms.

Paragraph (b) of Proposed Rule 995A establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 920A. Paragraph (b)(1) states that each Industry Member shall comply with Rule 920A with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 920A with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[31]

Paragraph (c) of Proposed Rule 995A establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[32] which requires, among other things, that the Exchange rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[33] which requires that Exchange rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and

[28] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[29] Approval Order at 84745.

[30] Appendix C of the CAT NMS Plan.

[31] *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 17, 2017.

[32] 15 U.S.C. 78f(b)(6).

[33] 15 U.S.C. 78f(b)(8).

appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the Proposed Rule Series implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this Proposed Rule 900A Series. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

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 Exchange consents, the Commission shall: (a) By order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

[34] Approval Order at 84697.

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–Phlx–2017–07 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–Phlx–2017–07. 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–Phlx–2017–07 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02550 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79937; File No. SR–MIAX–2017–03]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; Notice of Filing of a Proposed Rule Change To Adopt Consolidated Audit Trail Compliance Rule (Rules 1701–1712) To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to the provisions of 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 January 30, 2017, Miami International Securities Exchange, LLC (''MIAX Options'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange.[3] 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 the Rules 1701–1712 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available on the Exchange's Web site at *http://www.miaxoptions.com/rule-filings,* at MIAX's principal office, and at the Commission's Public Reference Room.

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–MIAX–2017–01, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

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

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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC,[5] NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'' or ''SROs'') filed with the Commission, pursuant to Section 11A of the Exchange Act[6] and Rule 608 of Regulation NMS thereunder,[7] the 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 consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[11] As is described more fully below, the rules contained in the proposed Chapter XVII set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The proposed Rules include twelve proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 1701 (Consolidated Audit Trail Compliance Rule—Definitions) sets forth the definitions for the terms used in the proposed Rules 1701–1712. Each of the defined terms in proposed Rule 1701 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customers associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[12] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger [sic] Trader ID (''LTID''). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts,

[5] MIAX PEARL, LLC, became a party to the CAT NMS Plan via an Amendment to the Plan on January 12, 2017.

[6] 15 U.S.C. 78k–1.

[7] 17 CFR 242.608.

[8] *See* 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.

[9] *See* Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[10] *See* Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[11] *See* SEC Rule 613(g)(1).

[12] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of proposed Rule 1701 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date [sic] to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of proposed Rule 1701 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of proposed Rule 1701 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[13] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of proposed Rule 1701 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of proposed Rule 1701 defines the term ''Business

[13] Exemptive Request Letter at 26–27; and Exemption Order.

Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under the Consolidated Audit Trail Compliance Rule (Rules 1701–1712). This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in the Consolidated Audit Trail Compliance Rule (Rules 1701–1712).

(E) CAT

Paragraph (e) of proposed Rule 1701 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of proposed Rule 1701 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to links the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of proposed Rule 1701 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[14] Such a third party, referred to in proposed Rule 1701 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of proposed Rule 1701 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with-an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under the Consolidated Audit Trail Compliance Rule (proposed Rules 1701–1712).

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of proposed Rule 1701 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of proposed Rule 1701 defines the term ''Compliance Threshold'' as having the meaning set forth in proposed Rule 1711(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to proposed Rule 1711(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of proposed Rule 1701 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of proposed Rule 1701 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 1701(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1)

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of proposed Rule 1701 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[15] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs''). To include this term in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712), the Exchange proposes to define ''Data Submitter'' in paragraph (n) of proposed Rule 1701. Specifically, paragraph (n) of proposed Rule 1701 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of proposed Rule 1701 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[16] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[17] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[18] As such, the Exchange or the SEC ''[sic]'' may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[19] The CAT NMS Plan sets the initial Error Rate at 5%.[20] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[21]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[22]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in proposed Rule 1701. Paragraph (p) of proposed Rule 1701 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth

[15] Appendix C, Section A.1(a) of the CAT NMS Plan.

[16] Section 6.5(d)(i) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan.

[18] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[19] Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] Section 6.5(d)(i) of the CAT NMS Plan.

[21] Appendix C, Section A.3(b) of the CAT NMS Plan.

[22] Approval Order at 84718.

in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in proposed Rule 1701. Specifically, paragraph (q) of proposed Rule 1701 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of proposed Rule 1701 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of proposed Rule 1701 states that the term ''Industry Member Data'' has the meaning set forth in Rule 1703(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 1703(a)(2).

(T) Initial Plan Processor

Paragraph (t) of proposed Rule 1701 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) apply specifically to Listed Options. Accordingly, Paragraph (u) of proposed Rule 1701 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of proposed Rule 1701 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[23] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in proposed Rule 1701. Specifically, paragraph (v) of proposed Rule 1701 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 1703 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in proposed Rule 1701. Specifically, paragraph (w) of proposed Rule 1701 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to

[23] Exemption Order.

define the term ''NMS Security'' in proposed Rule 1701. Specifically, paragraph (x) of proposed Rule 1701 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of proposed Rule 1701 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of proposed Rule 1701 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[24] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in proposed Rule 1701. Specifically, paragraph (aa) of proposed Rule 1701 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in proposed Rule 1701. Specifically, paragraph (bb) of proposed Rule 1701 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in proposed Rule 1701. Specifically, paragraph (cc) of proposed Rule 1701 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of proposed Rule 1701 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of proposed Rule 1701 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of proposed Rule 1701 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of proposed Rule 1701 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 1703(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 1703(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of proposed Rule 1701 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 1703(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion

[24] *See* Exemptive Request Letter at 2, and Exemption Order.

below regarding proposed Rule 1703(a)(1).

(II) Reportable Event

The proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in proposed Rule 1701. Specifically, paragraph (ii) of proposed Rule 1701 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of proposed Rule 1701 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[25] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in proposed Rule 1701. Specifically, paragraph (kk) of proposed Rule 1701 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in proposed Rule 1701. Specifically, paragraph (ll) of proposed Rule 1701 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 1703(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in proposed Rule 1701. Specifically, Paragraph (mm) of proposed Rule 1701 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[26] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 1702 (Consolidated Audit Trail Compliance Rule-Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of proposed Rule 1702 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of proposed Rule 1702 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 1702 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the

[25] *See* Exemptive Request Letter at 19, and Exemption Order.

[26] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of proposed Rule 1702 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the proposed Rule 1702 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of proposed Rule 1702 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of proposed Rule 1702 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of proposed Rule 1702 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of proposed Rule 1702 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of proposed Rule 1702 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of proposed Rule 1702 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of proposed Rule 1702 requires Industry Members to report to the Plan Processor and SRO violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 1703 (Consolidated Audit Trail Compliance Rule—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 1703 has five sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities covered by the recording and reporting requirements, (4) the security symbology to be used in the recording and reporting, and (5) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of proposed Rule 1703 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of proposed Rule 1703 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to proposed Rule 1706); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to proposed Rule 1706); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to proposed Rule 1706); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the

modification or cancellation is received or originated (using timestamps pursuant to proposed Rule 1706); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

• if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to proposed Rule 1706; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

• other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 1703 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 1703(a)(1) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

• If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);

• if the trade is cancelled, a cancelled trade indicator; and

• for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with proposed Rule 1704, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of proposed Rule 1703 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of proposed Rule 1703 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of proposed Rule 1703 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of proposed Rule 1703 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of proposed Rule 1703 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the-Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of proposed Rule 1703 describes the securities to which the recording and reporting requirements of proposed Rule 1703 apply. Paragraphs (c)(1) and (c)(2) of proposed Rule 1703 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of proposed Rule 1703 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 1703 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of proposed Rule 1703 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this proposed Rule 1703 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of proposed Rule 1703 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of proposed Rule 1703 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of proposed Rule 1703 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of proposed Rule 1703, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of proposed Rule 1703 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 1704 (Consolidated Audit Trail Compliance Rule—Customer Information Reporting)

to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of proposed Rule 1704 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 1709. Paragraph (b) of proposed Rule 1704 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of proposed Rule 1704 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of proposed Rule 1704 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 1705 (Consolidated Audit Trail Compliance Rule—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, proposed Rule 1705 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 1709, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[27] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 1706 (Consolidated Audit Trail Compliance Rule—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of proposed Rule 1706 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of proposed Rule 1706 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of proposed Rule 1706. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of proposed Rule 1706 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of proposed Rule 1706 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of proposed Rule 1706 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of proposed Rule 1706 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of proposed Rule 1706 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 1707 (Consolidated Audit Trail Compliance Rule—Clock Synchronization Rule Violation) describes potential violations of the clock synchronization time period requirements set forth in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Proposed Rule 1707 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in the Consolidated Audit Trail Compliance Rule (Rules 1701–1712) without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 1708 (Consolidated Audit Trail Compliance Rule—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of proposed Rule 1708 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of proposed Rule 1708 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of proposed Rule 1708 addresses connectivity requirements related to the CAT. Paragraph (b) of proposed Rule 1708 requires each Industry Member to connect to the

[27] 17 CFR 242.613(d)(3).

Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of proposed Rule 1708 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of proposed Rule 1708 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the proposed Consolidate Audit Trail Compliance Rule (Rules 1701–1712), notwithstanding the existence of an agreement described in paragraph (c) of proposed Rule 1708.

(ix) Development and Testing

The Exchange proposes Rule 1709 (Consolidated Audit Trail Compliance Rule—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of proposed Rule 1709 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 1704(a) and 1705, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 1704(a) and 1705, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of proposed Rule 1709 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[28] Specifically, proposed Rule 1709 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 1710 (Consolidated Audit Trail Compliance Rule—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 1710 requires each Industry Member to maintain and preserve records of the information required to be recorded under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 1710 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[29] Accordingly, proposed Rule 1711 (Consolidated Audit Trail Compliance Rule—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of proposed Rule 1711 requires that Industry Members record and report data to the Central Repository as required by the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of proposed Rule 1711 requires Industry Members to accurately provide the LEIs in their records as required by the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not

[28] Adopting Release [sic] at 84725.

[29] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[30]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of proposed Rule 1711 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 1711 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[31] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 1711 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712).

(xii) Compliance Dates

Proposed Rule 1712 (Consolidated Audi [sic] Trail Compliance Rule—Compliance Dates) sets forth the compliance dates for the various provisions of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Paragraph (a) of proposed Rule 1712 states that paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date for the Consolidated Audit Trail Compliance Rule (Rules 1701–1712). It further states that, unless otherwise noted, Rules 1701–1712 are fully effective and Members must comply with their terms.

Paragraph (b) of proposed Rule 1712 establishes the compliance dates for the clock synchronization requirements as set forth in proposed Rule 1702. Paragraph (b)(1) states that each Industry Member shall comply with Rule 1702 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 1702 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.

Paragraph (c) of proposed Rule 1712 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act[32] which requires, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act[33] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

[30] Approval Order at 84745.

[31] Appendix C of the CAT NMS Plan.

[32] 15 U.S.C. 78f(b)(6) [sic].

[33] 15 U.S.C. 78f(b)(8)

[34] Approval Order at 84697.

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 up to 90 days (i) as the Commission may designate 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–MIAX–2017–03 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–MIAX–2017–03. 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 such filing will also 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–MIAX–2017–03 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02542 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79931; File No. SR–CFE–2017–001]

Self-Regulatory Organizations; CBOE Futures Exchange, LLC; Notice of Filing of a Proposed Rule Change Regarding Block Trades

February 2, 2017.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (''Act''),[1] notice is hereby given that on January 19, 2017 CBOE Futures Exchange, LLC (''CFE'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change described in Items I, II, and III below, which Items have been prepared by CFE. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. CFE also has filed this proposed rule change with the Commodity Futures Trading Commission (''CFTC''). CFE filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act (''CEA'') [2] on January 19, 2017.

I. Self-Regulatory Organization's Description of the Proposed Rule Change

The Exchange proposes to amend CFE Rule 415 related to Block Trades. The scope of this filing is limited solely to the application of the proposed rule amendments to security futures that may be traded on CFE. Although no security futures are currently listed for trading on CFE, CFE may list security futures for trading in the future. The text of the proposed rule change is attached as Exhibit 4 to the filing but is not attached to the publication of this notice.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, CFE 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. CFE 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

CFE Rule 415 sets forth requirements relating to Block Trades. The proposed rule change adds paragraph (l) to Rule 415 which relates to the front running of Block Trades. Proposed Rule 415(l) makes clear that no person may engage in the front running of a Block Trade when acting on material non-public information regarding an impending transaction by another person, acting on non-public information obtained through a confidential employee/employer relationship, broker/customer relationship, or in breach of a pre-existing duty. Proposed Rule 415(l) would apply to all products traded on CFE, including both non-security futures and security futures.

The proposed rule change is being made in connection with other proposed amendments to Rule 415 which are not included as part of this proposed rule change. Those proposed amendments are to be included in new paragraph (k) of Rule 415.[3] The provisions of proposed Rule 415(k) are intended to clarify certain restrictions relating to disclosure and use of non-public information regarding Block Trades and the extent to which counterparties to a Block Trade may enter into pre-hedging or anticipatory hedging transactions in connection with Block Trades. Proposed Rule 415(k) would only apply to non-security futures, and the Exchange is including a sentence in proposed Rule 415(k) to

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(7).

[2] 7 U.S.C. 7a–2(c).

[3] Paragraph (k) will be filed simultaneously with paragraph (l) with CFTC which is why the provisions of paragraph (l) are marked as existing rule text in Exhibit 4.

make clear that its provisions do not apply to security futures.

The Exchange is also re-lettering certain paragraphs in Rule 415 to accommodate for the new provisions that are being added.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[4] in general, and furthers the objectives of Sections 6(b)(5)[5] and 6(b)(7)[6] in particular in that it is designed:

• To prevent fraudulent and manipulative acts and practices,

• to promote just and equitable principles of trade, and

• 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 would provide additional guidance to CFE market participants related to the front running of Block Trades. The proposed rule change would also contribute to enhanced protection of CFE's market and market participants.

B. Self-Regulatory Organization's Statement on Burden on Competition

CFE 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 that the proposed rule change is consistent with similar guidance provided by other designated contracts markets.[7] The Exchange believes that the proposed rule change is equitable and not unfairly discriminatory in that the rule amendments included in the proposed rule change would apply equally to all market participants.

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.

[4] 15 U.S.C. 78f(b).

[5] 15 U.S.C. 78f(b)(5).

[6] 15 U.S.C. 78f(b)(7).

[7] These designated contract markets are Chicago Mercantile Exchange, Inc. (''CME''), The Board of Trade of the City of Chicago, Inc., New York Mercantile Exchange, Inc., New York Mercantile Exchange, Inc., and Commodity Exchange, Inc. See, *CME Submission No. 16–470* (November 15, 2016), which is available on the CFTC's Web site.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The proposed rule change will become operative on February 2, 2017. At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.[8]

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–CFE–2017–001 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–CFE–2017–001. 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 such 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–CFE–2017–001, and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[9]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02536 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[8] 15 U.S.C. 78s(b)(1).

[9] 17 CFR 200.30–3(a)(73).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79942; File No. SR–BatsEDGX–2017–11]

Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Functionality Offered by the Exchange's Options Platform To Adopt Qualified Contingent Cross Orders

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on February 1, 2017, Bats EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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 Exchange. The Exchange has designated this proposal as a ''non-controversial'' proposed rule change pursuant to Section 19(b)(3)(A) of the Act[3] and Rule 19b–4(f)(6)(iii) thereunder,[4] which renders it effective upon filing with the Commission. 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal related to functionality offered by the Exchange's options platform (''EDGX Options'') to adopt Qualified Contingent Cross Orders, as described below.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 15 U.S.C. 78s(b)(3)(A).

[4] 17 CFR 240.19b–4(f)(6)(iii).

The text of the proposed rule change is available at the Exchange's Web site at *www.bats.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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange is filing this proposal related to functionality offered by EDGX Options to adopt Qualified Contingent Cross Orders (''QCC Orders''), as described below.

Background

The purpose of this filing is to adopt rules related to QCC Orders. The proposed rule change is based on the rules of other options exchanges, including an International Securities Exchange (''ISE'') proposal that was previously approved by the Securities and Exchange Commission (''Commission'').[5]

The Exchange is currently a party to the Options Order Protection and Locked/Crossed Market Plan (''Linkage Plan''), and has implemented Exchange rules in conjunction with that plan, which are set forth in Chapter XXVII of the Exchange's Rules (the ''Linkage Rules''). Similar to Regulation NMS under the Act, the Linkage Plan requires, among other things, that the Exchange establish, maintain and enforce written policies and procedures that are reasonably designed to prevent ''Trade-Throughs.'' [6] A Trade-Through is a transaction in an options series at a price that is inferior to the best price available in the market.[7] The Linkage Plan replaced the Plan for the Purpose of Creating and Operating an Intermarket Option Linkage (''Old Linkage Plan''). The Old Linkage Plan provided a limited Trade-Through exemption for ''Block Trades,'' defined to be trades of 500 or more contracts with a premium value of at least $150,000.[8] However, as with Regulation NMS, the Linkage Plan does not provide a Block Trade exemption. Since its original adoption by the ISE in 2011, QCC has been offered by multiple options exchanges as a limited substitute for the Block Trade exemption.[9]

Proposal Regarding Qualified Contingent Cross Orders

The purpose of the proposed change is to provide the Exchange Users [10] with the ability to submit to the Exchange Qualified Contingent Cross Orders, an order type offered by multiple other options exchanges.[11] The proposed operation of Qualified Contingent Cross Orders on the Exchange is substantially similar in all material respects to the operation of such orders on such other exchanges.

The Exchange proposes to adopt new paragraph (d)(11) to Rule 21.1 to govern the operation of Qualified Contingent Cross Orders. As proposed, a Qualified Contingent Cross Order would be an originating order to buy or sell at least 1,000 standard option contracts that is identified as being part of a qualified contingent trade (as that term is proposed to be defined in paragraph (d)(11)(A) to Rule 21.1), coupled with a contra-side order or orders totaling an equal number of contracts. As proposed, a ''qualified contingent trade'' is a transaction consisting of two or more component orders, executed as agent or principal, where: (i) At least one component is an NMS stock, as defined in Rule 600 of Regulation NMS under the Act; (ii) all components are effected with a product or price contingency that either has been agreed to by all the respective counterparties or arranged for by a broker-dealer as principal or agent; (iii) the execution of one component is contingent upon the execution of all other components at or near the same time; (iv) the specific relationship between the component orders (*e.g.,* the spread between the prices of the component orders) is determined by the time the contingent order is placed; (v) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and (vi) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

As proposed, Qualified Contingent Cross Orders would be allowed to execute automatically on entry without exposure provided the execution: (i) Is not at the same price as a Priority Customer Order [12] resting in the EDGX Options Book; [13] and (ii) is at or between the national best bid or offer (''NBBO''). As such, the Exchange also proposes to specify in proposed Rule 21.1(d)(11)(B) that Rule 22.12, related to exposure of orders on EDGX Options, does not apply to Qualified Contingent Cross Orders. The proposed Rule would also specify that Qualified Contingent Cross Orders will be cancelled if they cannot be executed. Also, pursuant to the proposed rule, Qualified Contingent Cross Orders may only be entered in the standard increments applicable to the options class under Rule 21.5.

The Exchange will track and monitor QCC Orders to determine which is the originating side of the order and which is the contra-side(s) of the order to ensure that Members are complying with the minimum 1,000 contract size limitation on the originating side of the QCC Order. The Exchange will check to see if Members are aggregating multiple orders to meet the 1,000 contract minimum on the originating side of the trade in violation of the requirements of the rule. The rule requires that the originating side of the trade consist of one party who is submitting a QCC Order for at least 1,000 contracts. The Exchange represents that it will enforce compliance with this portion of the rule by checking to see if a Member breaks up the originating side of the order in a post trade allocation to different clearing firms, allocating less than 1,000 contracts to a party or multiple parties. For example, a Member enters a QCC Order into the system for 1,500 contracts and receives an execution. Subsequent to the execution, the Member allocates the originating side of the order to two different clearing firms

[5] *See* Securities Exchange Act Release No. 63955 (February 24, 2011), 76 FR 11533 (March 2, 2011) (SR–ISE–2010–73) (''ISE Approval'').

[6] *See* Section 5(a) of the Linkage Plan.

[7] *See* Section 2(21) of the Linkage Plan.

[8] *See* Old Linkage Plan Sections 2(3) and 8(c)(i)(C).

[9] *See* ISE Rule 715(j), Supplementary Material .01 to ISE Rule 715 and ISE Rule 721(b); *see also* CBOE Rule 6.53(u); NASDAQ PHLX Rule 1080(o); NYSE Arca Rule 6.62(bb), Commentary .02 to NYSE Arca Rule 6.62 and NYSE Arca Rule 6.90.

[10] The term ''User'' means any Options Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3 (Access). *See* Exchange Rule 16.1(a)(63).

[11] *See* supra, note 9.

[12] *See* Exchange Rule 16.1(a)(45) (defining ''Priority Customer'' and ''Priority Customer Order'').

[13] *See* Exchange Rule 16.1(a)(9) (defining ''EDGX Options Book'').

on a post trade allocation basis, thereby allocating 500 contracts to one clearing firm and 1,000 contracts to another clearing firm. This type of transaction would not meet the requirements of a QCC Order under the current and proposed rule.

With regard to order entry, a Member will have to mark the originating side as the first order in the system and the contra-side(s) as the second. The Exchange will monitor order entries to ensure that Members are properly entering QCC Orders into the system.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[14] In particular, the proposal is consistent with Section 6(b)(5) of the Act [15] because it is designed to offer market participants greater flexibility by allowing such market participant to submit QCC Orders to the EDGX Options Book in the same way they are permitted to send QCC Orders to other options exchanges, thereby promoting just and equitable principles of trade, fostering cooperation and coordination with persons engaged in facilitating transactions in securities, removing impediments to, and perfecting the mechanism of, a free and open market and a national market system.

The proposed rules are consistent with the protection of investors in that they are designed to prevent Trade-Throughs. In addition, the proposed rule change would promote a free and open market by permitting the Exchange to compete with other options exchanges for these types of orders. In this regard, competition would result in benefits to the investing public, whereas a lack of competition would serve to limit the choices that participants have for execution of their options business. As noted above, the proposed operation of Qualified Contingent Cross Orders on the Exchange is substantially similar in all material respects to the operation of such orders on such other exchanges.[16] As such, permitting the Exchange to operate on an even playing field relative to other exchanges removes impediments to and to perfects the mechanism for a free and open market and a national market system.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change to adopt QCC Orders will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposed functionality is open to all market participants. Further, the proposed rule will allow the Exchange to compete with other options exchanges that currently offer QCC Orders, thus alleviating the burden on competition that would arise if such exchanges were permitted to continue offering such functionality and the Exchange was not. For these reasons, the Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change. The Exchange has not received any written comments from members or other interested parties.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (A) Significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act [17] and paragraph (f)(6) of Rule 19b–4 thereunder,[18] the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

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: (1) Necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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–BatsEDGX–2017–11 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–BatsEDGX–2017–11. 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 such 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

[14] 15 U.S.C. 78f(b).

[15] 15 U.S.C. 78f(b)(5).

[16] *See* supra, note 9.

[17] 15 U.S.C. 78s(b)(3)(A).

[18] 17 CFR 240.19b–4.

Number SR–BatsEDGX–2017–11, and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02545 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79930; File No. 4–551]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Among NYSE MKT LLC, Bats BZX Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, the Chicago Board Options Exchange, Incorporated, the Bats EDGX Exchange, Inc., the International Securities Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Financial Industry Regulatory Authority, Inc., NYSE Arca, Inc., The NASDAQ Stock Market LLC, NASDAQ BX, Inc., the NASDAQ PHLX, Inc., Miami International Securities Exchange, LLC, and MIAX PEARL Concerning Options-Related Market Surveillance

February 2, 2017.

Notice is hereby given that the Securities and Exchange Commission (''Commission'') has issued an Order, pursuant to Section 17(d) of the Securities Exchange Act of 1934 (''Act''),[1] approving and declaring effective an amendment to the plan for allocating regulatory responsibility (''Plan'') filed on January 31, 2017, pursuant to Rule 17d–2 of the Act,[2] by NYSE MKT LLC (''MKT''), Bats BZX Exchange, Inc., (''Bats''), the BOX Options Exchange LLC (''BOX''), C2 Options Exchange, Incorporated (''C2''), the Chicago Board Options Exchange, Incorporated (''CBOE''), the Bats EDGX Exchange, Inc. (''EDGX''), the International Securities Exchange LLC (''ISE''), ISE Gemini, LLC (''Gemini''), ISE Mercury, LLC (''ISE Mercury''), Financial Industry Regulatory Authority, Inc. (''FINRA''), NYSE Arca, Inc. (''Arca''), The NASDAQ Stock Market LLC (''Nasdaq''), NASDAQ BX, Inc. (''BX''), NASDAQ PHLX, Inc. (''PHLX''), Miami International Securities Exchange (''MIAX''), and MIAX PEARL, LLC (''MIAX PEARL'') (collectively, ''Participating Organizations'' or ''parties'').

I. Introduction

Section 19(g)(1) of the Act,[3] among other things, requires every self-regulatory organization (''SRO'') registered as either a national securities exchange or national securities association to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to Section 17(d)[4] or Section 19(g)(2)[5] of the Act. Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (''common members''). Such regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act[6] was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.[7] With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules, and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d–1 and Rule 17d–2 under the Act.[8] Rule 17d–1 authorizes the Commission to name a single SRO as the designated examining authority (''DEA'') to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules.[9] When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with the applicable financial responsibility rules. On its face, Rule 17d–1 deals only with an SRO's obligations to enforce member compliance with financial responsibility requirements. Rule 17d–1 does not relieve an SRO from its obligation to examine a common member for compliance with its own rules and provisions of the federal securities laws governing matters other than financial responsibility, including sales practices and trading activities and practices.

To address regulatory duplication in these and other areas, the Commission adopted Rule 17d–2 under the Act.[10] Rule 17d–2 permits SROs to propose joint plans for the allocation of regulatory responsibilities with respect to their common members. Under paragraph (c) of Rule 17d–2, the Commission may declare such a plan effective if, after providing for notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors, to foster cooperation and coordination among the SROs, to remove impediments to, and foster the development of, a national market system and a national clearance and settlement system, and is in conformity with the factors set forth in Section 17(d) of the Act. Commission approval of a plan filed pursuant to Rule 17d–2 relieves an SRO of those regulatory responsibilities allocated by the plan to another SRO.

II. The Plan

On December 11, 2007, the Commission declared effective the Participating Organizations' Plan for allocating regulatory responsibilities pursuant to Rule 17d–2.[11] On April 11, 2008, the Commission approved an amendment to the Plan to include NASDAQ as a participant.[12] On October 9, 2008, the Commission approved an amendment to the Plan to clarify that the term Regulatory Responsibility for options position limits includes the examination responsibilities for the delta hedging exemption.[13] On February 25, 2010, the Commission approved an amendment to the Plan to add Bats and C2 as SRO participants and to reflect the name changes of the American Stock Exchange LLC to the NYSE Amex LLC,

[19] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78q(d).

[2] 17 CFR 240.17d–2.

[3] 15 U.S.C. 78s(g)(1).

[4] 15 U.S.C. 78q(d).

[5] 15 U.S.C. 78s(g)(2).

[6] 15 U.S.C. 78q(d)(1).

[7] *See* Securities Act Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94–75, 94th Cong., 1st Session 32 (1975).

[8] 17 CFR 240.17d–1 and 17 CFR 240.17d–2, respectively.

[9] *See* Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18808 (May 7, 1976).

[10] *See* Securities Exchange Act Release No. 12935 (October 28, 1976), 41 FR 49091 (November 8, 1976).

[11] *See* Securities Exchange Act Release No. 56941 (December 11, 2007), 72 FR 71723 (December 18, 2007) (File No. 4–551).

[12] *See* Securities Exchange Act Release No. 57649 (April 11, 2008), 73 FR 20976 (April 17, 2008) (File No. 4–551).

[13] *See* Securities Exchange Act Release No. 58765 (October 9, 2008), 73 FR 62344 (October 20, 2008) (File No. 4–551).

and the Boston Stock Exchange, Inc. to the NASDAQ OMX BX, Inc.[14] On May 11, 2012, the Commission approved an amendment to the Plan to add BOX as a participant to the Plan.[15] On December 5, 2012, the Commission approved an amendment to the Plan to add MIAX as a participant to the Plan.[16] On July 26, 2013, the Commission approved an amendment to the Plan to add Topaz Exchange, LLC as a Participant to the Plan.[17] On October 29, 2015, the Commission approved an amendment to add EDGX as a Participant to the Plan and to change the name of Topaz Exchange, LLC to ISE Gemini, LLC.[18] On February 16, 2016, the Commission approved an amendment to add ISE Mercury, LLC as a Participant to the Plan.[19]

The Plan is designed to reduce regulatory duplication for common members by allocating regulatory responsibility for certain options-related market surveillance matters among the Participating Organizations. Generally, under the Plan, a Participating Organization will serve as the Designated Options Surveillance Regulator (''DOSR'') for each common member assigned to it and will assume regulatory responsibility with respect to that common member's compliance with applicable common rules for certain accounts. When an SRO has been named as a common member's DOSR, all other SROs to which the common member belongs will be relieved of regulatory responsibility for that common member, pursuant to the terms of the Plan, with respect to the applicable common rules specified in Exhibit A to the Plan.

III. Proposed Amendment to the Plan

On January 31, 2017, the parties submitted a proposed amendment to the Plan. The primary purpose of the amendment is to add MIAX PEARL as a Participant to the Plan. The text of the proposed amended 17d–2 plan is as follows (additions are *italicized;* deletions are [bracketed]):

* * * * *

AGREEMENT BY AND AMONG NYSE MKT LLC, BATS*BZX* EXCHANGE, INC., EDGX EXCHANGE INC., BOX OPTIONS EXCHANGE LLC, NASDAQ[OMX] BX, INC., C2 OPTIONS EXCHANGE, INCORPORATED, THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED, THE INTERNATIONAL SECURITIES EXCHANGE, LLC, ISE GEMINI, LLC, ISE MERCURY, LLC, FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC., NYSE ARCA, INC., THE NASDAQ STOCK MARKET LLC, NASDAQ [OMX]PHLX *[INC]LLC,* MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC*, AND MIAX PEARL, LLC* PURSUANT TO RULE 17d–2 UNDER THE SECURITIES EXCHANGE ACT OF 1934

This agreement (this ''Agreement''), by and among NYSE MKT LLC (''MKT''), [BATS]*Bats BZX* Exchange, Inc., (''B*ats*[ATS]''), the *Bats* EDGX Exchange, Inc. (''EDGX''), the C2 Options Exchange, Incorporated (''C2''), the Chicago Board Options Exchange, Incorporated (''CBOE''), the International Securities Exchange, LLC (''ISE''), Financial Industry Regulatory Authority, Inc. (''FINRA''), NYSE Arca, Inc. (''Arca''), The NASDAQ Stock Market LLC (''Nasdaq''), BOX Options Exchange LLC (''BOX''), NASDAQ [OMX]BX, Inc. (''BX''), NASDAQ [OMX]PHLX [Inc.]*LLC* (''PHLX''), Miami International Securities Exchange, LLC (''MIAX''), ISE Gemini, LLC (''Gemini''), [and]ISE Mercury, LLC (''Mercury''*), and MIAX PEARL, LLC (''MIAX PEARL''),* is made this 10th day of October 2007, and as amended the 31st day of March 2008, the 1st day of October 2008, the 3rd day of February 2010, the 25th day of April 2012, and the 19th day of November 2012, and the 30th day of May 2013, and the 16th day of October 2015, and the 29th day of January 2016, *and the 23rd day of January 2017,* pursuant to Section 17(d) of the Securities Exchange Act of 1934, as amended (the ''Exchange Act''), and Rule 17d–2 thereunder (''Rule 17d–2''), which allows for a joint plan among self-regulatory organizations (''SROs'') to allocate regulatory obligations with respect to brokers or dealers that are members of two or more of the parties to this Agreement (''Common Members''). MKT, B*ats*[ATS], C2, CBOE, EDGX, ISE Gemini, ISE, ISE Mercury, FINRA, Arca, Nasdaq, BOX, BX, PHLX, [and]MIAX*, and MIAX PEARL* are collectively referred to herein as the ''Participants'' and individually, each a ''Participant.'' This Agreement shall be administered by a committee known as the Options Surveillance Group (the ''OSG'' or ''Group''), as described in Section V hereof. Unless defined in this Agreement or the context otherwise requires, the terms used herein shall have the meanings assigned thereto by the Exchange Act and the rules and regulations thereunder.

Whereas, the Participants desire to eliminate regulatory duplication with respect to SRO market surveillance of Common Member [1] activities with regard to certain common rules relating to listed options (''Options''); and

Whereas, for this purpose, the Participants desire to execute and file this Agreement with the Securities and Exchange Commission (the ''SEC'' or ''Commission'') pursuant to Rule 17d–2.

Now, therefore, in consideration of the mutual covenants contained in this Agreement, the Participants agree as follows:

I. Except as otherwise provided in this Agreement, each Participant shall assume Regulatory Responsibility (as defined below) for the Common Members that are allocated or assigned to such Participant in accordance with the terms of this Agreement and shall be relieved of its Regulatory Responsibility as to the remaining Common Members. For purposes of this Agreement, a Participant shall be considered to be the Designated Options Surveillance Regulator (''DOSR'') for each Common Member that is allocated to it in accordance with Section VII.

II. As used in this Agreement, the term ''Regulatory Responsibility'' shall mean surveillance, investigation and enforcement responsibilities relating to compliance by the Common Members with such Options rules of the Participants as the Participants shall determine are substantially similar and shall approve from time to time, insofar as such rules relate to market surveillance (collectively, the ''Common Rules''). For the purposes of this Agreement the list of Common Rules is attached as Exhibit A hereto, which may only be amended upon unanimous written agreement by the Participants. The DOSR assigned to each Common Member shall assume Regulatory Responsibility with regard to that Common Member's compliance with the applicable Common Rules for certain accounts.[2] A DOSR may perform its

[14] *See* Securities Exchange Act Release No. 61588 (February 25, 2010), 75 FR 9970 (March 4, 2010) (File No. 4–551).

[15] *See* Securities Exchange Act Release No. 66975 (May 11, 2012), 77 FR 29712 (May 18, 2010) (File No. 4–551).

[16] *See* Securities Exchange Act Release No. 68362 (December 5, 2012), 77 FR 73719 (December 11, 2012) (File No. 4–551).

[17] *See* Securities Exchange Act Release No. 70052 (July 26, 2013), 78 FR 46665 (August 1, 2013) (File No. 4–551).

[18] *See* Securities Exchange Act Release No. 76310 (October 29, 2015), 80 FR 68354 (November 4, 2015) (File No. 4–551).

[19] *See* Securities Exchange Act Release No. 77149 (February 16, 2016), 81 FR 8781 (February 22, 2016) (File No. 4–551).

[1] In the case of the BX and BOX, members are those persons who are Options Participants (as defined in the BOX Options Exchange LLC Rules and NASDAQ [OMX] BX, Inc. Rules).

[2] Certain accounts shall include customer (''C'' as classified by the Options Clearing Corporation

Regulatory Responsibility or enter an agreement to transfer or assign such responsibilities to a national securities exchange registered with the SEC under Section 6(a) of the Exchange Act or a national securities association registered with the SEC under Section 15A of the Exchange Act. A DOSR may not transfer or assign its Regulatory Responsibility to an association registered for the limited purpose of regulating the activities of members who are registered as brokers or dealers in security futures products.

The term ''Regulatory Responsibility'' does not include, and each Participant shall retain full responsibility with respect to:

(a) Surveillance, investigative and enforcement responsibilities other than those included in the definition of Regulatory Responsibility;

(b) any aspects of the rules of a Participant that are not substantially similar to the Common Rules or that are allocated for a separate surveillance purpose under any other agreement made pursuant to Rule 17d–2. Any such aspects of a Common Rule will be noted as excluded on Exhibit A. With respect to options position limits, the term Regulatory Responsibility shall include examination responsibilities for the delta hedging exemption. Specifically, the Participants intend that FINRA will conduct examinations for delta hedging for all Common Members that are members of FINRA notwithstanding the fact that FINRA's position limit rule is, in some cases, limited to only firms that are not members of an options exchange (*i.e.,* access members). In such cases, FINRA's examinations for delta hedging options position limit violations will be for the identical or substantively similar position limit rule(s) of the other Participant(s). Examinations for delta hedging for Common Members that are non-FINRA members will be conducted by the same Participant conducting position limit surveillance. The allocation of Common Members to DOSRs for surveillance of compliance with options position limits and other agreed to Common Rules is provided in Exhibit B. The allocation of Common Members to DOSRs for examinations of the delta hedging exemption under the options position limits rules is provided in Exhibit C.

III. Each year within 30 days of the anniversary date of the commencement of operation of this Agreement, or more frequently if required by changes in the rules of a Participant, each Participant shall submit to the other Participants, through the Chair of the OSG, an updated list of Common Rules for review. This updated list may add Common Rules to Exhibit A, shall delete from Exhibit A rules of that Participant that are no longer identical or substantially similar to the Common Rules, and shall confirm that the remaining rules of the Participant included on Exhibit A continue to be identically or substantially similar to the Common Rules. Within 30 days from the date that each Participant has received revisions to Exhibit A from the Chair of the OSG, each Participant shall confirm in writing to the Chair of the OSG whether that Participant's rules listed in Exhibit A are Common Rules.

IV. Apparent violation of another Participant's rules discovered by a DOSR, but which rules are not within the scope of the discovering DOSR's Regulatory Responsibility, shall be referred to the relevant Participant for such action as is deemed appropriate by that Participant. Notwithstanding the foregoing, nothing contained herein shall preclude a DOSR in its discretion from requesting that another Participant conduct an investigative or enforcement proceeding (''Proceeding'') on a matter for which the requesting DOSR has Regulatory Responsibility. If such other Participant agrees, the Regulatory Responsibility in such case shall be deemed transferred to the accepting Participant and confirmed in writing by the Participants involved. Additionally, nothing in this Agreement shall prevent another Participant on whose market potential violative activity took place from conducting its own Proceeding on a matter. The Participant conducting the Proceeding shall advise the assigned DOSR. Each Participant agrees, upon request, to make available promptly all relevant files, records and/or witnesses necessary to assist another Participant in a Proceeding.

V. The OSG shall be composed of one representative designated by each of the Participants (a ''Representative''). Each Participant shall also designate one or more persons as its alternate representative(s) (an ''Alternate Representative''). In the absence of the Representative, the Alternate Representative shall assume the powers, duties and responsibilities of the Representative. Each Participant may at any time replace its Representative and/or its Alternate Representative to the Group.[3] A majority of the OSG shall constitute a quorum and, unless otherwise required, the affirmative vote of a majority of the Representatives present (in person, by telephone or by written consent) shall be necessary to constitute action by the Group. The Group will have a Chair, Vice Chair and Secretary. A different Participant will assume each position on a rotating basis for a one-year term. In the event that a Participant replaces a Representative who is acting as Chair, Vice Chair or Secretary, the newly appointed Representative shall assume the position of Chair, Vice Chair, or Secretary (as applicable) vacated by the Participant's former Representative. In the event a Participant cannot fulfill its duties as Chair, the Participant serving as Vice Chair shall substitute for the Chair and complete the subject unfulfilled term. All notices and other communications for the OSG are to be sent in care of the Chair and, as appropriate, to each Representative.

VI. The OSG shall determine the times and locations of Group meetings, provided that the Chair, acting alone, may also call a meeting of the Group in the event the Chair determines that there is good cause to do so. To the extent reasonably possible, notice of any meeting shall be given at least ten business days prior to the meeting date. Representatives shall always be given the option of participating in any meeting telephonically at their own expense rather than in person.

VII. No less frequently than every two years, in such manner as the Group deems appropriate, the OSG shall allocate Common Members that conduct an Options business among the Participants (''Allocation''), and the Participant to which a Common Member is allocated will serve as the DOSR for that Common Member. Any Allocation shall be based on the following principles, except to the extent all affected Participants consent to one or more different principles:

(a) The OSG may not allocate a Common Member to a Participant unless the Common Member is a member of that Participant.

(b) To the extent practicable, Common Members that conduct an Options business shall be allocated among the Participants of which they are members in such manner as to equalize as nearly as possible the allocation among such Participants, provided that no Common Members shall be allocated to FINRA. For example, if sixteen Common Members that conduct an Options business are members only of three Participants, none of which is FINRA, those Common Members shall be allocated among the three Participants such that no Participant is allocated

(''OCC'')) and firm (''F'' as classified by OCC) accounts, as well as other accounts, such as market maker accounts as the Participants shall, from time to time, identify as appropriate to review.

[3] A Participant must give notice to the Chair of the Group of such a change.

more than six such members and no Participant is allocated less than five such members. If, in the previous example, one of the three Participants is FINRA, the sixteen Common Members would be allocated evenly between the remaining Participants, so that the two non-FINRA Participants would be allocated eight Common Members each.

(c) To the extent practicable, Allocation shall take into account the amount of Options activity conducted by each Common Member in order to most evenly divide the Common Members with the largest amount of activity among the Participants of which they are members. Allocation will also take into account similar allocations pursuant to other plans or agreements to which the Common Members are party to maintain consistency in oversight of the Common Members.[4]

(d) To the extent practicable, Allocation of Common Members to Participants will be rotated among the applicable Participants such that a Common Member shall not be allocated to a Participant to which that Common Member was allocated within the previous two years. The assignment of DOSRs pursuant to the Allocation is attached as Exhibit B hereto, and will be updated from time to time to reflect Common Member Allocation changes.

(e) The Group may reallocate Common Members from time-to-time, as it deems appropriate.

(f) Whenever a Common Member ceases to be a member of its DOSR, the DOSR shall promptly inform the Group, which shall review the matter and allocate the Common Member to another Participant.

(g) A DOSR may request that a Common Member to which it is assigned be reallocated to another Participant by giving 30 days written notice to the Chair of the OSG. The Group, in its discretion, may approve such request and reallocate the Common Member to another Participant.

(h) All determinations by the Group with respect to Allocation shall be made by the affirmative vote of a majority of the Participants that, at the time of such determination, share the applicable Common Member being allocated; a Participant shall not be entitled to vote on any Allocation relating to a Common Member unless the Common Member is a member of such Participant.

VIII. Each DOSR shall conduct routine surveillance reviews to detect violations of the applicable Common Rules by each Common Member allocated to it with a frequency (daily, weekly, monthly, quarterly, semi-annually or annually as noted on Exhibit A) not less than that determined by the Group. The other Participants agree that, upon request, relevant information in their respective files relative to a Common Member will be made available to the applicable DOSR. In addition, each Participant shall provide, to the extent not otherwise already provided, information pertaining to its surveillance program that would be relevant to FINRA or the Participant(s) conducting routine examinations for the delta hedging exemption.

At each meeting of the OSG, each Participant shall be prepared to report on the status of its surveillance program for the previous quarter and any period prior thereto that has not previously been reported to the Group. In the event a DOSR believes it will not be able to complete its Regulatory Responsibility for its allocated Common Members, it will so advise the Group in writing promptly. The Group will undertake to remedy this situation by reallocating the subject Common Members among the remaining Participants. In such instance, the Group may determine to impose a regulatory fee for services provided to the DOSR that was unable to fulfill its Regulatory Responsibility.

IX. Each Participant will, upon request, promptly furnish a copy of the report or applicable portions thereof relating to any investigation made pursuant to the provisions of this Agreement to each other Participant of which the Common Member under investigation is a member.

X. Each Participant will routinely populate a common database, to be accessed by the Group relating to any formal regulatory action taken during the course of a Proceeding with respect to the Common Rules concerning a Common Member.

XI. Any written notice required or permitted to be given under this Agreement shall be deemed given if sent by certified mail, return receipt requested, to any Participant to the attention of that Participant's Representative, to the Participant's principal place of business or by email at such address as the Representative shall have filed in writing with the Chair.

XII. The costs incurred by each Participant in discharging its Regulatory Responsibility under this Agreement are not reimbursable. However, any of the Participants may agree that one or more will compensate the other(s) for costs incurred.

XIII. The Participants shall notify the Common Members of this Agreement by means of a uniform joint notice approved by the Group. Each Participant will notify the Common Members that have been allocated to it that such Participant will serve as DOSR for that Common Member.

XIV. This Agreement shall be effective upon approval of the Commission. This Agreement may only be amended in writing duly approved by each Participant. All amendments to this Agreement, excluding changes to Exhibits A, B and C, must be filed with and approved by the Commission.

XV. Any Participant may manifest its intention to cancel its participation in this Agreement at any time upon providing written notice to (i) the Group six months prior to the date of such cancellation, or such other period as all the Participants may agree, and (ii) the Commission. Upon receipt of the notice the Group shall allocate, in accordance with the provisions of this Agreement, those Common Members for which the canceling Participant was the DOSR. The canceling Participant shall retain its Regulatory Responsibility and other rights, privileges and duties pursuant to this Agreement until the Group has completed the reallocation as described above, and the Commission has approved the cancellation.

XVI. The cancellation of its participation in this Agreement by any Participant shall not terminate this Agreement as to the remaining Participants. This Agreement will only terminate following notice to the Commission, in writing, by the then Participants that they intend to terminate the Agreement and the expiration of the applicable notice period. Such notice shall be given at least six months prior to the intended date of termination, or such other period as all the Participants may agree. Such termination will become effective upon Commission approval.

XVII. Participation in the Group shall be strictly limited to the Participants and no other party shall have any right to attend or otherwise participate in the Group except with the unanimous approval of all Participants. Notwithstanding the foregoing, any national securities exchange registered with the SEC under Section 6(a) of the Act or any national securities association registered with the SEC under section 15A of the Act may become a Participant to this Agreement provided that: (i) Such applicant has adopted rules substantially similar to the Common Rules, and received approval thereof from the SEC; (ii) such applicant has provided each Participant

[4] For example, if one Participant was allocated a Common Member by another regulatory group that Participant would be assigned to be the DOSR of that Common Member, unless there is good cause not to make that assignment.

with a signed statement whereby the applicant agrees to be bound by the terms of this Agreement to the same effect as though it had originally signed this Agreement and (iii) an amended agreement reflecting the addition of such applicant as a Participant has been filed with and approved by the Commission.

XVIII. This Agreement is wholly separate from the multiparty Agreement made pursuant to Rule 17d–2 by and among the NYSE MKT LLC, the [BATS]*Bats BZX* Exchange, Inc., BOX Options Exchange, LLC, the C2 Options Exchange, Inc., the Chicago Board Options Exchange, Inc., the International Securities Exchange, LLC, Financial Industry Regulatory Authority, The NASDAQ Stock Market LLC, the New York Stock Exchange, LLC, the NYSE Arca, Inc., the NASDAQ [OMX]BX, Inc., the NASDAQ [OMX] PHLX LLC, Miami International Securities Exchange, LLC, ISE Gemini, LLC*, ISE Mercury, LLC,* and *Bats* EDGX Exchange, Inc. involving the allocation of regulatory responsibilities with respect to common members for compliance with common rules relating to the conduct by broker-dealers of accounts for listed options or index warrants entered into on [October 8, 2015]*February 16, 2016,* and as may be amended from time to time.

Limitation of Liability

No Participant nor the Group nor any of their respective directors, governors, officers, employees or representatives shall be liable to any other Participant in this Agreement for any liability, loss or damage resulting from or claimed to have resulted from any delays, inaccuracies, errors or omissions with respect to the provision of Regulatory Responsibility as provided hereby or for the failure to provide any such Regulatory Responsibility, except with respect to such liability, loss or damages as shall have been suffered by one or more of the Participants and caused by the willful misconduct of one or more of the other Participants or its respective directors, governors, officers, employees or representatives. No warranties, express or implied, are made by the Participants, individually or as a group, or by the OSG with respect to any Regulatory Responsibility to be performed hereunder.

Relief From Responsibility

Pursuant to Section 17(d)(1)(A) of the Exchange Act and Rule 17d–2, the Participants join in requesting the Commission, upon its approval of this Agreement or any part thereof, to relieve the Participants that are party to this Agreement and are not the DOSR as to a Common Member of any and all Regulatory Responsibility with respect to the matters allocated to the DOSR.

* * * * *

Exhibit A

Options Surveillance Group 17d–2 Agreement

COMMON RULES as of January *23, 2017*[29, 2016]

VIOLATION I—EXPIRING EXERCISE DECLARATIONS (EED)—FOR LISTED AND FLEX EQUITY OPTIONS

SRO	Description of rule	Exchange rule No.	Frequency of review
[BATS]*Bats*	Exercise of Options Contracts	Rule 23.1	At Expiration.
BOX	Exercise of Options Contracts	Rule 9000	At Expiration.
C2	Exercise of Options Contracts	Rule 11.1	At Expiration.
CBOE	Exercise of Options Contracts	Rule 11.1	At Expiration.
EDGX	Exercise of Options Contracts	Rule 23.1	At Expiration.
FINRA	Exercise of Options Contracts	Rule 2360(b)(23)	At Expiration.
ISE	Exercise of Options Contracts	Rule 1100	At Expiration.
ISE Gemini	Exercise of Options Contracts	Rule 1100	At Expiration.
ISE Mercury	Exercise of Options Contracts	Rule 1100	At Expiration.
MIAX	Exercise of Options Contracts	Rule 700	At Expiration.
MIAX PEARL	*Exercise of Options Contracts*	*Rule 700*	*At Expiration.*
Nasdaq	Exercise of Options Contracts	Ch. VIII, Sect.1	At Expiration.
Nasdaq [OMX]BX	Exercise of Options Contracts	Ch. VII, Sect.1	At Expiration.
Nasdaq [OMX]PHLX	Exercise of Equity Options Contracts	Rule 1042	At Expiration.
NYSE Arca	Exercise of Options Contracts	Rule 6.24	At Expiration.
NYSE MKT	Exercise of Options Contracts	Rule 980	At Expiration.

VIOLATION II—POSITION LIMITS (PL)—FOR LISTED EQUITY OPTIONS

SRO	Description of rule (for review as they apply to PL)	Exchange rule No.	Frequency of review
[BATS]*Bats*	Position Limits	Rule 18.7	Daily.
	Exemptions from Position	Rule 18.8	As Needed.
	Liquidation Positions	Rule 18.11	As Needed.
BOX	Position Limits	Rule 3120	Daily.
	Exemptions from Position Limits	Rule 3130	As Needed.
	Liquidation Positions	Rule 3160	As Needed.
C2	Position Limits	Rule 4.11	Daily.
	Liquidation of Positions	Rule 4.14	As Needed.
CBOE	Position Limits	Rule 4.11	Daily.
	Liquidation of Positions	Rule 4.14	As Needed.
EDGX	Position Limits	Rule 18.7	Daily.
	Exemptions from Position	Rule 18.8	As Needed.
	Liquidation Positions	Rule 18.11	As Needed.
FINRA	Position Limits	Rule 2860(b)(3)	Daily.
	Liquidation of Positions and Restrictions on Access	Rule 2860(b)(6)	As Needed.
ISE	Position Limits	Rule 412	Daily.
	Exemptions from Position Limits	Rule 413	As Needed.
	Liquidating Positions	Rule 416	As Needed.

VIOLATION II—POSITION LIMITS (PL)—FOR LISTED EQUITY OPTIONS—Continued

SRO	Description of rule (for review as they apply to PL)	Exchange rule No.	Frequency of review
ISE Gemini	Position Limits	Rule 412	Daily.
	Exemptions from Position Limits	Rule 413	As Needed.
	Liquidating Positions	Rule 416	As Needed.
ISE Mercury	Position Limits	Rule 412	Daily.
	Exemptions from Position Limits	Rule 413	As Needed.
	Liquidating Positions	Rule 416	As Needed.
MIAX	Position Limits	Rule 307	Daily.
	Exemptions from Position Limits	Rule 308	As Needed.
	Liquidating Positions	Rule 311	As Needed.
MIAX Pearl	*Position Limits*	*Rule 307*	*Daily.*
	Exemptions from Position Limits	*Rule 308*	*As Needed.*
	Liquidating Positions	*Rule 311*	*As Needed.*
Nasdaq	Position Limits	Ch. III, Sect. 7	Daily.
	Exemptions from Position Limits	Ch. III, Sect. 8	As Needed.
	Liquidating Positions	Ch. III, Sect. 11	As Needed.
Nasdaq [OMX]BX	Position Limits	Ch. III, Sect. 7	Daily.
	Exemptions from Position Limits	Ch. III, Sect. 8	As Needed.
	Liquidating Positions	Ch. III, Sect. 11	As Needed.
Nasdaq [OMX]PHLX	Position Limits	Rule 1001	Daily.
	Liquidation of Position	Rule 1004	As Needed.
NYSE Arca	Position Limits	Rule 6.8	Daily.
	Liquidation of Position	Rule 6.7	As Needed.
NYSE MKT	Position Limits	Rule 904	Daily.
	Liquidating Positions	Rule 907	As Needed.

VIOLATION III—LARGE OPTIONS POSITION REPORT (LOPR)—FOR LISTED AND FLEX EQUITY OPTIONS AND ETF OPTIONS

SRO	Description of rule (for review as they apply to LOPR)	Exchange rule No.	Frequency of review
[BATS]*Bats*	Reports Related to Position Limits	Rule 18.10	Yearly.
BOX	Reports Related to Position Limits	Rule 3150	Yearly.
C2	Reports Related to Position Limits	Rule 4.13(a)	Yearly.
	Reports Related to Position Limits	Rule 4.13(b)	Yearly.
	Reports Related to Position Limits	Rule 4.13(d)	Yearly.
CBOE	Reports Related to Position Limits	Rule 4.13(a)	Yearly.
	Reports Related to Position Limits	Rule 4.13(b)	Yearly.
	Reports Related to Position Limits	Rule 4.13(d)	Yearly.
EDGX	Reports Related to Position Limits	Rule 18.10	Yearly.
FINRA	Options	Rule 2360(b)(5)	Yearly.
ISE	Reports Related to Position Limits	Rule 415	Yearly.
ISE Gemini	Reports Related to Position Limits	Rule 415	Yearly.
ISE Mercury	Reports Related to Position Limits	Rule 415	Yearly.
MIAX	Reports Related to Position Limits	Rule 310	Yearly.
MIAX PEARL	*Reports Related to Position Limits*	*Rule 310*	*Yearly.*
Nasdaq	Reports Related to Position Limits	Ch. III, Sect. 10	Yearly.
Nasdaq [OMX]BX	Reports Related to Position Limits	Ch. III, Sect. 10	Yearly.
Nasdaq [OMX]PHLX	Reporting of Options Positions	Rule 1003	Yearly.
NYSE Arca	Reporting of Options Positions	Rule 6.6	Yearly.
NYSE MKT	Reporting of Options Positions	Rule 906	Yearly.

VIOLATION IV: OPTIONS CLEARING CORPORATION (OCC) ADJUSTMENT PROCESS

SRO	Description of rule (as they apply to OCC Adjustments/By-laws Article V, Section 1.01(a) and .02))	Exchange rule No.	Frequency of review
[BATS]*Bats*	Adherence to Law	Rule 18.1	Yearly.
BOX	Adherence to Law	Rule 3010	Yearly.
C2	Adherence to Law	Rule 4.2	Yearly.
CBOE	Adherence to Law	Rule 4.2	Yearly.
EDGX	Adherence to Law	Rule 18.1	Yearly.
FINRA	Violation of By-Laws and Rules of FINRA or The OCC	Rule 2360(b)(21)	Yearly.
ISE	Adherence to Law	Rule 401	Yearly.
ISE Gemini	Adherence to Law	Rule 401	Yearly.
ISE Mercury	Adherence to Law	Rule 401	Yearly.
MIAX	Adherence to Law	Rule 300	Yearly.
MIAX PEARL	*Adherence to Law*	*Rule 300*	*Yearly.*
Nasdaq	Adherence to Law	Ch. III, Sect. 1	Yearly.
Nasdaq [OMX]BX	Adherence to Law	Ch. III, Sect. 1	Yearly.

VIOLATION IV: OPTIONS CLEARING CORPORATION (OCC) ADJUSTMENT PROCESS—Continued

SRO	Description of rule (as they apply to OCC Adjustments/By-laws Article V, Section 1.01(a) and .02))	Exchange rule No.	Frequency of review
Nasdaq [OMX]PHLX	Violation of By-Laws and Rules of OCC	Rule 1050	Yearly.
NYSE Arca	Adherence to Law and Good Business Practice	Rule 11.1	Yearly.
NYSE MKT	Business Conduct	Rule 16	Yearly.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. 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 4–551 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 4–551. 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 plan that are filed with the Commission, and all written communications relating to the proposed plan 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 plan also will be available for inspection and copying at the principal offices of MKT, Bats, C2, CBOE, EDGX, Gemini, ISE, ISE Mercury, FINRA, Arca, NASDAQ, BOX, BX, Phlx, MIAX, and MIAX PEARL. 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 4–551 and should be submitted on or before March 1, 2017.

V. Discussion

The Commission continues to believe that the Plan, as proposed to be amended, is an achievement in cooperation among the SRO participants. The Plan, as amended, will reduce unnecessary regulatory duplication by allocating to the designated SRO the responsibility for certain options-related market surveillance matters that would otherwise be performed by multiple SROs. The Plan promotes efficiency by reducing costs to firms that are members of more than one of the SRO participants. In addition, because the SRO participants coordinate their regulatory functions in accordance with the Plan, the Plan promotes, and will continue to promote, investor protection. Under paragraph (c) of Rule 17d–2, the Commission may, after appropriate notice and comment, declare a plan, or any part of a plan, effective. In this instance, the Commission believes that appropriate notice and comment can take place after the proposed amendment is effective. The primary purpose of the amendment is to add MIAX PEARL as a Participant to the Plan. By declaring it effective today, the amended Plan can become effective and be implemented without undue delay.[20] In addition, the Commission notes that the prior version of this Plan was published for comment, and the Commission did not receive any comments thereon.[21] Finally, the Commission does not believe that the amendment to the Plan raises any new regulatory issues that the Commission has not previously considered.

VI. Conclusion

This order gives effect to the amended Plan submitted to the Commission that is contained in File No. 4–551.

It is therefore ordered, pursuant to Section 17(d) of the Act, that the Plan, as amended by and between MKT, Bats, C2, CBOE, EDGX, Gemini, ISE, ISE Mercury, FINRA, Arca, NASDAQ, BOX, BX, Phlx, MIAX, and MIAX PEARL filed with the Commission pursuant to Rule 17d–2 on January 31, 2017 is hereby approved and declared effective.

It is further ordered that those SRO participants that are not the DOSR as to a particular common member are relieved of those regulatory responsibilities allocated to the common member's DOSR under the amended Plan to the extent of such allocation.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[22]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02548 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[20] On December 13, 2016, the Commission approved MIAX PEARL's application for registration as a national securities exchange. *See* Securities Exchange Act Release No. 79543, 81 FR 92901 (December 20, 2016).

[21] *See* Securities Exchange Act Release No. 77149 (February 16, 2016), 81 FR 8781 (February 22, 2016) (File No. 4–551).

[22] 17 CFR 200.30–3(a)(34).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79928; File No. 4–618]

Program for Allocation of Regulatory Responsibilities Pursuant to Rule 17d–2; Notice of Filing and Order Approving and Declaring Effective an Amendment to the Plan for the Allocation of Regulatory Responsibilities Between Bats BZX Exchange, Inc., Bats BYX Exchange, Inc., BOX Options Exchange LLC, Chicago Board Options Exchange, Incorporated, C2 Options Exchange, Incorporated, Chicago Stock Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, Investors Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange, LLC, MIAX PEARL, LLC, The NASDAQ Stock Market LLC, NASDAQ BX, Inc., NASDAQ PHLX, Inc., National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

February 2, 2017.

Notice is hereby given that the Securities and Exchange Commission (''Commission'') has issued an Order, pursuant to Section 17(d) of the Securities Exchange Act of 1934 (''Act''),[1] approving and declaring effective an amendment to the plan for allocating regulatory responsibility (''Plan'') filed on January 25, 2017, pursuant to Rule 17d–2 of the Act,[2] by Bats BZX Exchange, Inc. (''BATS''), Bats BYX Exchange, Inc. (''BATS Y''), BOX Options Exchange LLC (''BOX''), Chicago Board Options Exchange, Incorporated (''CBOE''), C2 Options Exchange, Incorporated (''C2''), Chicago Stock Exchange, Inc. (''CHX''), Bats EDGA Exchange, Inc. (''EDGA''), Bats EDGX Exchange, Inc. (''EDGX''), Financial Industry Regulatory Authority, Inc. (''FINRA''), International Securities Exchange, LLC (''ISE''), Investors Exchange LLC (''IEX''), ISE Gemini, LLC (''ISE Gemini''), ISE Mercury, LLC (''ISE Mercury''), Miami International Securities Exchange, LLC (''MIAX''), MIAX PEARL, LLC (''MIAX PEARL''), The NASDAQ Stock Market LLC (''NASDAQ''), NASDAQ BX, Inc. (''BX''), NASDAQ PHLX, Inc. (''Phlx''), National Stock Exchange, Inc. (''NSX''), New York Stock Exchange LLC (''NYSE''), NYSE MKT LLC (''NYSE MKT''), and NYSE Arca, Inc. (''NYSE Arca'') (each, a ''Participating Organization,'' and, together, the ''Participating Organizations'' or the ''Parties''). As further discussed in Section III, below, this Agreement amends and restates the agreement by and among the Participating Organizations approved by the Commission on August 11, 2016.[3]

I. Introduction

Section 19(g)(1) of the Act,[4] among other things, requires every self-regulatory organization (''SRO'') registered as either a national securities exchange or national securities association to examine for, and enforce compliance by, its members and persons associated with its members with the Act, the rules and regulations thereunder, and the SRO's own rules, unless the SRO is relieved of this responsibility pursuant to Section 17(d) or Section 19(g)(2) of the Act.[5] Without this relief, the statutory obligation of each individual SRO could result in a pattern of multiple examinations of broker-dealers that maintain memberships in more than one SRO (''common members''). Such regulatory duplication would add unnecessary expenses for common members and their SROs.

Section 17(d)(1) of the Act[6] was intended, in part, to eliminate unnecessary multiple examinations and regulatory duplication.[7] With respect to a common member, Section 17(d)(1) authorizes the Commission, by rule or order, to relieve an SRO of the responsibility to receive regulatory reports, to examine for and enforce compliance with applicable statutes, rules, and regulations, or to perform other specified regulatory functions.

To implement Section 17(d)(1), the Commission adopted two rules: Rule 17d–1 and Rule 17d–2 under the Act.[8] Rule 17d–1 authorizes the Commission to name a single SRO as the designated examining authority (''DEA'') to examine common members for compliance with the financial responsibility requirements imposed by the Act, or by Commission or SRO rules.[9] When an SRO has been named as a common member's DEA, all other SROs to which the common member belongs are relieved of the responsibility to examine the firm for compliance with the applicable financial responsibility rules. On its face, Rule 17d–1 deals only with an SRO's obligations to enforce member compliance with financial responsibility requirements. Rule 17d–1 does not relieve an SRO from its obligation to examine a common member for compliance with its own rules and provisions of the federal securities laws governing matters other than financial responsibility, including sales practices and trading activities and practices.

To address regulatory duplication in these and other areas, the Commission adopted Rule 17d–2 under the Act.[10] Rule 17d–2 permits SROs to propose joint plans for the allocation of regulatory responsibilities with respect to their common members. Under paragraph (c) of Rule 17d–2, the Commission may declare such a plan effective if, after providing for appropriate notice and comment, it determines that the plan is necessary or appropriate in the public interest and for the protection of investors; to foster cooperation and coordination among the SROs; to remove impediments to, and foster the development of, a national market system and a national clearance and settlement system; and is in conformity with the factors set forth in Section 17(d) of the Act. Commission approval of a plan filed pursuant to Rule 17d–2 relieves an SRO of those regulatory responsibilities allocated by the plan to another SRO.

II. The Plan

On December 3, 2010, the Commission approved the SRO participants' plan for allocating regulatory responsibilities pursuant to Rule 17d–2.[11] On October 29, 2015, the Commission approved an amended plan that added Regulation NMS Rules 606, 607, and 611(c) and (d) and added additional Participating Organizations that are options markets to the Plan.[12] On August 11, 2016, the Commission approved an amended plan that added IEX and ISE Mercury as Participants to the Plan.[13]

The proposed 17d–2 Plan is intended to reduce regulatory duplication for firms that are members of more than one

[1] 15 U.S.C. 78q(d).

[2] 17 CFR 240.17d–2.

[3] *See* Securities Exchange Act Release No. 78552, 81 FR 54905 (August 17, 2016).

[4] 15 U.S.C. 78s(g)(1).

[5] 15 U.S.C. 78q(d) and 15 U.S.C. 78s(g)(2), respectively.

[6] 15 U.S.C. 78q(d)(1).

[7] *See* Securities Act Amendments of 1975, Report of the Senate Committee on Banking, Housing, and Urban Affairs to Accompany S. 249, S. Rep. No. 94–75, 94th Cong., 1st Session 32 (1975).

[8] 17 CFR 240.17d–1 and 17 CFR 240.17d–2, respectively.

[9] *See* Securities Exchange Act Release No. 12352 (April 20, 1976), 41 FR 18808 (May 7, 1976).

[10] *See* Securities Exchange Act Release No. 12935 (October 28, 1976), 41 FR 49091 (November 8, 1976).

[11] *See* Securities Exchange Act Release No. 63430, 75 FR 76758 (December 9, 2010).

[12] *See* Securities Exchange Act Release No. 76311, 80 FR 68377 (November 4, 2015).

[13] *See* Securities Exchange Act Release No. 78552, 81 FR 54905 (August 17, 2016).

Participating Organization.[14] The Plan provides for the allocation of regulatory responsibility according to whether the covered rule pertains to NMS stocks or NMS securities. For covered rules that pertain to NMS stocks (*i.e.,* Rules 607, 611, and 612), FINRA serves as the ''Designated Regulation NMS Examining Authority'' (''DREA'') for common members that are members of FINRA, and assumes certain examination and enforcement responsibilities for those members with respect to specified Regulation NMS rules. For common members that are not members of FINRA, the member's DEA serves as the DREA, provided that the DEA exchange operates a national securities exchange or facility that trades NMS stocks and the common member is a member of such exchange or facility. Section 1(c) of the Plan contains a list of principles that are applicable to the allocation of common members in cases not specifically addressed in the Plan. An exchange that does not trade NMS stocks would have no regulatory authority for covered Regulation NMS rules pertaining to NMS stocks. For covered rules that pertain to NMS securities, and thus include options (*i.e.,* Rule 606), the Plan provides that the DREA will be the same as the DREA for the rules pertaining to NMS stocks. For common members that are not members of an exchange that trades NMS stocks, the common member would be allocated according to the principles set forth in Section 1(c) of the Plan.

The text of the Plan delineates the proposed regulatory responsibilities with respect to the Parties. Included in the proposed Plan is an exhibit (the ''Covered Regulation NMS Rules'') that lists the federal securities laws, rules, and regulations, for which the applicable DREA would bear examination and enforcement responsibility under the Plan for common members of the Participating Organization and their associated persons.

Specifically, the applicable DREA assumes examination and enforcement responsibility relating to compliance by common members with the Covered Regulation NMS Rules. Covered Regulation NMS Rules do not include the application of any rule of a Participating Organization, or any rule or regulation under the Act, to the extent that it pertains to violations of insider trading activities, because such matters are covered by a separate multiparty agreement under Rule 17d–2.[15] Under the Plan, Participating Organizations retain full responsibility for surveillance and enforcement with respect to trading activities or practices involving their own marketplace.[16]

III. Proposed Amendment to the Plan

On January 25, 2017, the parties submitted a proposed amendment to the Plan. The primary purpose of the amendment is to add MIAX PEARL as a Participant to the Plan.

The text of the proposed amended 17d–2 Plan is as follows (additions in italics; deletions are in brackets):

* * * * *

Agreement for the Allocation of Regulatory Responsibility for the Covered Regulation NMS Rules Pursuant to § 17(d) of the Securities Exchange Act of 1934, 15 U.S.C. 78q(d), and Rule 17d–2 Thereunder

This agreement (the ''Agreement'') by and among Bats BZX Exchange, Inc. (''BATS''), Bats BYX Exchange, Inc. (''BATS Y''), BOX Options Exchange LLC (''BOX''), Chicago Board Options Exchange, Incorporated (''CBOE''), C2 Options Exchange, Incorporated (''C2''), Chicago Stock Exchange, Inc. (''CHX''), Bats EDGA Exchange, Inc. (''EDGA''), Bats EDGX Exchange, Inc. (''EDGX''), Financial Industry Regulatory Authority, Inc. (''FINRA''), International Securities Exchange, LLC (''ISE''), ISE Gemini, LLC (''ISE Gemini''), ISE Mercury, LLC (''ISE Mercury''), Investors Exchange LLC (''IEX''), Miami International Securities Exchange, LLC (''MIAX''), *MIAX PEARL, LLC (''MIAX PEARL''),* The NASDAQ Stock Market LLC (''NASDAQ''), NASDAQ BX, Inc. (''BX''), NASDAQ PHLX, Inc. (''PHLX''), National Stock Exchange, Inc. (''NSX''), New York Stock Exchange LLC (''NYSE''), NYSE MKT LLC (''NYSE MKT''), and NYSE Arca, Inc. (''NYSE Arca'') (each, a ''Participating Organization,'' and, together, the ''Participating Organizations''), is made pursuant to § 17(d) of the Securities Exchange Act of 1934 (the ''Act'' or ''SEA''), 15 U.S.C. 78q(d), and Rule 17d–2 thereunder, which allow for plans to allocate regulatory responsibility among self-regulatory organizations (''SROs''). Upon approval by the Securities and Exchange Commission (''Commission'' or ''SEC''), this Agreement shall amend and restate the agreement by and among the Participating Organizations approved by the SEC on [October 29, 2015] *August 11, 2016.*

Whereas, the Participating Organizations desire to: (a) Foster cooperation and coordination among the SROs; (b) remove impediments to, and foster the development of, a national market system; (c) strive to protect the interest of investors; and (d) eliminate duplication in their examination and enforcement of SEA Rules 606, 607, 611 and 612 (the ''Covered Regulation NMS Rules'');

Whereas, the Participating Organizations are interested in allocating regulatory responsibilities with respect to broker-dealers that are members of more than one Participating Organization (the ''Common Members'') relating to the examination and enforcement of the Covered Regulation NMS Rules; and

Whereas, the Participating Organizations will request regulatory allocation of these regulatory responsibilities by executing and filing with the SEC this plan for the above stated purposes pursuant to the provisions of § 17(d) of the Act, and Rule 17d–2 thereunder, as described below.

Now, therefore, in consideration of the mutual covenants contained hereafter, and other valuable consideration to be mutually exchanged, the Participating Organizations hereby agree as follows:

1. *Assumption of Regulatory Responsibility.* The Designated Regulation NMS Examining Authority (the ''DREA'') shall assume examination and enforcement responsibilities relating to compliance by Common Members with the Covered Regulation NMS Rules to which the DREA is allocated responsibility (''Regulatory Responsibility''). A list of the Covered Regulation NMS Rules is attached hereto as Exhibit A.

a. For Covered Regulation NMS Rules Pertaining to ''NMS stocks'' (as defined in Regulation NMS) (*i.e.,* Rules 607, 611 and 612): FINRA shall serve as DREA for Common Members that are members of FINRA. The Designated Examining Authority (''DEA'') pursuant to SEA Rule 17d–1 shall serve as DREA for Common Members that are not members of FINRA, provided that the DEA operates a national securities exchange or facility that trades NMS stocks and the Common Member is a member of such exchange or facility. For all other Common Members, the Participating Organizations shall allocate Common Members among the Participating Organizations (other than FINRA) that

[14] The proposed 17d–2 Plan refers to these members as ''Common Members.''

[15] *See* Securities Exchange Act Release No. 58350 (August 13, 2008), 73 FR 48247 (August 18, 2008) (File No. 4–566) (notice of filing of proposed plan). *See also* Securities Exchange Act Release No. 58536 (September 12, 2008), 73 FR 54646 (September 22, 2008) (File No. 4–566) (order approving and declaring effective the plan).

[16] *See* paragraph 1(d) of the proposed 17d–2 Plan.

operate a national securities exchange that trades NMS stocks based on the principles outlined below and the Participating Organization to which such a Common Member is allocated shall serve as the DREA for that Common Member. (A Participating Organization that operates a national securities exchange that does not trade NMS stocks has no regulatory responsibilities related to Covered Regulation NMS Rules pertainining to NMS stocks and will not serve as DREA for such Covered Regulation NMS Rules.)

b. For Covered Regulation NMS Rules Pertaining to ''NMS securities'' (as defined in Regulation NMS) (*i.e.,* Rule 606), the DREA shall be same as the DREA for Covered Regulation NMS Rules pertaining to NMS stocks. For Common Members that are not members of a national securities exchange that trades NMS stocks and thus have not been appointed a DREA under paragraph a., the Participating Organizations shall allocate the Common Members among the Participating Organizations (other than FINRA) that operate a national securities exchange that trades NMS securities based on the principles outlined below and the Participating Organization to which such a Common Member is allocated shall serve as the DREA for that Common Member with respect to Covered Regulation NMS Rules pertaining to NMS securities. The allocation of Common Members to DREAs (including FINRA) for all Covered Regulation NMS Rules is provided in Exhibit B.

c. For purposes of this paragraph 1, any allocation of a Common Member to a Participating Organization other than as specified in paragraphs a. and b. above shall be based on the following principles, except to the extent all affected Participating Organizations consent to one or more different principles and any such agreement to different principles would be deemed an amendment to this Agreement as provided in paragraph 22:

i. The Participating Organizations shall not allocate a Common Member to a Participating Organization unless the Common Member is a member of that Participating Organization.

ii. To the extent practicable, Common Members shall be allocated among the Participating Organizations of which they are members in such a manner as to equalize, as nearly as possible, the allocation among such Participating Organizations.

iii. To the extent practicable, the allocation will take into account the amount of NMS stock activity (or NMS security activity, as applicable) conducted by each Common Member in order to most evenly divide the Common Members with the largest amount of activity among the Participating Organizations of which they are a members. The allocation will also take into account similar allocations pursuant to other plans or agreements to which the Participating Organizations are party to maintain consistency in oversight of the Common Members.[1]

iv. The Participating Organizations may reallocate Common Members from time-to-time and in such manner as they deem appropriate consistent with the terms of this Agreement.

v. Whenever a Common Member ceases to be a member of its DREA (including FINRA), the DREA shall promptly inform the Participating Organizations, who shall review the matter and reallocate the Common Member to another Participating Organization.

vi. The DEA or DREA (including FINRA) may request that a Common Member be reallocated to another Participating Organization (including the DEA or DREA (including FINRA)) by giving 30 days written notice to the Participating Organizations. The Participating Organizations shall promptly consider such request and, in their discretion, may approve or disapprove such request and if approved, reallocate the Common Member to such Participating Organization.

vii. All determinations by the Participating Organizations with respect to allocations shall be by the affirmative vote of a majority of the Participating Organizations that, at the time of such determination, share the applicable Common Member being allocated; a Participating Organization shall not be entitled to vote on any allocation related to a Common Member unless the Common Member is a member of such Participating Organization.

d. The Participating Organizations agree that they shall conduct meetings among them as needed for the purposes of ensuring proper allocation of Common Members and identifying issues or concerns with respect to the regulation of Common Members.

Notwithstanding anything herein to the contrary, it is explicitly understood that the term ''Regulatory Responsibility'' does not include, and each of the Participating Organizations shall retain full responsibility for, examination, surveillance and enforcement with respect to trading activities or practices involving its own marketplace unless otherwise allocated pursuant to a separate Rule 17d–2 Agreement.

2. *No Retention of Regulatory Responsibility.* The Participating Organizations do not contemplate the retention of any responsibilities with respect to the regulatory activities being assumed by the DREA under the terms of this Agreement. Nothing in this Agreement will be interpreted to prevent a DREA from entering into Regulatory Services Agreement(s) to perform its Regulatory Responsibility.

3. *No Charge.* A DREA shall not charge Participating Organizations for performing the Regulatory Responsibility under this Agreement.

4. *Applicability of Certain Laws, Rules, Regulations or Orders.* Notwithstanding any provision hereof, this Agreement shall be subject to any statute, or any rule or order of the SEC. To the extent such statute, rule, or order is inconsistent with one or more provisions of this Agreement, the statute, rule, or order shall supersede the provision(s) hereof to the extent necessary to be properly effectuated and the provision(s) hereof in that respect shall be null and void.

5. *Customer Complaints.* If a Participating Organization receives a copy of a customer complaint relating to a DREA's Regulatory Responsibility as set forth in this Agreement, the Participating Organization shall promptly forward to such DREA a copy of such customer complaint. It shall be such DREA's responsibility to review and take appropriate action in respect to such complaint.

6. *Parties to Make Personnel Available as Witnesses.* Each Participating Organization shall make its personnel available to the DREA to serve as testimonial or non-testimonial witnesses as necessary to assist the DREA in fulfilling the Regulatory Responsibility allocated under this Agreement. The DREA shall provide reasonable advance notice when practicable and shall work with a Participating Organization to accommodate reasonable scheduling conflicts within the context and demands as the entity with ultimate regulatory responsibility. The Participating Organization shall pay all reasonable travel and other expenses incurred by its employees to the extent that the DREA requires such employees to serve as witnesses, and provide information or other assistance pursuant to this Agreement.

[1] For example, if one Participating Organization was allocated responsibility for a particular Common Member pursuant to a separate Rule 17d–2 Agreement, that Participant Organization would be assigned to be the DREA of that Common Member, unless there is good cause not to make that assignment.

7. *Sharing of Work-Papers, Data and Related Information.*

a. Sharing. A Participating Organization shall make available to the DREA information necessary to assist the DREA in fulfilling the Regulatory Responsibility assumed under the terms of this Agreement. Such information shall include *any* information collected by a Participating Organization in the course of performing its regulatory obligations under the Act, including information relating to an on-going disciplinary investigation or action against a member, the amount of a fine imposed on a member, financial information, or information regarding proprietary trading systems gained in the course of examining a member (''Regulatory Information''). This Regulatory Information shall be used by the DREA solely for the purposes of fulfilling the DREA's Regulatory Responsibility.

b. No Waiver of Privilege. The sharing of documents or information between the parties pursuant to this Agreement shall not be deemed a waiver as against third parties of regulatory or other privileges relating to the discovery of documents or information.

8. *Special or Cause Examinations and Enforcement Proceedings.* Nothing in this Agreement shall restrict or in any way encumber the right of a Participating Organization to conduct special or cause examinations of a Common Member, or take enforcement proceedings against a Common Member as a Participating Organization, in its sole discretion, shall deem appropriate or necessary.

9. *Dispute Resolution Under this Agreement.*

a. Negotiation. The Participating Organizations will attempt to resolve any disputes through good faith negotiation and discussion, escalating such discussion up through the appropriate management levels until reaching the executive management level. In the event a dispute cannot be settled through these means, the Participating Organizations shall refer the dispute to binding arbitration.

b. Binding Arbitration. All claims, disputes, controversies, and other matters in question between the Participating Organizations to this Agreement arising out of or relating to this Agreement or the breach thereof that cannot be resolved by the Participating Organizations will be resolved through binding arbitration. Unless otherwise agreed by the Participating Organizations, a dispute submitted to binding arbitration pursuant to this paragraph shall be resolved using the following procedures:

(i) The arbitration shall be conducted in a city selected by the DREA in which it maintains a principal office or where otherwise agreed to by the Participating Organizations in accordance with the Commercial Arbitration Rules of the American Arbitration Association and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof; and

(ii) There shall be three arbitrators, and the chairperson of the arbitration panel shall be an attorney. The arbitrators shall be appointed in accordance with the Commercial Arbitration Rules of the American Arbitration Association.

10. *Limitation of Liability.* As between the Participating Organizations, no Participating Organization, including its respective directors, governors, officers, employees and agents, will be liable to any other Participating Organization, or its directors, governors, officers, employees and agents, for any liability, loss or damage resulting from any delays, inaccuracies, errors or omissions with respect to its performing or failing to perform regulatory responsibilities, obligations, or functions, except: (a) As otherwise provided for under the Act; (b) in instances of a Participating Organization's gross negligence, willful misconduct or reckless disregard with respect to another Participating Organization; or (c) in instances of a breach of confidentiality obligations owed to another Participating Organization. The Participating Organizations understand and agree that the regulatory responsibilities are being performed on a good faith and best effort basis and no warranties, express or implied, are made by any Participating Organization to any other Participating Organization with respect to any of the responsibilities to be performed hereunder. This paragraph is not intended to create liability of any Participating Organization to any third party.

11. *SEC Approval.*

a. The Participating Organizations agree to file promptly this Agreement with the SEC for its review and approval. FINRA shall file this Agreement on behalf, and with the explicit consent, of all Participating Organizations.

b. If approved by the SEC, the Participating Organizations will notify their members of the general terms of the Agreement and of its impact on their members.

12. *Subsequent Parties; Limited Relationship.* This Agreement shall inure to the benefit of and shall be binding upon the Participating Organizations hereto and their respective legal representatives, successors, and assigns. Nothing in this Agreement, expressed or implied, is intended or shall: (a) Confer on any person other than the Participating Organizations hereto, or their respective legal representatives, successors, and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, (b) constitute the Participating Organizations hereto partners or participants in a joint venture, or (c) appoint one Participating Organization the agent of the other.

13. *Assignment.* No Participating Organization may assign this Agreement without the prior written consent of the DREAs performing Regulatory Responsibility on behalf of such Participating Organization, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that any Participating Organization may assign the Agreement to a corporation controlling, controlled by or under common control with the Participating Organization without the prior written consent of such Participating Organization's DREAs. No assignment shall be effective without Commission approval.

14. *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

15. *Termination.* Any Participating Organization may cancel its participation in the Agreement at any time upon the approval of the Commission after 180 days written notice to the other Participating Organizations (or in the case of a change of control in ownership of a Participating Organization, such other notice time period as that Participating Organization may choose). The cancellation of its participation in this Agreement by any Participating Organization shall not terminate this Agreement as to the remaining Participating Organizations.

16. *General.* The Participating Organizations agree to perform all acts and execute all supplementary instruments or documents that may be reasonably necessary or desirable to carry out the provisions of this Agreement.

17. *Written Notice.* Any written notice required or permitted to be given under this Agreement shall be deemed given if sent by certified mail, return receipt requested, or by a comparable means of electronic communication to each Participating Organization entitled to receipt thereof, to the attention of the Participating Organization's representative at the Participating Organization's then principal office or by email.

18. *Confidentiality.* The Participating Organizations agree that documents or information shared shall be held in confidence, and used only for the purposes of carrying out their respective regulatory obligations under this Agreement, provided, however, that each Participating Organization may disclose such documents or information as may be required to comply with applicable requlatory requirements or requests for information from the SEC. Any Participating Organization disclosing confidential documents or information in compliance with applicable regulatory or oversight requirements will request confidential treatment of such information. No Participating Organization shall assert regulatory or other privileges as against the other with respect to Regulatory Information that is required to be shared pursuant to this Agreement.

19. *Regulatory Responsibility.* Pursuant to Section 17(d)(1)(A) of the Act, and Rule 17d–2 thereunder, the Participating Organizations request the SEC, upon its approval of this Agreement, to relieve the Participating Organizations which are participants in this Agreement that are not the DREA as to a Common Member of any and all responsibilities with respect to the matters allocated to the DREA pursuant to this Agreement for purposes of §§ 17(d) and 19(g) of the Act.

20. *Governing Law.* This Agreement shall be deemed to have been made in the State of New York, and shall be construed and enforced in accordance with the law of the State of New York, without reference to principles of conflicts of laws thereof. Each of the Participating Organizations hereby consents to submit to the jurisdiction of the courts of the State of New York in connection with any action or proceeding relating to this Agreement.

21. *Survival of Provisions.* Provisions intended by their terms or context to survive and continue notwithstanding delivery of the regulatory services by the DREA and any expiration of this Agreement shall survive and continue.

22. *Amendment.*

a. This Agreement may be amended to add a new Participating Organization, provided that such Participating Organization does not assume regulatory responsibility, by an amendment executed by all applicable DREAs and such new Participating Organization. All other Participating Organizations expressly consent to allow such DREAs to jointly add new Participating Organizations to the Agreement as provided above. Such DREAs will promptly notify all Participating Organizations of any such amendments to add a new Participating Organization.

b. All other amendments must be approved by each Participating Organization. All amendments, including adding a new Participating Organization but excluding changes to Exhibit B, must be filed with and approved by the Commission before they become effective.

23. *Effective Date.* The Effective Date of this Agreement will be the date the SEC declares this Agreement to be effective pursuant to authority conferred by § 17(d) of the Act, and Rule 17d–2 thereunder.

24. *Counterparts.* This Agreement may be executed in any number of counterparts, including facsimile, each of which will be deemed an original, but all of which taken together shall constitute one single agreement among the Participating Organizations.

* * * * *

Exhibit A

Covered Regulation NMS Rules

SEA Rule 606—Disclosure of Order Routing Information.*

SEA Rule 607—Customer Account Statements.

SEA Rule 611—Order Protection Rule.

SEA Rule 612—Minimum Pricing Increment.

* Covered Regulation NMS Rules with asterisks (*) pertain to NMS securities. Covered Regulation NMS Rules without asterisks pertain to NMS stocks

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. 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 4–618 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 4–618. 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 plan that are filed with the Commission, and all written communications relating to the proposed plan 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 plan also will be available for inspection and copying at the principal offices of the Participating Organizations. 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 4–618 and should be submitted on or before March 1, 2017.

V. Discussion

The Commission finds that the Plan, as amended, is consistent with the factors set forth in Section 17(d) of the Act[17] and Rule 17d–2(c) thereunder[18] in that the proposed amended Plan is necessary or appropriate in the public interest and for the protection of investors, fosters cooperation and coordination among SROs, and removes impediments to and fosters the development of the national market system. In particular, the Commission believes that the proposed amended Plan should reduce unnecessary regulatory duplication by allocating to the applicable DREA certain examination and enforcement responsibilities for Common Members that would otherwise be performed by multiple Parties. Accordingly, the proposed amended Plan promotes efficiency by reducing costs to Common Members. Furthermore, because the Parties will coordinate their regulatory functions in accordance with the

[17] 15 U.S.C. 78q(d).

[18] 17 CFR 240.17d–2(c).

proposed amended Plan, the amended Plan should promote investor protection.

The Commission is hereby declaring effective a plan that allocates regulatory responsibility for certain provisions of the federal securities laws, rules, and regulations as set forth in Exhibit A to the Plan. The Commission notes that any amendment to the Plan must be approved by the relevant Parties as set forth in Paragraph 22 of the Plan and must be filed with and approved by the Commission before it may become effective.[19]

Under paragraph (c) of Rule 17d–2, the Commission may, after appropriate notice and comment, declare a plan, or any part of a plan, effective. In this instance, the Commission believes that appropriate notice and comment can take place after the proposed amendment is effective. In particular, the purpose of the amendment is to add MIAX PEARL as a Participating Organization. The Commission notes that the most recent prior amendment to the Plan was published for comment and the Commission did not receive any comments thereon.[20] The Commission believes that the current amendment to the Plan does not raise any new regulatory issues that the Commission has not previously considered, and therefore believes that the amended Plan should become effective without any undue delay.

VI. Conclusion

This order gives effect to the amended Plan filed with the Commission that is contained in File No. 4–618.

It is therefore ordered, pursuant to Section 17(d) of the Act, that the Plan, as amended, filed with the Commission pursuant to Rule 17d–2 on January 25, 2017, is hereby approved and declared effective.

It is further ordered that those SRO participants that are not the DREA as to a particular common member are relieved of those regulatory responsibilities allocated to the common member's DREA under the amended Plan to the extent of such allocation.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[21]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02546 Filed 2–7–17; 8:45 am]

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[19] *See* Paragraph 22 of the Plan. The Commission notes, however, that changes to Exhibit B to the Plan (the allocation of Common Members to DREAs) are not required to be filed with, and approved by, the Commission before they become effective.

[20] *See* Securities Exchange Act Release No. 78552 (August 11, 2016), 81 FR 54905 (August 17, 2016).

[21] 17 CFR 200.30–3(a)(34).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79932; File No. SR–BOX–2017–07]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of a Proposed Rule Change To Adopt the Rule 16000 Series To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 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 January 31, 2017, BOX Options Exchange LLC (''SRO'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization.[3] 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 Rule 16000 Series to implement the compliance rule (''Compliance Rule'') regarding 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.*

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–BOX–2017–04, and the Exchange subsequently withdrew that filing on January 31, 2017 and filed this proposed rule change.

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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act[4] and Rule 608 of Regulation NMS thereunder,[5] the CAT NMS Plan.[6] 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,[7] and approved by the Commission, as modified, on November 15, 2016.[8]

The Plan is designed to create, implement and maintain a consolidated

[4] 15 U.S.C. 78k–1.

[5] 17 CFR 242.608.

[6] *See* 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.

[7] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[8] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[9] As is described more fully below, the Proposed Rule 16000 Series sets forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rule 16000 Series includes twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 16010 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rule 16000 Series. Each of the defined terms in Proposed Rule 16010 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's [sic] associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[10] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger [sic] Trader ID (''LTID''). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 16010 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 16010 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to

[9] *See* SEC Rule 613(g)(1).

[10] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 16010 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[11] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 16010 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 16010 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under this Rule 16000 Series. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except SRO proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in this Rule 16000 Series.

(E) CAT

Paragraph (e) of Proposed Rule 16010 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 16010 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to links the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 16010 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf

[11] *See* Exemptive Request Letter at 26–27; and Exemption Order.

of the Industry Member.[12] Such a third party, referred to in this Proposed Rule 16000 Series as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 16010 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Rule 16000 Series.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 16010 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except SRO uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 16010 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 16093(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 16093(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 16010 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except SRO proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rule 16000 Series. SRO also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, SRO proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 16010 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 16010(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, SRO proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 16010 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central

[12] Appendix C, Section A.1(a) of the CAT NMS Plan.

Repository.[13] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rule 16000 Series, SRO proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 16010. Specifically, paragraph (n) of Proposed Rule 16010 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rule 16000 Series only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of Proposed Rule 16010 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[14] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[15] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[16] As such, SRO or the SEC ''[sic] may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[17] The CAT NMS Plan sets the initial Error Rate at 5%.[18] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[19]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[20]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, SRO proposes to define the term ''Error Rate'' in Proposed Rule 16010. Paragraph (p) of Proposed Rule 16010 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, SRO proposes to define the term ''Firm Designated ID'' in Proposed Rule 16010. Specifically, paragraph (q) of Proposed Rule 16010 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 16010 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 16010 states that the term ''Industry Member Data'' has the meaning set forth in Rule 16030(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 16030(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 16010 defines the term ''Initial Plan Processor''

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

[14] Section 6.5(d)(i) of the CAT NMS Plan.

[15] Appendix C, Section A.3(b) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[17] Appendix C, Section A.3(b) of the CAT NMS Plan.

[18] Section 6.5(d)(i) of the CAT NMS Plan.

[19] Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] Approval Order at 84718.

to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this Proposed Rule 16000 Series applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rule 16000 Series apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 16010 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 16010 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' SRO notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[21] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Members [sic] is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, SRO proposes to define the term ''Manual Order Event'' in Proposed Rule 16010. Specifically, paragraph (v) of Proposed Rule 16010 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 16030 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, SRO proposes to define the term ''Material Terms of the Order'' in Proposed Rule 16010. Specifically, paragraph (w) of Proposed Rule 16010 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, SRO proposes to define the term ''NMS Security'' in Proposed Rule 16010. Specifically, paragraph (x) of Proposed Rule 16010 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, SRO proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 16010 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 16010 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except SRO proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[22] In accordance with the exemptive relief, Options Market

[21] Exemption Order.

[22] *See* Exemptive Request Letter at 2, and Exemption Order.

Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, SRO proposes to define the term ''Options Market Maker'' in Proposed Rule 16010. Specifically, paragraph (aa) of Proposed Rule 16010 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rule 16000 Series requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, SRO proposes to define the term ''Order'' in Proposed Rule 16010. Specifically, paragraph (bb) of Proposed Rule 16010 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except SRO proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' SRO notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, SRO proposes to define the term ''OTC Equity Security'' in Proposed Rule 16010. Specifically, paragraph (cc) of Proposed Rule 16010 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 16010 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 16010 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 16010 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 16010 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 16030(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 16030(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 16010 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 16030(a)(1). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 16030(a)(1).

(II) Reportable Event

The Proposed Rule 16000 Series requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, SRO proposes to define the term ''Reportable Event'' in Proposed Rule 16010. Specifically, paragraph (ii) of Proposed Rule 16010 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 16010 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[23] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of

[23] *See* Exemptive Request Letter at 19, and Exemption Order.

the Industry Member as well as the LEI of the Industry Member (if the Industry Member has a LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, SRO proposes to define the term ''SRO-Assigned Market Participant'' in Proposed Rule 16010. Specifically, paragraph (kk) of Proposed Rule 16010 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rule 16000 Series differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, SRO proposes to define the term ''Small Industry Member'' in Proposed Rule 16010. Specifically, paragraph (ll) of Proposed Rule 16010 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 16030(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, SRO proposes to define the term ''Trading Day'' in Proposed Rule 16010. Specifically, Paragraph (mm) of Proposed Rule 16010 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[24] To implement these provisions with regard to its Industry Members, SRO proposes Rule 16020 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 16020 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 16020 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 16020 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 16020 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 16020 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 16020 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 16020 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 16020 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 16020 requires each Industry Member to certify to SRO that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 16020 periodically in accordance with the

[24] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. SRO intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of Proposed Rule 16020 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 16020 requires Industry Members to report to the Plan Processor and SRO violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. SRO intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, SRO proposes Rule 16030 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 16030 has six [sic] sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover [sic] by the recording and reporting requirements, (4) format, [sic] (5) the security symbology to be used in the recording and reporting, and (6) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 16030 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 16030 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 16060); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 16060); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 16060); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 16060); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 16060; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 16030 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 16030(a)(1) ''Industry Member Data'')) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 16040, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 16030 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 16030 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1–(b)(3) of Proposed Rule 16030 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 16030 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 16030 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 16030 describes the securities to which the recording and reporting requirements of Proposed Rule 16030 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 16030 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 16030 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 16030 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 16030 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 16030 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 16030 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 16030 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 16030 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. SRO intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, SRO proposes to adopt paragraph (e) of Proposed Rule 16030, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 16030 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. SRO proposes Rule 16040 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 16040 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 16080. Paragraph (b) of Proposed Rule 16040 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 16040 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. SRO intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of Proposed Rule 16040 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. SRO proposes Rule 16050 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 16050 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 16080, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[25] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, SRO proposes new Rule 16060 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 16060 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 16060 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 16060. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 16060 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 16060 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 16060 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 16060 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 16060 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 16065 (Consolidated Audit Trail—Clock Synchronization Rule Violations [sic]) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rule 16000 Series. Proposed Rule 16065 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 16070 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 16070 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 16070 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 16070 addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 16070 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 16070 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rule 16000 Series. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rule 16000 Series. SRO notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 16070 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rule 16000 Series, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 16070.

(ix) Development and Testing

SRO proposes Rule 16080 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 16080 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 16040(a) and 16050, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 16040(a) and 16050, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i),

[25] 17 CFR 242.613(d)(3).

Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 16080 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[26] Specifically, Proposed Rule 16080 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. SRO intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 16090 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 16090 requires each Industry Member to maintain and preserve records of the information required to be recorded under the Proposed Rule 16000 Series for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the Proposed Rule 16000 Series may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 16090 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[27] Accordingly, Proposed Rule 16093 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 16093 requires that Industry Members record and report data to the Central Repository as required by the Proposed Rule 16000 Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 16093 requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rule 16000 Series and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[28]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rule 16000 Series. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. SRO intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of Proposed Rule 16093 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 16093 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[29] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 16093 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Proposed Rule Series.

(xii) Compliance Dates

Proposed Rule 16095 (Consolidated Audi [sic] Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rule 16000 Series. Paragraph (a) of Proposed Rule 16095 states that, paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date of Rules 16000 through 16095. Unless otherwise noted, Rules 16000 through 16095 are fully effective and Members must comply with their terms.

Paragraph (b) of Proposed Rule 16095 establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 16020. Paragraph (b)(1) states that each Industry Member shall comply with Rule 16020 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 16020 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to

[26] Adopting Release [sic] at 84725.

[27] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[28] Approval Order at 84745.

[29] Appendix C of the CAT NMS Plan.

Business Clocks that do not capture time in milliseconds.[30]

Paragraph (c) of Proposed Rule 16095 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

SRO believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[31] which require, among other things, that the SRO rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[32] which requires that SRO rules not impose any burden on competition that is not necessary or appropriate.

SRO believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist SRO and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [33] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, SRO believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

SRO does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. SRO notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist SRO in meeting its regulatory obligations pursuant to the Plan. SRO also notes that the Proposed Rule Series implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this Proposed Rule 16000 Series. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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 up to 90 days (i) as the Commission may designate 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–2017–07 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–2017–07. 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 such filing will also 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–BOX–2017–07 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[34]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02537 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[30] *See* Request for Exemptive Relief filed with the Commission on January 17, 2017.

[31] 15 U.S.C. 78f(b)(6) [sic].

[32] 15 U.S.C. 78f(b)(8).

[33] Approval Order at 84697.

[34] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79935; File No. SR–NASDAQ–2017–008]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of Proposed Rule Change To Adopt Rules Regarding the CAT NMS Plan

February 2, 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 January 31, 2017, The NASDAQ Stock Market LLC (''Nasdaq'' or ''Exchange'') filed with the Securities and Exchange

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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.[3] 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 rules to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

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

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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act[5] and Rule 608 of Regulation NMS thereunder,[6] the CAT NMS Plan.[7] 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,[8] and approved by the Commission, as modified, on November 15, 2016.[9]

The Plan is designed to create, implement, and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[10] As is described more fully below, the proposed Equity Rule 6800 Series and proposed Options Rule Chapter IX, Section 8 (''Proposed Rules'') set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan on both the Nasdaq equity and options markets. The Proposed Rules include twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 6810 and paragraph (a) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Definitions) set forth the definitions for the terms used in the Proposed Rules. Each of the defined terms in Proposed Rule 6810 and paragraph (a) of Proposed Chapter IX, Section 8 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's[sic] associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository[sic].'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[11] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–NASDAQ–2017–006, proposing new NASDAQ Equity Rule Series 6800. The Exchange withdrew that filing on January 31, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] 15 U.S.C. 78k–1.

[6] 17 CFR 242.608.

[7] *See* 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.

[8] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[9] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[10] *See* SEC Rule 613(g)(1).

[11] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney, etc.) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in paragraph (a) of Proposed Rule 6810 and paragraph (a)(i) of Proposed Chapter IX, Section 8 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, the rules define ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 6810 and paragraph (a)(i)(2) of Proposed Chapter IX, Section 8 state that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) of Proposed Rule 6810 and paragraph (a)(i)(3) of Proposed Chapter IX, Section 8 state that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) of Proposed Rule 6810 and paragraph (a)(i)(4) of Proposed Chapter IX, Section 8 state that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) of Proposed Rule 6810 and paragraph (a)(i)(5) of Proposed Chapter IX, Section 8 state that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5) of Proposed Rule 6810 and (a)(i)(2)–(5) of Proposed Chapter IX, Section 8, the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 6810 and paragraph (a)(ii) of Proposed Chapter IX, Section 8 define an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The Participants requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account

number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[12] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 6810 and paragraph (a)(iii) of Proposed Chapter IX, Section 8 define an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 6810 and paragraph (a)(iv) of Proposed Chapter IX, Section 8 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under this Rule 6800 Series. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in the Proposed Rules.

(E) CAT

Paragraph (e) of Proposed Rule 6810 and paragraph (a)(v) of Proposed Chapter IX, Section 8 define the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 6810 paragraph (a)(vi) of Proposed Chapter IX, Section 8 define the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, paragraph (g) of Proposed Rule 6810 and paragraph (a)(vii) of Proposed Chapter IX, Section 8 define the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[13] Such a third party, referred to in these Proposed Rules as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 6810 and paragraph (a)(viii) of Proposed Chapter IX, Section 8 define the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under the Proposed Rules.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 6810 and paragraph (a)(ix) of Proposed Chapter IX, Section 8 define the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 6810 and paragraph (a)(x) of Proposed Chapter IX, Section 8 define the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 6893(d) and paragraph (k) of Proposed Chapter IX, Section 8. This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 6893(d) and paragraph (k) of Proposed Chapter IX, Section 8, each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, paragraph (k) of Proposed Rule 6810 and paragraph (a)(xi) of Proposed Chapter IX, Section 8 propose to define the term ''Customer.'' Specifically, the term ''Customer''

[12] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 6810 and paragraph (a)(xii) of Proposed Chapter IX, Section 8 define the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 6810(l) and paragraph (a)(xii) of Proposed Chapter IX, Section 8, however, provide an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 6810 and paragraph (a)(xiii) of Proposed Chapter IX, Section 8 define the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[14] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations, and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rule 6800 Series and in Proposed Chapter IX, Section 8, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 6810 and paragraph (a)(xiv) of Proposed Chapter IX, Section 8. Specifically, paragraph (n) of Proposed Rule 6810 and paragraph (a)(xiv) of Proposed Chapter IX, Section 8 define a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8 only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of Proposed Rule 6810 and paragraph (a)(xv) of Proposed Chapter IX, Section 8 define the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[15] The Operating Committee reviews and resets the maximum Error

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

[15] Section 6.5(d)(i) of the CAT NMS Plan.

Rate, at least annually.[16] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[17] As such, the Exchange or the SEC ''may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[18] The CAT NMS Plan sets the initial Error Rate at 5%.[19] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[20]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[21]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 6810 and paragraph (a)(xvi) of Proposed Chapter IX, Section 8. Paragraph (p) of Proposed Rule 6810 and paragraph (a)(xvi) of Proposed Chapter IX, Section 8 define the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 6810 and Proposed Chapter IX, Section 8. Specifically, paragraph (q) of Proposed Rule 6810 and paragraph (a)(xvii) of Proposed Chapter IX, Section 8 define the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 6810 and paragraph (a)(xiii) of Proposed Chapter IX, Section 8 define the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 6810 and paragraph (a)(xix) of Proposed Chapter IX, Section 8 state that the term ''Industry Member Data'' has the meaning set forth in Proposed Rule 6830(a)(2) and paragraph (c)(i)(2) of Proposed Chapter IX, Section 8, respectively. This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 6830(a)(2) and paragraph (c)(i)(2) of Proposed Chapter IX, Section 8, respectively.

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 6810 and paragraph (a)(xx) of Proposed Chapter IX, Section 8 define the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this Proposed Rule 6800 Series applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rules apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 6810 and paragraph (a)(xxi) of Proposed Chapter IX, Section 8 define the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 6810 and paragraph (a)(xxi) of Proposed Chapter IX, Section 8 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members

[16] Appendix C, Section A.3(b) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Section 6.5(d)(i) of the CAT NMS Plan.

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Approval Order at 84718.

which reflect exemptions for Manual Order Events granted by the Commission.[22] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Members[sic] uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository to the extent the Industry Member's order handling or execution systems use increments finer than milliseconds. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 6810 and paragraph (a)(xxii) of Proposed Chapter IX, Section 8. Specifically, paragraph (v) of Proposed Rule 6810 and paragraph (a)(xxii) of Proposed Chapter IX, Section 8 define the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 6830 and paragraph (c) of Proposed Chapter IX, Section 8 require Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 6810 and paragraph (a)(xxiii) of Proposed Chapter IX, Section 8. Specifically, paragraph (w) of Proposed Rule 6810 and paragraph (a)(xxiii) of Proposed Chapter IX, Section 8 define the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 6810 and paragraph (a)(xxiv) of Proposed Chapter IX, Section 8. Specifically, paragraph (x) of Proposed Rule 6810 and paragraph (a)(xxiv) of Proposed Chapter IX, Section 8 define the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 6810 and paragraph (a)(xxv) of Proposed Chapter IX, Section 8 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 6810 and paragraph (a)(xxvi) of Proposed Chapter IX, Section 8 define the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The Participants, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[23] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 6810 and paragraph (a)(xxvii) of Proposed Chapter IX, Section 8. Specifically, paragraph (aa) of Proposed Rule 6810 and paragraph (a)(xxvii) of Proposed Chapter IX, Section 8 define the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

[22] Exemption Order.

[23] *See* Exemptive Request Letter at 2, and Exemption Order.

(BB) Order

The Proposed Rules require each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 6810 and paragraph (a)(xxviii) of Proposed Chapter IX, Section 8. Specifically, paragraph (bb) of Proposed Rule 6810 and paragraph (a)(xxviii) of Proposed Chapter IX, Section 8 define the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 6810 and paragraph (a)(xxix) of Proposed Chapter IX, Section 8. Specifically, paragraph (cc) of Proposed Rule 6810 and paragraph (a)(xxix) of Proposed Chapter IX, Section 8 define the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 6810 and paragraph (a)(xxx) of Proposed Chapter IX, Section 8 define the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 6810 and paragraph (a)(xxxi) of Proposed Chapter IX, Section 8 define the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 6810 and paragraph (a)(xxxii) of Proposed Chapter IX, Section 8 define the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 6810 and paragraph (a)(xxxiii) of Proposed Chapter IX, Section 8 state that the term ''Received Industry Member Data'' has the meaning set forth in Proposed Rule 6830(a)(2) and paragraph (c)(i)(2) of Proposed Chapter IX, Section 8. This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 6830(a)(2) and paragraph (c)(i)(2) of Proposed Chapter IX, Section 8.

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 6810 and paragraph (a)(xxxiv) of Proposed Chapter IX, Section 8 state that the term ''Recorded Industry Member Data'' has the meaning set forth in Proposed Rule 6830(a)(1) and paragraph (c)(i)(1) of Proposed Chapter IX, Section 8. This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 6830(a)(1) and paragraph (c)(i)(1) of Proposed Chapter IX, Section 8.

(II) Reportable Event

The Proposed Rules require each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 6810 and paragraph (a)(xxxv) of Proposed Chapter IX, Section 8. Specifically, paragraph (ii) of Proposed Rule 6810 and paragraph (a)(xxxv) of Proposed Chapter IX, Section 8 state that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 6810 and paragraph (a)(xxxvi) of Proposed Chapter IX, Section 8 define the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The Participants requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[24] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the

[24] *See* Exemptive Request Letter at 19, and Exemption Order.

Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in Proposed Rule 6810 and paragraph (a)(xxxvii) of Proposed Chapter IX, Section 8. Specifically, paragraph (kk) of Proposed Rule 6810 and paragraph (a)(xxxvii) of Proposed Chapter IX, Section 8 define the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO, or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rule 6800 Series differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 6810 and paragraph (a)(xxxviii) of Proposed Chapter IX, Section 8. Specifically, paragraph (ll) of Proposed Rule 6810 and paragraph (a)(xxxviii) of Proposed Chapter IX, Section 8 define the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 6830(b) and paragraph (c)(ii) of Proposed Chapter IX, Section 8 establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in Proposed Rule 6810 and paragraph (a)(xxxix) of Proposed Chapter IX, Section 8. Specifically, Paragraph (mm) of Proposed Rule 6810 and paragraph (a)(xxxix) of Proposed Chapter IX, Section 8 state that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 6820 and paragraph (b) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 6820 and paragraph (b)(i) of Proposed Chapter IX, Section 8 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 6820 and paragraph (b)(i)(1) of Proposed Chapter IX, Section 8 require each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 6820 and paragraph (b)(i)(2) of Proposed Chapter IX, Section 8 require each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 6820 and paragraph (b)(i)(3) of Proposed Chapter IX, Section 8 clarify that the tolerance described in paragraphs (a)(1) and (2) of Proposed Rule 6820 and paragraph (b)(i)(1) and (b)(i)(2) of Proposed Chapter IX, Section 8 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 6820 and paragraph (b)(i)(4) of Proposed Chapter IX, Section 8 require Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 6820 and paragraph (b)(ii) of Proposed Chapter IX, Section 8 set forth documentation requirements with regard to clock synchronization. Specifically, those paragraphs require Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

paragraph (a) of the Proposed Rule 6820 and paragraph (b)(i) of Proposed Chapter IX, Section 8, respectively. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 6820 and paragraph (b)(iii) of Proposed Chapter IX, Section 8 set forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 6820 and paragraph (b)(iii) of Proposed Chapter IX, Section 8 require each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 6820 and paragraph (b)(i) of Proposed Chapter IX, Section 8 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via an information circular (''Circular'').

Paragraph (d) of Proposed Rule 6820 and paragraph (b)(iv) of Proposed Chapter IX, Section 8 establish reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 6820 and paragraph (b)(iv) of Proposed Chapter IX, Section 8 require Industry Members to report to the Plan Processor and the Exchange violations of paragraph (a) of Proposed Rule 6820 and paragraph (b)(i) of Proposed Chapter IX, Section 8 pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 6830 and paragraph (c) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 6830 has six sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover[sic] by the recording and reporting requirements, (4) format, (5) the security symbology to be used in the recording and reporting, and (6) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 6830 and paragraph (c)(i) of Proposed Chapter IX, Section 8 describe the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) of Proposed Rule 6830 and paragraph (c)(i) of Proposed Chapter IX, Section 8 each consist of three paragraphs, which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 6830 and paragraph (c)(i)(1)–(i)(3) of Proposed Chapter IX, Section 8 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) of Proposed Rule 6830 and paragraph (c)(i)(1) of Proposed Chapter IX, Section 8 require, subject to paragraph (a)(3) and paragraph (c)(i)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

• other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 6830 and paragraph (c)(i)(2) of Proposed Chapter IX, Section 8 require, subject to paragraph (a)(3) and paragraph (c)(i)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in paragraph (c)(i)(1) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

• If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);

• if the trade is cancelled, a cancelled trade indicator; and

• for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 6840 and paragraph (d) of Proposed Chapter IX, Section 8, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 6830 and paragraph (c)(i)(3) of Proposed Chapter IX, Section 8 state that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 6830 and paragraph (c)(ii) of Proposed Chapter IX, Section 8 describe the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 6830 and paragraph (c)(ii)(1)–(3) of Proposed Chapter IX, Section 8 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 6830 and paragraph (c)(ii)(1) of Proposed Chapter IX, Section 8 require each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 6830 and paragraph (c)(ii)(2) of Proposed Chapter IX, Section 8 require each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) and paragraph (c)(ii)(3) of Proposed Chapter IX, Section 8 states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m., Eastern Time, deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 6830 and paragraph (c)(iii) of Proposed Chapter IX, Section 8 describe the securities to which the recording and reporting requirements of Proposed Rule 6830 and paragraph (c)(iii) of Proposed Chapter IX, Section 8 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 6830 and paragraph (c)(iii)(1) and (2) of Proposed Chapter IX, Section 8 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 6830 and paragraph (c)(iii)(1) of Proposed Chapter IX, Section 8 require each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 6830 and paragraph (c)(i) of Proposed Chapter IX, Section 8 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 6830 and paragraph (c)(iii)(2) of Proposed Chapter IX, Section 8 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 6830 and paragraph (c)(i) of Proposed Chapter IX, Section 8 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 6830 and paragraph (c)(iv) of Proposed Chapter IX, Section 8 describe the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 6830 and paragraph (c)(iv)(1) of Proposed Chapter IX, Section 8 require, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 6830 and paragraph (c)(iv)(2) of Proposed Chapter IX, Section 8 require, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of Proposed Rule 6830 and paragraph (c)(v) of Proposed Chapter IX, Section 8, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 6830 and paragraph (c)(v) of Proposed Chapter IX, Section 8 require, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m., Eastern Time, on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 6840 and paragraph (d) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 6840 and paragraph (d)(i) of Proposed Chapter IX, Section 8 require each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 6880 and paragraph (i) of Proposed Chapter IX, Section 8. Paragraph (b) of Proposed Rule 6840 and paragraph (d)(ii) of Proposed Chapter IX, Section 8 require each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 6840 and paragraph (d)(iii) of Proposed Chapter IX, Section 8 require each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Circular.

Finally, paragraph (d) of Proposed Rule 6840 and paragraph (d)(iv) of Proposed Chapter IX, Section 8 address the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) and paragraph (d)(iv) require, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 6850 and paragraph (e) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 6850 and paragraph (e) of Proposed Chapter IX, Section 8 require each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 6880 and paragraph (i) of Proposed Chapter IX, Section 8, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[26] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 6860 and paragraph (f) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 6860 and paragraph (f)(i) of Proposed Chapter IX, Section 8 set forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 6860 and paragraph (f)(i)(1) of Proposed Chapter IX, Section 8 require each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 6860 and subparagraphs (f)(i)(2) and (f)(ii) of Proposed Chapter IX, Section 8. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 6860 and paragraph (f)(i)(2) of Proposed Chapter IX, Section 8 require such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 6860 and paragraph (f)(ii) of Proposed Chapter IX, Section 8 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 6860 and paragraph (f)(ii) of Proposed Chapter IX, Section 8 set forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 6860 and paragraph (f)(ii)(1) of Proposed Chapter IX, Section 8 permit each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 6860 and paragraph (f)(ii)(2) of Proposed Chapter IX, Section 8 permit each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 6865 and paragraph (g) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Clock Synchronization Rule Violations) describe potential violations of the clock synchronization time period requirements set forth in the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8. Proposed Rule 6865 and paragraph (g) of Proposed Chapter IX, Section 8 state that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the

[26] 17 CFR 242.613(d)(3).

requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 6870 and paragraph (h) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 6870 and paragraph (h)(i) of Proposed Chapter IX, Section 8 describe the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 6870 and paragraph (h)(i) of Proposed Chapter IX, Section 8 require each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 6870 and paragraph (h)(ii) of Proposed Chapter IX, Section 8 address connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 6870 and paragraph (h)(ii) of Proposed Chapter IX, Section 8 require each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) of Proposed Rule 6870 and paragraph (h)(iii) of Proposed Chapter IX, Section 8 permit Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) of Proposed Rule 6870 and paragraph (h)(iii) of Proposed Chapter IX, Section 8 are based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 6870 and paragraph (h)(iii)(1) of Proposed Chapter IX, Section 8 state that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 6870 and paragraph (h)(iii)(2) of Proposed Chapter IX, Section 8 require that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) of Proposed Rule 6870 and paragraph (h)(iii)(3) of Proposed Chapter IX, Section 8 state that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 6870 and paragraph (h)(iii) of Proposed Chapter IX, Section 8.

(ix) Development and Testing

The Exchange proposes Rule 6880 and paragraph (i) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 6880 and paragraph (i)(i) of Proposed Chapter IX, Section 8 set forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) of Proposed Rule 6880 and paragraph (i)(i)(1) of Proposed Chapter IX, Section 8 set forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) of Proposed Rule 6880 and paragraph (i)(i)(2) of Proposed Chapter IX, Section 8 set forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8 requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Proposed Rules 6840(a) and 6850 and paragraphs (d)(i) and (e) of Proposed Chapter IX, Section 8, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8 require Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 6840(a) and 6850 and paragraphs (d)(i) and (e) of Proposed Chapter IX, Section 8, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8 sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8, Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8, Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) of Proposed Rule 6880 and paragraph (i)(i)(2)(i) of Proposed Chapter IX, Section 8 state that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 6880 and paragraph (i)(ii) of Proposed Chapter IX, Section 8 implement the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the

Central Repository.[27] Specifically, Proposed Rule 6880 and paragraph (i)(ii) of Proposed Chapter IX, Section 8 require that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Circular.

(x) Recordkeeping

Proposed Rule 6890 and paragraph (j) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Recordkeeping) set forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 6890 and paragraph (j) of Proposed Chapter IX, Section 8 require each Industry Member to maintain and preserve records of the information required to be recorded under the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable, for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable, may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 6890 and paragraph (j) of Proposed Chapter IX, Section 8 are based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[28] Accordingly, Proposed Rule 6893 and paragraph (k) of Proposed Chapter IX, Section 8 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implement this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 6893 and paragraph (k)(i) of Proposed Chapter IX, Section 8 require that Industry Members record and report data to the Central Repository as required by the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable, in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a) of Proposed Rule 6893 and paragraph (k)(i) of Proposed Chapter IX, Section 8, paragraph (b) of Proposed Rule 6893 and paragraph (k)(ii) of Proposed Chapter IX, Section 8 require Industry Members to accurately provide the LEIs in their records as required by the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable, and state that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) of Proposed Rule 6893 and paragraph (k)(ii) of Proposed Chapter IX, Section 8 note, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) of Proposed Rule 6893 and paragraph (k)(ii) of Proposed Chapter IX, Section 8 are consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[29]

Paragraph (c) of Proposed Rule 6893 and paragraph (k)(iii) of Proposed Chapter IX, Section 8 state that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Circular.

Furthermore, paragraph (d) of Proposed Rule 6893 and paragraph (k)(iv) of Proposed Chapter IX, Section 8 address Compliance Thresholds related to reporting data to the CAT. Proposed Rule 6893(d) and paragraph (k)(iv) of Proposed Chapter IX, Section 8 state that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[30] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 6893(d) and paragraph (k)(iv) of Proposed Chapter IX, Section 8 state that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Proposed Rule Series.

(xii) Compliance Dates

Proposed Rule 6895 and paragraph (l) of Proposed Chapter IX, Section 8 (Consolidated Audi Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8, as applicable. Paragraph (a) of Proposed Rule 6895 and paragraph (l)(i) of Proposed Chapter IX, Section 8 state that, except as set forth in paragraphs (b) and (c) of Proposed Rule 6895 and paragraph (l)(ii) and (l)(iii) of Proposed Chapter IX, Section 8, as applicable, or otherwise set forth in the Proposed Rules, these rules are fully effective and members must comply with their terms.

Paragraph (b) of Proposed Rule 6895 and paragraph (l)(ii) of Proposed Chapter IX, Section 8 establish the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 6820 and paragraph (b) of Proposed Chapter IX, Section 8. Paragraph (b)(1) of Proposed Rule 6895 and paragraph (l)(ii)(1) of Proposed Chapter IX, Section 8 state that each Industry Member shall comply with Proposed Rule 6820 and paragraph (b) of Proposed Chapter IX, Section 8, as applicable, with regard to Business Clocks that capture time in milliseconds commencing on or before March 15,

[27] Adopting Release at 84725.

[28] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[29] Approval Order at 84745.

[30] Appendix C of the CAT NMS Plan.

2017. Paragraph (b)(2) of Proposed Rule 6895 and paragraph (l)(ii)(2) of Proposed Chapter IX, Section 8 state that each Industry Member shall comply with Proposed Rule 6820 and paragraph (b) of Proposed Chapter IX, Section 8, as applicable, with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) of Proposed Rule 6895 and paragraph (l)(ii)(1) of Proposed Chapter IX, Section 8 reflect the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[31]

Paragraph (c) of Proposed Rule 6895 and paragraph (l)(iii) of Proposed Chapter IX, Section 8 establish the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) of Proposed Rule 6895 and paragraph (l)(iii)(1) of Proposed Chapter IX, Section 8 require each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) of Proposed Rule 6895 and paragraph (l)(iii)(2) of Proposed Chapter IX, Section 8 require that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[32] which require, among other things, that the Exchange rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[33] which requires that Exchange rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the Proposed Rule Series implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing the rules reflected in the Proposed Rule 6800 Series and Proposed Chapter IX, Section 8. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

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 Exchange consents, the Commission shall: (a) By order approve or disapprove such 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–NASDAQ–2017–008 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–2017–008. 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–NASDAQ–2017–008 and should be submitted on or before March 1, 2017.

[31] *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 17, 2017.

[32] 15 U.S.C. 78f(b)(6).

[33] 15 U.S.C. 78f(b)(8).

[34] Approval Order at 84697.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02540 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79944; File No. SR–BatsBYX–2017–02]

Self-Regulatory Organizations; Bats BYX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Adopt Rules 4.5 Through 4.16 To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 30, 2017, Bats BYX Exchange, Inc. (the ''Exchange'' or ''BYX'') 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.[3] 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 filed a proposal to adopt Rules 4.5 through 4.16 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available at the Exchange's Web site at *www.bats.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 parts 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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act [5] and Rule 608 of Regulation NMS thereunder,[6] the CAT NMS Plan.[7] 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,[8] and approved by the Commission, as modified, on November 15, 2016.[9]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[10] As is described more fully below, the Proposed Rules 4.5 through 4.16 set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rules 4.5 through 4.16 include twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 4.5 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rules 4.5 through 4.16. Each of the defined terms in Proposed Rule 4.5 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-ID'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer.

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–BatsBYX–2017–01, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] 15 U.S.C. 78k–1.

[6] 17 CFR 242.608.

[7] *See* 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.

[8] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[9] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[10] *See* SEC Rule 613(g)(1).

The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[11] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 4.5 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 4.5 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 4.5 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and

[11] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[12] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 4.5 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 4.5 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under Rules 4.5 through 4.16. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under Rules 4.5 through 4.16.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in Rules 4.5 through 4.16.

(E) CAT

Paragraph (e) of Proposed Rule 4.5 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 4.5 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 4.5 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[13] Such a third party, referred to in the Proposed Rules 4.5 through 4.16 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 4.5 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under Rules 4.5 through 4.16.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 4.5 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 4.5 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 4.15(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 4.15(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account

[12] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 4.5 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rules 4.5 through 4.16. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 4.5 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 4.5(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 4.5 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[14] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rules 4.5 through 4.16, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 4.5. Specifically, paragraph (n) of Proposed Rule 4.5 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rules 4.5 through 4.16 only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (p) [sic] of Proposed Rule 4.5 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[15] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[16] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

[15] Section 6.5(d)(i) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan.

CAT NMS Plan or Rule 613.[17] As such, the Exchange or the SEC ''may [sic] take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[18] The CAT NMS Plan sets the initial Error Rate at 5%.[19] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[20]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[21]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 4.5. Paragraph (p) of Proposed Rule 4.5 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 4.5. Specifically, paragraph (q) of Proposed Rule 4.5 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 4.5 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 4.5 states that the term ''Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 4.5 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and the Proposed Rules 4.5 through 4.16 apply to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rules 4.5 through 4.16 apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 4.5 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 4.5 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[22] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution systems use timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize

[17] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Section 6.5(d)(i) of the CAT NMS Plan.

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Approval Order at 84718.

[22] Exemption Order.

their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 4.5. Specifically, paragraph (v) of Proposed Rule 4.5 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 4.7 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 4.5. Specifically, paragraph (w) of Proposed Rule 4.5 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 4.5. Specifically, paragraph (x) of Proposed Rule 4.5 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 4.5 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 4.5 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[23] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 4.5. Specifically, paragraph (aa) of Proposed Rule 4.5 defines the term ''Options Market Makers'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 4.5. Specifically, paragraph (bb) of Proposed Rule 4.5 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 4.5. Specifically, paragraph (cc) of Proposed Rule 4.5 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is

[23] *See* Exemptive Request Letter at 2, and Exemption Order.

the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 4.5 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 4.5 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 4.5 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 4.5 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 4.5 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 4.7(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(1).

(II) Reportable Event

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 4.5. Specifically, paragraph (ii) of Proposed Rule 4.5 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 4.5 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[24] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself; and information to identify each such Industry Member, including the CRD number and LEI if such LEI has been obtained, and itself, including LEI, if such LEI has been obtained. Additionally, each Industry Member is required to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained. The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant Identifier'' in Proposed Rule 4.5. Specifically, paragraph (kk) of Proposed Rule 4.5 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rules 4.5 through 4.16 differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 4.5. Specifically, paragraph (ll) of Proposed Rule 4.5 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in

[24] *See* Exemptive Request Letter at 19, and Exemption Order.

turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 4.7(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in Proposed Rule 4.5. Specifically, Paragraph (mm) of Proposed Rule 4.5 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.6 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 4.6 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 4.6 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.6 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 4.6 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 4.6 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 4.6 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 4.6 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 4.6 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 4.6 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 4.6 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of Proposed Rule 4.6 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 4.6 requires Industry Members to report to the Plan Processor and the Exchange, violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.7 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 4.7 has six sections [sic] covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities covered by the recording and reporting requirements, (4) the security symbology to be used in the recording and reporting, and (5) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 4.7 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 4.7 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 4.10); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 4.10); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 4.10; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.7 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 4.7(a)(1) ''Industry Member Data'')) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 4.8, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 4.7 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 4.7 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 4.7 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 4.7 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 4.7 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 4.7 describes the securities to which the recording and reporting requirements of Proposed Rule 4.7 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 4.7 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 4.7 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 4.7 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 4.7 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 4.7 requires, for each exchange-listed Eligible Security,

each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 4.7 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of Proposed Rule 4.7, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 4.7 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 4.8 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13. Paragraph (b) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 4.8 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of Proposed Rule 4.8 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 4.9 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 4.9 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[26] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 4.10 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 4.10 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 4.10 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 4.10. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 4.10 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 4.10 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 4.10 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 4.10 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 4.10 permits each Industry Member to record and report the time of Allocation Reports in

[26] 17 CFR 242.613(d)(3).

increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 4.11 (Consolidated Audit Trail—Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rules 4.5 through 4.16. Proposed Rule 4.11 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in the Proposed Rules 4.5 through 4.16 without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 4.12 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 4.12 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 4.12 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 4.12 addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 4.12 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 4.12 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rules 4.5 through 4.16. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rules 4.5 through 4.16. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 4.12 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rules 4.5 through 4.16, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 4.12.

(ix) Development and Testing

The Exchange proposes Rule 4.13 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 4.13 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 4.13 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[27] Specifically, Proposed Rule 4.13 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 4.14 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 4.14 requires each Industry Member to maintain and preserve records of the information required to be recorded in accordance with the Proposed Rules 4.5 through 4.16, for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved in accordance

[27] Approval Order at 84725.

with Proposed Rules 4.5 through 4.16, may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 4.14 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[28] Accordingly, Proposed Rule 4.15 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 4.15 requires that Industry Members record and report data to the Central Repository as required by the Proposed Rules 4.5 through 4.16 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 4.15 requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rules 4.5 through 4.16 and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[29]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rules 4.5 through 4.16. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of Proposed Rule 4.15 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 4.15 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[30] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 4.15 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated the Proposed Rules 4.5 through 4.16.

(xii) Compliance Dates

Proposed Rule 4.16 (Consolidated Audit Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rules 4.5 through 4.16. Paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date of the Proposed Rules 4.5 through 4.16. Unless otherwise noted, the Proposed Rules 4.5 through 4.16 will be fully effective upon approval by the Commission and Members must comply with their terms.

Paragraph (b) of Proposed Rule 4.16 establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 4.6. Paragraph (b)(1) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[31]

Paragraph (c) of Proposed Rule 4.16 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[32] which require, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[33] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of

[28] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[29] Approval Order at 84745.

[30] Appendix C of the CAT NMS Plan.

[31] *See* Letter from Participants to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, dated January 17, 2017, requesting exemptive relief from SEC Rule 613(a)(3)(iii) and Section 6.7(a)(ii) of the CAT NMS Plan.

[32] 15 U.S.C. 78f(b)(5).

[33] 15 U.S.C. 78f(b)(8).

the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the Proposed Rules 4.5 through 4.16 implement provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing similar rules to apply the requirements of the CAT NMS Plan to their members. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

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 Exchange consents, the Commission will: (a) By order approve or disapprove such 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–BatsBYX–2017–02 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–BatsBYX–2017–02. 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–BatsBYX–2017–02 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02549 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[34] Approval Order at 84697.

[35] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79940; File No. SR–IEX–2017–03]

Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing of Proposed Rule Change To Amend IEX Rule 16.135 To Adopt Generic Listing Standards for Managed Fund Shares

February 2, 2017.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on January 19, 2017, the Investors Exchange LLC (''IEX'' or the ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II 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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 (''Act''),[4] and Rule 19b–4 thereunder,[5] Investors Exchange LLC (''IEX'' or ''Exchange'') is filing with the Commission a proposed rule change to amend IEX Rule 16.135 to adopt generic listing standards for Managed Fund Shares.

The text of the proposed rule change is available at the Exchange's Web site at *www.iextrading.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 the 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.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] 15 U.S.C. 78s(b)(1).

[5] 17 CFR 240.19b–4.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Overview

The Exchange proposes to amend IEX Rule 16.135 to adopt generic listing standards for Managed Fund Shares. The proposed rule change is substantially identical to existing rules of the Nasdaq Stock Market (''Nasdaq'').

The Exchange proposes to amend IEX Rule 16.135 to adopt generic listing standards for Managed Fund Shares, as well as to make additional changes as described below. Under the Exchange's current rules, a proposed rule change would need to be filed with the Commission for the listing and trading of each new series of Managed Fund Shares. The Exchange believes that it is appropriate to codify certain rules within Rule 16.135 that would generally eliminate the need for such proposed rule changes, which would create greater efficiency and promote uniform standards in the listing process.[6]

The Exchange does not currently list any Managed Fund Shares. The proposed rule change would be applicable in the event IEX lists Managed Fund Shares.

Background

Rule 16.135 sets forth certain rules related to the listing and trading of Managed Fund Shares.[7] Under Rule 16.135(c)(1), the term ''Managed Fund Share'' means a security that:

(a) Represents an interest in a registered investment company (''Investment Company'') organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser (hereinafter ''Adviser'') consistent with the Investment Company's investment objectives and policies;

(b) is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value; and

(c) when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined net asset value.

Effectively, Managed Fund Shares are securities issued by an actively-managed open-end Investment Company (*i.e.,* an actively-managed exchange-traded fund (''ETF'')). Because Managed Fund Shares are actively managed, they do not seek to replicate the performance of a specified passive index of securities. Instead, they generally use an active investment strategy to seek to meet their investment objectives. In contrast, an open-end Investment Company that issues Index Fund Shares, listed and traded on the Exchange pursuant to IEX Rule 16.105(b), seeks to provide investment results that generally correspond to the price and yield performance of a specific foreign or domestic stock index, fixed income securities index, or combination thereof.

All Managed Fund Shares listed and/or traded pursuant to Rule 16.135 (including pursuant to unlisted trading privileges) are subject to the full panoply of Exchange rules and procedures that currently govern the trading of equity securities on the Exchange.[8]

In addition, Rule 16.135(d) currently provides for the criteria that Managed Fund Shares must satisfy for initial and continued listing on the Exchange, including, for example, that a minimum number of Managed Fund Shares are required to be outstanding at the time of commencement of trading on the Exchange. However, the current process for listing and trading new series of Managed Fund Shares on the Exchange would require that the Exchange submit a proposed rule change with the Commission. In this regard, Rule 16.135(b)(1) specifies that the Exchange will file separate proposals under Section 19(b) of the Act (hereinafter, a ''proposed rule change'') before listing and trading shares of an issue of Managed Fund Shares.

Proposed Changes to Rule 16.135

The Exchange proposes to amend Rule 16.135(b)(1) to specify that the Exchange may approve Managed Fund Shares for listing and/or trading (including pursuant to unlisted trading privileges) pursuant to SEC Rule 19b–4(e) under the Act, which pertains to derivative securities products (''SEC Rule 19b–4(e)'').[9] SEC Rule 19b–4(e)(1) provides that the listing and trading of a new derivative securities product by a self-regulatory organization (''SRO'') is not deemed a proposed rule change, pursuant to paragraph (c)(1) of Rule 19b–4,[10] if the Commission has approved, pursuant to Section 19(b) of the Act, the SRO's trading rules, procedures and listing standards for the product class that would include the new derivative securities product and the SRO has a surveillance program for the product class. It is the Exchange's understanding that this is the current method pursuant to which ''passive'' ETFs are listed on Nasdaq and NYSE Arca, Inc. (''NYSE Arca'').

The Exchange would also specify within Rule 16.135(b)(1) that components of Managed Fund Shares listed pursuant to SEC Rule 19b–4(e) must satisfy, upon initial listing and on a continual basis, certain specific criteria, which the Exchange would include within Rule 16.135(b)(1), as described in greater detail below. As proposed, the Exchange would file separate proposed rule changes before the listing and trading of Managed Fund Shares with components that do not satisfy the additional criteria described below or components other than those specified below. For example, if the components of a Managed Fund Share exceeded one of the applicable thresholds, the Exchange would file a separate proposed rule change before listing and trading such Managed Fund Share. Similarly, if the components of a Managed Fund Share included a security or asset that is not specified below, the Exchange would file a separate proposed rule change.

The Exchange would also add to Rule 16.135(c) to provide that the Web site for each series of Managed Fund Shares shall disclose certain information regarding the Disclosed Portfolio, to the extent applicable. The required information includes the following, to the extent applicable: Ticker symbol, CUSIP or other identifier, a description of the holding, identity of the asset upon which the derivative is based, the strike price for any options, the quantity of each security or other asset held as

[6] This proposed rule change is substantially identical to changes approved by the Commission to Nasdaq Rule 5735. *See,* Securities Exchange Act Release No. 78918 (September 23, 2016), 81 FR 67033 (September 29, 2016) (SR–NASDAQ–2016–104).

[7] IEX Rule 16.135 was approved in connection with IEX's approval as a national securities exchange. *See,* Securities Exchange Act Release No. 34–78101 at 47 (June 17, 2016), 81 FR 41141 (June 23, 2016) (File No. 10–222).

[8] *See* Rule 11.120.

[9] 17 CFR 240.19b–4(e). As provided under SEC Rule 19b–4(e), the term ''new derivative securities product'' means any type of option, warrant, hybrid securities product, or any other security, other than a single equity option or a security futures product, whose value is based, in whole or in part, upon the performance of, or interest in, an underlying instrument.

[10] 17 CFR 240.19b–4(c)(1). As provided under SEC Rule 19b–4(c)(1), a stated policy, practice, or interpretation of the SRO shall be deemed to be a proposed rule change unless it is reasonably and fairly implied by an existing rule of the SRO.

measured by select metrics, maturity date, coupon rate, effective date, market value, and percentage weight of the holding in the portfolio.[11]

In addition, the Exchange would amend Rule 16.135(d) to specify that all Managed Fund Shares must have a stated investment objective, which must be adhered to under normal market conditions.[12]

Finally, the Exchange would also amend the continued listing requirements in Rule 16.135(d)(2)(A) by changing the requirement that an Intraday Indicative Value for Managed Fund Shares be widely disseminated by one or more major market data vendors at least every 15 seconds during the time when the Managed Fund Shares trade on the Exchange to a requirement that an Intraday Indicative Value be widely disseminated by one or more major market data vendors at least every 15 seconds during the Regular Market Session (as defined in Rule 1.160(gg)).

Proposed Managed Fund Share Portfolio Standards

The Exchange is proposing standards that would pertain to Managed Fund Shares to qualify for listing and trading pursuant to SEC Rule 19b–4(e). These standards would be grouped according to security or asset type. The Exchange notes that the standards proposed for a Managed Fund Share portfolio that holds U.S. Component Stocks, Non-U.S. Component Stocks, Exchange Traded Derivative Securities, and Linked Securities are based in large part on the existing equity security standards applicable to Index Fund Shares in Rule 16.105(b)(3).

The standards proposed for a Managed Fund Share portfolio that holds fixed income securities are based in large part on the existing fixed income security standards applicable to Index Fund Shares in Rule 16.105(b)(4). Many of the standards proposed for other types of holdings in a Managed Fund Share portfolio are based on previous rule changes by Nasdaq and NYSE Arca for specific series of Managed Fund Shares.[13]

Proposed Rule 16.135(b)(1)(A) would describe the standards for a Managed Fund Share portfolio that holds equity securities, which are defined to be U.S. Component Stocks,[14] Non-U.S. Component Stocks,[15] Exchange Traded Derivative Securities,[16] and Linked Securities[17] listed on a national securities exchange. For Exchange Traded Derivative Securities and Linked Securities, no more than 25% of the equity weight of the portfolio could include leveraged and/or inverse leveraged Exchange Traded Derivative Securities or Linked Securities. In addition, proposed Rule 16.135(b)(1)(A) would provide that, to the extent that a portfolio includes convertible securities, the equity security into which such security is converted would be required to meet the criteria of Rule 16.135(b)(1)(A) after converting.

As proposed in Rule 16.135(b)(1)(A)(i), the component stocks of the equity portion of a portfolio that are U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:

(1) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in the aggregate account for at least 90% of the equity weight of the portfolio (excluding such Exchange Traded Derivative Securities and Linked Securities) each must have a minimum market value of at least $75 million; [18]

(2) Component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) that in the aggregate account for at least 70% of the equity weight of the portfolio (excluding such Exchange Traded Derivative Securities and Linked Securities) each must have a minimum monthly trading volume of 250,000 shares or minimum notional volume traded per month of $25,000,000, averaged, over the last six months; [19]

(3) The most heavily weighted component stock (excluding Exchange

[11] Proposed rule changes for series of Managed Fund Shares previously listed on Nasdaq have similarly included disclosure requirements with respect to each portfolio holding, as applicable to the type of holding. *See, e.g.,* Securities Exchange Act Release No. 77688 (April 22, 2016), 81 FR 25467 (April 28, 2016) (SR–NASDAQ–2016–030) (the ''Elkhorn Dorsey Wright Commodity Rotation Portfolio of Elkhorn ETF Trust Approval''), generally. *See also* Securities Exchange Act Release No. 72666 (July 3, 2014), 79 FR 44224 (July 30, 2014) (SR–NYSEArca–2013–122) (the ''PIMCO Total Return Use of Derivatives Approval''), generally and at 44227.

[12] The Exchange would also add a new defined term under Rule 16.135(c)(5) to specify that the term ''normal market conditions'' includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (*e.g.,* systems failure) causing dissemination of inaccurate market information; or force majeure type events such as a natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

[13] *See, e.g.,* Securities Exchange Act Release No. 77688 (April 22, 2016), 81 FR 25467 (April 28, 2016) (SR–NASDAQ–2016–030) (order approving listing and trading of Elkhorn Dorsey Wright Commodity Rotation Portfolio of Elkhorn ETF Trust). *See also* Securities Exchange Act Release Nos. 72728 (July 31, 2014) 79 FR 45852 (August 6, 2014) (SR–NASDAQ–2014–059) (order approving listing and trading of Global X Commodities Strategy ETF) 72506 (July 1, 2014), 79 FR 38631 (July 8, 2014) (SR–NASDAQ–2014–050) (order approving listing and trading of First Trust Strategic Income ETF); 69464 (April 26, 2013), 78 FR 25774 (May 2, 2013) (SR–NASDAQ–2013–036) (order approving listing and trading of First Trust Senior Loan Fund); and 66489 (February 29, 2012), 77 FR 13379 (March 6, 2012) (SR–NASDAQ–2012–004) (order approving listing and trading of WisdomTree Emerging Markets Corporate Bond Fund). *See also* Securities Exchange Act Release Nos. 66321 (February 3, 2012), 77 FR 6850 (February 9, 2012) (SR–NYSEArca–2011–95) (the ''PIMCO Total Return Approval''); 69244 (March 27, 2013), 78 FR 19766 (April 2, 2013) (SR–NYSEArca–2013–08) (the ''SPDR Blackstone/GSO Senior Loan Approval''); 68870 (February 8, 2013), 78 FR 11245 (February 15, 2013) (SR–NYSEArca–2012–139) (the ''First Trust Preferred Securities and Income Approval''); 69591 (May 16, 2013), 78 FR 30372 (May 22, 2013) (SR–NYSEArca–2013–33) (the ''International Bear Approval''); 61697 (March 12, 2010), 75 FR 13616 (March 22, 2010) (SR–NYSEArca–2010–04) (the ''WisdomTree Real Return Approval''); and 67054 (May 24, 2012), 77 FR 32161 (May 31, 2012) (SR–NYSEArca–2012–25) (the ''WisdomTree Brazil Bond Approval''). Certain standards proposed herein for Managed Fund Shares are also based on previous proposed Nasdaq rule changes for specific series of Index Fund Shares for which Commission approval for listing was required due to the Index Fund Shares not satisfying certain standards of Rule 5705(b)(3) and 5705(b)(4). On NYSE Arca, similar products under NYSE Commentary .01 and .02 to NYSE Arca Equities Rule 5.2(j)(3) are called Investment Company Units. See, *e.g.,* Securities Exchange Act Release No. 69373 (April 15, 2013), 78 FR 23601 (April 19, 2013) (SR–NYSEArca–2012–108) (the ''NYSE Arca U.S. Equity Synthetic Reverse Convertible Index Fund Approval'').

[14] For purposes of Rule 16.135(b)(1) and this proposal, the term ''U.S. Component Stocks'' would have the same meaning as defined in Rule 16.105(b)(1)(D).

[15] For purposes of Rule 16.135(b)(1) and this proposal, the term ''Non-U.S. Component Stocks'' would have the same meaning as defined in Rule 16.105(b)(1)(E).

[16] For the purposes of Rule 16.135(b)(1)(A) and this proposal, proposed Rule 16.135(c)(6) would define the term ''Exchange Traded Derivative Securities'' to mean the securities described in Rules 16.105(a) (Portfolio Depository Receipts); 16.105(b) (Index Fund Shares); 16.120 (Trust Issued Receipts); 16.111(d) (Commodity-Based Trust Shares); 16.111(e) (Currency Trust Shares); 16.111(f), (Commodity Index Trust Shares); 16.111(g) (Commodity Futures Trust Shares); 16.111(h) (Partnership Units); 16.111(i) (Trust Units); 16.135 (Managed Fund Shares); and 16.111(j) (Managed Trust Securities). This proposed definition is more narrow than the term ''Derivative Securities Product,'' as defined in Rule 16.170(d)(1).

[17] Linked Securities are securities that qualify for Exchange listing and trading under Rule 16.110. The securities described in Rules 16.105, 16.110, and 16.135(c)(6), as referenced above, would include securities listed on another national securities exchange pursuant to substantially equivalent listing rules.

[18] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(i)(b), except for the omission of the reference to ''index,'' which is not applicable, the substitution of a more narrow exclusion for ''Exchange Traded Derivative Securities'' instead of for ''Derivative Securities Products,'' and the addition of the reference to Linked Securities.

[19] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(i)(c), except for the omission of the reference to ''index,'' which is not applicable, the substitution of a more narrow exclusion for ''Exchange Traded Derivative Securities'' instead of for ''Derivative Securities Products,'' and the addition of the reference to Linked Securities.

Traded Derivative Securities and Linked Securities) must not exceed 30% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted component stocks (excluding Exchange Traded Derivative Securities and Linked Securities) must not exceed 65% of the equity weight of the portfolio; [20]

(4) Where the equity portion of the portfolio does not include Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 13 component stocks; provided, however, that there shall be no minimum number of component stocks if (a) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (b) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; [21]

(5) Except as provided in proposed Rule 16.135(b)(1)(A), equity securities in the portfolio must be U.S. Component Stocks listed on a national securities exchange and must be NMS Stocks as defined in Rule 600 of Regulation NMS; [22] and

(6) American Depositary Receipts (''ADRs'') may be exchange-traded or non-exchange-traded. However, no more than 10% of the equity weight of the portfolio shall consist of non-exchange-traded ADRs.[23]

As proposed in Rule 16.135(b)(1)(A)(ii), the component stocks of the equity portion of a portfolio that are Non-U.S. Component Stocks shall meet the following criteria initially and on a continuing basis:

(1) Non-U.S. Component Stocks each shall have a minimum market value of at least $100 million; [24]

(2) Non-U.S. Component Stocks each shall have a minimum global monthly trading volume of 250,000 shares, or minimum global notional volume traded per month of $25,000,000, averaged over the last six months; [25]

(3) The most heavily weighted Non-U.S. Component Stock shall not exceed 25% of the equity weight of the portfolio, and, to the extent applicable, the five most heavily weighted Non-U.S. Component Stocks shall not exceed 60% of the equity weight of the portfolio; [26]

(4) Where the equity portion of the portfolio includes Non-U.S. Component Stocks, the equity portion of the portfolio shall include a minimum of 20 component stocks; provided, however, that there shall be no minimum number of component stocks if (i) one or more series of Exchange Traded Derivative Securities or Linked Securities constitute, at least in part, components underlying a series of Managed Fund Shares, or (ii) one or more series of Exchange Traded Derivative Securities or Linked Securities account for 100% of the equity weight of the portfolio of a series of Managed Fund Shares; [27] and

(5) Each Non-U.S. Component Stock shall be listed and traded on an exchange that has last-sale reporting.[28]

The Exchange notes that it is not proposing to require that any of the equity portion of the equity portfolio composed of Non-U.S. Component Stocks be listed on markets that are either a member of the Intermarket Surveillance Group (''ISG'') or a market with which the Exchange has a comprehensive surveillance sharing agreement (''CSSA'').[29] However, as further detailed below, the regulatory staff of the Exchange, or the Financial Industry Regulatory Authority, Inc. (''FINRA''), on behalf of the Exchange, will communicate as needed regarding trading in Managed Fund Shares with other markets that are members of the ISG, including U.S. securities exchanges on which the components are traded.

The Exchange notes that the generic listing standards for Index Fund Shares based on foreign indexes in Rule 16.105 do not include specific ISG or CSSA requirements.[30] In addition, the Commission has approved listing and trading on Nasdaq of shares of an issue of Managed Fund Shares under Nasdaq Rule 5735 (which is substantially identical to IEX Rule 16.135) where non-U.S. equity securities in such issue's portfolio meet specified criteria and where there is no requirement that such non-U.S. equity securities are traded in markets that are members of ISG or with which Nasdaq has in place a CSSA.[31]

[20] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(i)(d), except for the omission of the reference to ''index,'' which is not applicable, the substitution of a more narrow exclusion for ''Exchange Traded Derivative Securities'' instead of for ''Derivative Securities Products,'' and the addition of the reference to Linked Securities.

[21] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(i)(e), except for the omission of the reference to ''index,'' which is not applicable, the addition of the reference to Linked Securities, the substitution of a more narrow exclusion for ''Exchange Traded Derivative Securities'' instead of for ''Derivative Securities Products,'' and the reference to the 100% limit applying to the ''equity portion'' of the portfolio.

[22] 17 CFR 240.600. This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(i)(f), except for the addition of ''equity'' to make clear that the standard applies to ''equity securities,'' the exclusion of unsponsored ADRs, and the omission of the reference to ''index,'' which is not applicable.

[23] Proposed rule changes for previously-listed series of Managed Fund Shares have similarly included the ability for such Managed Fund Shareholdings to include not more than 10% of net assets in unsponsored ADRs (which are not exchange listed). *See, e.g.,* Securities Exchange Act Release No. 73480 (October 31, 2014), 79 FR 66022 (November 6, 2014) (SR–NASDAQ–2014–090) (order approving the Listing and Trading of Shares of the Validea Market Legends ETFs). *See also* Securities Exchange Act Release No. 71067 (December 12, 2013), 78 FR 76669 (December 18, 2013) (order approving listing and trading of shares of the SPDR MFS Systematic Core Equity ETF, SPDR MFS Systematic Growth Equity ETF, and SPDR MFS Systematic Value Equity ETF under NYSE Arca Equities Rule 8.600).

[24] The proposed text is identical to the corresponding representations from the First Trust Approval Order and the SSgA Global Managed Volatility Release, as noted in footnote 31, below. The proposed text is also substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(ii)(a), except for the omission of the reference to ''index,'' which is not applicable, and that each Non-U.S. Component Stock must have a minimum market value of at least $100 million instead of the 90% required under Rule 16.105(b)(3)(A)(ii)(a).

[25] The proposed text is identical to the corresponding representations from the First Trust Approval Order and the SSgA Global Managed Volatility Release, as noted in footnote 31, below. This proposed text also is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(ii)(b), except for the omission of the reference to ''index,'' which is not applicable.

[26] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(ii)(c), except for the omission of the reference to ''index,'' which is not applicable.

[27] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(3)(A)(ii)(d), except for the omission of the reference to ''index,'' which is not applicable, the substitution of a more narrow exclusion for ''Exchange Traded Derivative Securities'' instead of for ''Derivative Securities Products,'' the addition of the reference to Linked Securities, the reference to the equity portion of the portfolio including Non-U.S. Component Stocks, and the reference to the 100% limitation applying to the ''equity weight'' of the portfolio, which is included because the proposed standards in Rule 16.135(b) permit the inclusion of non-equity securities, whereas Rule 16.105 applies only to equity securities.

[28] This proposed text is substantively identical to Rule 16.105(b)(3)(A)(ii)(e). as it relates to Non-U.S. Component Stocks.

[29] ISG is comprised of an international group of exchanges, market centers, and market regulators that perform front-line market surveillance in their respective jurisdictions. *See www.isgportal.org.* A list of ISG members is available at *www.isgportal.org.*

[30] Under Rule 16.105(b)(3), Index Fund Shares with components that include Non-U.S. Component Stocks can hold a portfolio that is entirely composed of Non-U.S. Component Stocks that are listed on markets that are neither members of ISG, nor with which the Exchange has in place a CSSA.

[31] *See, e.g.,* Securities Exchange Act Release No. 77548 (April 6, 2016), 81 FR 21626 (April 12, 2016) (SR–NASDAQ–2015–161) (order approving listing and trading of the Shares of the First Trust RiverFront Dynamic Europe ETF, First Trust RiverFront Dynamic Asia Pacific ETF, First Trust RiverFront Dynamic Emerging Markets ETF, and First Trust RiverFront Dynamic Developed International ETF of First Trust Exchange-Traded

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Proposed Rule 16.135(b)(1)(B) would describe the standards for a Managed Fund Share portfolio that holds fixed income securities, which are debt securities [32] that are notes, bonds, debentures, or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities (''Treasury Securities''), government-sponsored entity securities (''GSE Securities''), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof, investment grade and high yield corporate debt, bank loans, mortgage and asset backed securities, and commercial paper.

In addition, to the extent that a portfolio includes convertible securities, the fixed income security into which such security is converted would be required to meet the criteria of Rule 16.135(b)(1)(B) after converting.

The components of the fixed income portion of the portfolio must meet the following criteria initially and on a continuing basis:

(1) Components that in the aggregate account for at least 75% of the fixed income weight of the portfolio each shall have a minimum original principal amount outstanding of $100 million or more; [33]

(2) No component fixed-income security (excluding Treasury Securities and GSE Securities could represent more than 30% of the fixed income weight of the portfolio; and the five most heavily weighted component fixed income securities in the portfolio (excluding Treasury Securities and GSE Securities) must not in the aggregate account for more than 65% of the fixed income weight of the portfolio; [34]

(3) An underlying portfolio (excluding exempted securities) that includes fixed income securities must include a minimum of 13 non-affiliated issuers; provided, however, that there shall be no minimum number of non-affiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in proposed Rule 16.135(b)(1)(A); [35]

(4) Component securities that in aggregate account for at least 90% of the fixed income weight of the portfolio must be either (a) from issuers that are required to file reports pursuant to Sections 13 and 15(d) of the Act; (b) from issuers that have a worldwide market value of outstanding common equity held by non-affiliates of $700 million or more; (c) from issuers that have outstanding securities that are notes, bonds, debentures, or evidence of indebtedness having a total remaining principal amount of at least $1 billion; [36] (d) exempted securities as defined in Section 3(a)(12) of the Act; or (e) from issuers that are a government of a foreign country or a political subdivision of a foreign country; and

(5) Non-agency, non-GSE, and privately-issued mortgage-related and other asset backed securities components of a portfolio shall not account, in the aggregate, for more than 20% of the weight of the fixed income portion of the portfolio.[37]

Proposed Rule 16.135(b)(1)(C) would describe the standards for a Managed Fund Share portfolio that holds cash and cash equivalents.[38] Specifically, the portfolio may hold short-term instruments with maturities of less than 3 months. There would be no limitation on the percentage of the portfolio invested in such holdings. Short-term instruments would include the following: [39]

(1) U.S. Government securities, including bills, notes, and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities;

(2) certificates of deposit issued against funds deposited in a bank or savings and loan association;

(3) bankers' acceptances, which are short-term credit instruments used to finance commercial transactions;

(4) repurchase agreements and reverse repurchase agreements;

(5) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest;

(6) commercial paper, which are short-term unsecured promissory notes; and

(7) money market funds.

Proposed Rule 16.135(b)(1)(D) would describe the standards for a Managed Fund Share portfolio that holds listed derivatives, including futures, options, and swaps on commodities, currencies, and financial instruments (*e.g.,* stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing.[40] There would be no limitation on the percentage of the portfolio invested in such holdings, subject to the following requirements:

(1) In the aggregate, at least 90% of the weight of such holdings invested in futures, exchange-traded options, and listed swaps shall, on both an initial and continuing basis, consist of futures, options, and swaps for which the Exchange may obtain information via the ISG from other members or affiliates of the ISG or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement (for purposes of calculating this limitation, a portfolio's investment in listed derivatives will be calculated as the aggregate gross notional value of the listed derivatives); and

Fund III) (the ''First Trust Approval Order''). *See also* Securities Exchange Act Release No. 75023 (May 21, 2015), 80 FR 30519 (May 28, 2015) (SR–NYSEArca–2014–100) (order approving listing and trading on the Exchange of shares of the SPDR SSgA Global Managed Volatility ETF under NYSE Arca Equities Rule 8.600) (''SSgA Global Managed Volatility Release'').

[32] Debt securities include a variety of fixed income obligations, including, but not limited to, corporate debt securities, government securities, municipal securities, convertible securities, and mortgage-backed securities. Debt securities include investment-grade securities, non-investment-grade securities, and unrated securities. Debt securities also include variable and floating rate securities.

[33] This text of proposed Rule 16.135(b)(1)(B)(i) is based on the corresponding text of Rule 16.105(b)(4)(A)(ii).

[34] This proposed text is substantively identical to the corresponding text of 16.105(b)(4)(A)(iv), except for the omission of the reference to ''index,'' which is not applicable.

[35] This proposed text is substantively identical to the corresponding text of Rule 16.105(b)(4)(A)(v), except for the omission of the reference to ''index,'' which is not applicable, the exclusion of the text ''consisting entirely of exempted securities'' and the provision that there shall be no minimum number of nonaffiliated issuers required for fixed income securities if at least 70% of the weight of the portfolio consists of equity securities as described in proposed Rule 16.135(b)(1)(A).

[36] With respect to subparagraphs (b) and (c) above, the special purpose vehicle (''SPV'') that issues the fixed income security (*e.g.,* an asset-backed or mortgage backed security) would itself be required to satisfy the $700 million and $1 billion criteria, respectively, and not the entity that controls, owns or is affiliated with the SPV.

[37] Proposed rule changes for previously-listed series of Managed Fund Shares have similarly included the ability for such Managed Fund Share holdings to include up to 20% of net assets in non-agency, non-GSE and privately-issued mortgage related and other asset-backed securities. *See, e.g.,* Securities Exchange Act Release No. 74742 (April 16, 2015) 80 FR 22584 (April 22, 2015) (SR–NASDAQ–2015–011) (order approving the listing and trading of shares of the First Trust Strategic Floating Rate ETF of First Trust Exchange-Traded Fund IV. *See also,* Securities Exchange Act Release No. 75566 (July 30, 2015), 80 FR 46612 (August 5, 2015) (SR–NYSEArca–2015–42) (order approving listing and trading of shares of Newfleet Multi-Sector Unconstrained Bond ETF under Rule 8.600).

[38] Proposed rule changes for previously-listed series of Managed Fund Shares have similarly included the ability for such Managed Fund Share holdings to include cash and cash equivalents. *See, e.g.,* note 13 *supra.*

[39] Proposed rule changes for previously-listed series of Managed Fund Shares have similarly specified short-term instruments with respect to their inclusion in Managed Fund Share holdings. *See, e.g.,* note 13 *supra.*

[40] Proposed rule changes for previously-listed series of Managed Fund Shares have similarly included the ability for such Managed Fund Share holdings to include listed derivatives. *See, e.g.,* note 13 *supra.*

(2) the aggregate gross notional value of listed derivatives based on any five or fewer underlying reference assets shall not exceed 65% of the weight of the portfolio (including gross notional exposures), and the aggregate gross notional value of listed derivatives based on any single underlying reference asset shall not exceed 30% of the weight of the portfolio (including gross notional exposures).

Proposed Rule 16.135(b)(1)(E) would describe the standards for a Managed Fund Share portfolio that holds over the counter (''OTC'') derivatives, including forwards, options and swaps on commodities, currencies and financial instruments (*e.g.,* stocks, fixed income, interest rates, and volatility) or a basket or index of any of the foregoing.[41] Proposed Rule 16.135(b)(1)(E) would provide that, on both an initial and continuing basis, no more than 20% of the assets in the portfolio may be invested in OTC derivatives. For purposes of calculating this limitation, a portfolio's investment in OTC derivatives will be calculated as the aggregate gross notional value of the OTC derivatives.

Proposed Rule 16.135(b)(1)(F) would provide that, to the extent that listed or OTC derivatives are used to gain exposure to individual equities and/or fixed income securities, or to indexes of equities and/or fixed income securities, the aggregate gross notional value of such exposure shall meet the criteria set forth in Rules 16.135(b)(1)(A) and (B) (including gross notional exposures), respectively.

The following examples illustrate how certain of the proposed generic criteria of Rule 16.135 would be applied:

1. An actively managed ETF holds non-agency MBS that represent 15% of the weight of the fixed income portion of the portfolio. The fixed income portion of the portfolio meets all the requirements of Rule 16.135(b)(1)(B). The ETF also holds an OTC swap on a non-agency MBS Index that represents 10% of the fixed income weight of the portfolio calculated on a notional value basis. Separately, the OTC swap and fixed income portion of the portfolio would meet the requirements of Rule 16.135(b)(1). However, when the 15% weight in non-agency MBS and the 10% weight in the non-agency MBS Index OTC swap are combined, as required by proposed 16.135(b)(1)(F), the 25% total weight would exceed the 20% limit for non-agency GSE and privately-issued mortgage-related securities in Rule 16.135(b)(1)(B)(v). The portfolio, therefore, would not meet the proposed generic criteria of Rule 16.135.

2. An actively managed ETF holds a portfolio of non-U.S. equity securities, S&P 500 Index and gold futures. S&P 500 Index futures and the gold futures held by the fund are listed on an ISG member exchange. The equity portion of the portfolio consists of developed and emerging markets equity securities with a current aggregate market value of $15 million and all components meet the requirements under Rule 16.135(b)(1)(A)(ii). The gold futures contract trading unit size is 100 troy ounces and an ounce of gold is currently worth $1200. The fund holds 500 gold futures contracts with a notional value of $60 million (500*100*$1200). One S&P 500 contract represents 250 units of the S&P 500 Index and the S&P 500 Index is trading at $2,000. The portfolio holds 50 contracts, so the notional value of the S&P 500 Index futures position is $25 million (50*250*$2000). The S&P 500 Index futures meet the requirement under Rule 16.135(b)(1)(F), that is, the S&P 500 Index meets the criteria in Rule 16.135(b)(1)(A). The weights of the components are as follows; equity securities represent 15% of the portfolio, gold futures represent 60% of the portfolio and S&P 500 Index futures represent 25% of the portfolio. The gold futures represent 60% of the portfolio and exceeds the 30% concentration limitation on any single underlying reference asset as outlined in proposed Rule 16.135(b)(1)(D)(ii). The portfolio, therefore, would not meet the proposed generic criteria of Rule 16.135.

3. An actively managed ETF holds a portfolio of equity securities and call option contracts on company XYZ. The equity portion of the portfolio meets the requirements under Rule 16.135(b)(1)(A). Company XYZ represents 20% of the weight of the equity portion of the portfolio. The equity portion of the fund has a market value of $100 million and the market value of the fund's holdings in company XYZ has a market value of $20 million. The fund also holds 10,000 call option contracts on company XYZ which has a current market price of $50 a share and, therefore, a notional value of $50 million (50*100*10,000) (that is, the $50 market price per share times the multiplier of 100 times 10,000 contracts). The option contracts are traded on an ISG member exchange. The total exposure to company XYZ is therefore $70 million and represents 46.7% ($70 million/$150 million=46.7%) of the portfolio. This fund would not meet the requirements of Rule 16.135 because the exposure to XYZ at 46.7% exceeds the 30% concentration limitation of proposed Rule 16.135(b)(1)(D)(ii).

The Exchange believes that the proposed standards would ensure transparency surrounding the listing process for Managed Fund Shares. Additionally, the Exchange believes that the proposed portfolio standards for listing and trading Managed Fund Shares, many of which track existing Exchange rules relating to Index Fund Shares, are reasonably designed to promote a fair and orderly market for such Managed Fund Shares. These proposed standards would also work in conjunction with the existing initial and continued listing criteria related to surveillance procedures and trading guidelines.

In support of this proposal, the Exchange represents that:

1. Any Managed Fund Shares listed and traded on IEX will conform to the initial and continued listing criteria under Rule 16.135;

2. the Exchange's surveillance procedures are adequate to continue to properly monitor the trading of the Managed Fund Shares in all trading sessions and to deter and detect violations of Exchange rules. Specifically, the Exchange intends to utilize its existing surveillance procedures applicable to derivative products, which will include Managed Fund Shares, to monitor trading in the Managed Fund Shares;

3. prior to the commencement of trading of a particular series of Managed Fund Shares, the Exchange will inform its members in an information circular (''Circular'') of the special characteristics and risks associated with trading the Managed Fund Shares, including procedures for purchases and redemptions of Managed Fund Shares, suitability requirements under Rules 3.150 and 3.170, the risks involved in trading the Managed Fund Shares during the Pre-Market and Post-Market Sessions when an updated Intraday Indicative Value will not be calculated or publicly disseminated, information regarding the Intraday Indicative Value and the Disclosed Portfolio, prospectus delivery requirements, and other trading information. In addition, the Circular will disclose that the Managed Fund Shares are subject to various fees and expenses, as described in the applicable registration statement, and will discuss

[41] A proposed rule change for series of Index Fund Shares previously listed and traded on Nasdaq pursuant to Nasdaq Rule 5705 similarly included the ability for such Index Fund Shares' holdings to include OTC derivatives, specifically OTC down-and-in put options, which are not NMS Stocks as defined in Rule 600 of Regulation NMS and therefore did not satisfy the requirements of Nasdaq Rule 5705. *See, e.g.,* note 13 *supra,* regarding NYSE Arca U.S. Equity Synthetic Reverse Convertible Index Fund Approval.

any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. Finally, the Circular will disclose that the net asset value for the Managed Fund Shares will be calculated after 4 p.m., ET, each trading day; and

4. the issuer of a series of Managed Fund Shares will be required to comply with Rule 10A–3 under the Act for the initial and continued listing of Managed Fund Shares, as provided under the IEX Rule Series 14.400.

The Exchange, on a periodic basis and no less than annually, will review issues of Managed Fund Shares generically listed pursuant to Rule 16.135, and will provide a report to the Regulatory Oversight Committee of the Exchange's Board of Directors regarding the Exchange's findings. In addition, the Exchange will provide the Commission staff with a report each calendar quarter that includes the following information for issues of Managed Fund Shares listed during such calendar quarter under Rule 16.135(b)(1): (1) Trading symbol and date of listing on the Exchange; (2) the number of active authorized participants and a description of any failure of an issue of Managed Fund Shares or of an authorized participant to deliver shares, cash, or cash and financial instruments in connection with creation or redemption orders; and (3) a description of any failure of an issue of Managed Fund Shares to comply with Rule 16.135.

Prior to listing pursuant to proposed amended Rule 16.135(b)(1), an issuer would be required to represent to the Exchange that it will advise the Exchange of any failure by a series of Managed Fund Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under IEX Rule Series 14.500.

The Exchange notes that the proposed change is not otherwise intended to address any other issues and that the Exchange is not aware of any problems that members or issuers would have in complying with the proposed change.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with Section 6(b)[42] of the Act in general, and furthers the objectives of Section 6(b)(5) of the Act,[43] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in 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 change to adopt generic listing standards for Managed Fund Shares is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest because it would facilitate the potential listing and trading of Managed Fund Shares on the Exchange, which would enhance competition among market participants, to the benefit of investors and the marketplace. The proposed change would codify in Rule 16.135 specified criteria that have been the basis for proposed rule filings by Nasdaq and NYSE Arca with the Commission for the listing and trading of each new series of Managed Fund Shares. The Exchange believes that such codification is appropriate in that it would facilitate the listing and trading of additional types of Managed Fund Shares that have investment portfolios that are similar to investment portfolios for Index Fund Shares, which have been approved for listing and trading, thereby creating greater efficiencies in the listing process for the Exchange and the Commission should the Exchange seek to list Managed Fund Shares. Moreover, the proposed generic standards for Managed Fund Shares are substantially identical to those that the Commission approved for Nasdaq, finding that such standards are consistent with the Section 6(b)(5) of the Act, noting that Nasdaq's proposal in turn was substantially identical to proposals the Commission had recently approved for NYSE Arca and Bats BZX Exchange (previously BATS Exchange).[44]

The Exchange further believes that the proposed rule change is designed to protect investors and the public interest because Managed Fund Shares listed and traded pursuant to Rule 16.135, including pursuant to the proposed new portfolio standards, would continue to be subject to the full panoply of Exchange rules and procedures that currently govern the trading of equity securities on the Exchange.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices because the Managed Fund Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in Rule 16.135. The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Managed Fund Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. FINRA, on behalf of the Exchange, or the regulatory staff of the Exchange, will communicate as needed regarding trading in Managed Fund Shares with other markets that are members of the ISG, including all U.S. securities exchanges and futures exchanges on which the components are traded.

In addition, the Exchange may obtain information regarding trading in Managed Fund Shares from other markets that are members of the ISG, including all U.S. securities exchanges and futures exchanges on which the components are traded, or with which the Exchange has in place a CSSA.

The Exchange also believes that the proposed rule change would fulfill the intended objective of Rule 19b–4(e) under the Act by allowing Managed Fund Shares that satisfy the proposed listing standards to be listed and traded without separate Commission approval. However, as proposed, the Exchange would continue to file separate proposed rule changes before the listing and trading of Managed Fund Shares that do not satisfy the additional criteria described above.

The Exchange, on a periodic basis and no less than annually, will review issues of Managed Fund Shares listed pursuant to Rule 16.135(b)(1), and will provide a report to the Regulatory Oversight Committee of the Exchange's Board of Directors regarding the Exchange's findings. In addition, the Exchange will provide the Commission staff with a report each calendar quarter that includes the following information for issues of Managed Fund Shares listed during such calendar quarter under Rule 16.135(b)(1): (1) Trading symbol and date of listing on the Exchange; (2) the number of active authorized participants and a description of any failure of an issue of Managed Fund Shares listed pursuant to Rule 16.135(b)(1) or of an authorized participant to deliver shares, cash, or cash and financial instruments in connection with creation or redemption orders; and (3) a description of any

[42] 15 U.S.C. 78f(b).

[43] 15 U.S.C. 78f(b)(5).

[44] *See,* Securities Exchange Act Release No. 78918 (September 23, 2016), 81 FR 67033 (September 29, 2016) (SR–NASDAQ–2016–104).

failure of an issue of Managed Fund Shares to comply with Rule 16.135.

Prior to listing pursuant to proposed amended Rule 16.136(b)(1), an issuer would be required to represent to the Exchange that it will advise the Exchange of any failure by a series of Managed Fund Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued listing requirements. If the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under IEX Rule Series 14.500.

Accordingly, based on the foregoing, the Exchange believes that the proposed generic listing standards for Managed Fund Shares are consistent with Section 6(b)(5) of the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that the proposed change would facilitate the listing and trading of additional types of Managed Fund Shares and result in a significantly more efficient process for the listing and trading of Managed Fund Shares, thereby enhancing competition among market participants, including issuers and exchanges. Further, the Exchange believes that applying uniform and transparent listing standards would make the process for listing Managed Fund Shares more competitive.

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

Written comments were neither solicited nor received.

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 up to 90 days (i) as the Commission may designate 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 such 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–IEX–2017–03 in 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–IEX–2017–03. This file number should be included in 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 will also 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–IEX–2017–03 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[45]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02544 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79947; File No. SR–PEARL–2017–03]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAX PEARL Rules 100, 404, 519C and Adopt MIAX PEARL 1018

February 2, 2017.

Pursuant to the provisions of 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 January 24, 2017, MIAX PEARL, LLC (''MIAX PEARL'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I and II 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 is filing a proposal to amend MIAX PEARL Rules 100, 404, 519C, and to adopt new MIAX PEARL Rule 1018, in order to bring MIAX PEARL Rules up to date with recent changes that have been made to the rules of the Exchange's affiliate, Miami International Securities Exchange, LLC (''MIAX Options'').

The text of the proposed rule change is available on the Exchange's Web site at *http://www.miaxoptions.com/rule-filings/pearl* at MIAX PEARL's principal office, 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

[45] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b-4.

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 Exchange proposes to amend MIAX PEARL Rules 100, 404, 519C, and to adopt MIAX PEARL Rule 1018, in order to bring the MIAX PEARL Rules up to date with the changes that were made to the rules of MIAX Options while MIAX PEARL's Form 1 Application to register as a national securities exchange was pending approval.

Background

MIAX PEARL plans to commence operations as a national securities exchange registered under Section 6 of the Act [3] on February 6, 2017. As described more fully in MIAX PEARL's Form 1 application,[4] the Exchange is an affiliate of MIAX Options. MIAX PEARL Rules, in their current form, were filed as Exhibit B to its Form 1 on August 12, 2016, and at that time, the above mentioned rules, were substantially similar to the rules of the MIAX Options exchange. In the time between when the Exchange filed its Form 1 and the time the Exchange received its approval order, MIAX Options made several changes to its rule book. In order to ensure consistent operation of both MIAX PEARL and MIAX Options through having consistent rules, the Exchange proposes to amend MIAX PEARL Rules as described below.

Series of Option Contracts Open for Trading

The Exchange proposes to expand the Short Term Option Series Program outlined in Rule 404, Interpretations and Policies .02, to allow the listing and trading of SPDR S&P 500 ETF Trust (''SPY'') options with Wednesday expirations. These changes would make MIAX PEARL Rule 404 consistent with MIAX Options Rule 404 and are identical to changes made by MIAX Options when it modified its rule.[5] The Exchange further notes that the MIAX Options filing was a competitive filing based on a filing submitted by the BOX Options Exchange, LLC (''BOX''), which was approved by the Commission.[6]

Currently, under the Short Term Option Series Program the Exchange may open for trading on any Thursday or Friday that is a business day (''Short Term Option Opening Date'') series of options on that class that expire at the close of business on each of the next five Fridays that are business days, and are not Fridays in which monthly option series or Quarterly Options Series expire (''Short Term Option Expiration Dates''). The Exchange is now proposing to amend MIAX PEARL Rule 404, Interpretations and Policies .02, to permit the listing of SPY options expiring on Wednesdays. Specifically, the Exchange is proposing that it may open for trading on any Tuesday or Wednesday that is a business day, series of SPY options that expire on any Wednesday of the month that is a business day, and is not a Wednesday on which Quarterly Options Series expire (''Wednesday SPY Expirations''). The proposed Wednesday SPY Expiration series would be similar to the current Short Term Options Series, with certain exceptions.[7] The Exchange notes that Wednesday expirations are not a novel a proposition as other option exchanges list and trade Wednesday SPY Expirations.[8]

The Exchange represents that is has an adequate surveillance program in place to detect manipulative trading in Wednesday SPY Expirations in the same way it monitors trading in the current Short Term Option Series. Additionally, the Exchange represents that it has the necessary system capacity to support the new options series.

Definitions

The Exchange proposes to amend Exchange Rule 100, which sets forth the definition of Short Term Option Series. The definition set forth in Rule 100 is redundant to the terms for Short Term Option Series set forth in Rule 404, Interpretations and Policies .02. As a result, the Exchange believes that amending Rule 100 by including an internal cross reference to Rule 404, Interpretations and Policies .02 and by deleting redundant language would result in a clearer definition and would make the Rulebook more precise. Additionally, this change is identical to changes made by MIAX Options when it modified its rule.[9]

Mass Cancellation of Trading Interest

The Exchange also proposes to amend Exchange Rule 519C, Mass Cancellation of Trading Interest, to align the process and procedure of cancelling orders and quotes from the order book to that of MIAX Options. The proposed rule change will amend the first paragraph for clarity and ease of reference and adopt new section (b) to provide that Exchange staff, upon request from a Member,[10] may remove all of the Member's quotations [11] and cancel all of the Member's orders [12] in the System [13] and block new incoming quotations and orders from entering the System. The block will remain in effect until the Member contacts Exchange staff [14] to have the block removed.

The Exchange proposes to add a new heading entitled ''Cancel'' to the first paragraph, and proposes to identify the first paragraph with the letter ''(a)'' for clarity and ease of reference. Additionally, the Exchange proposes to make a clarifying change to the wording of the first paragraph. The paragraph currently states that, ''[a] Member may cancel all of its quotations and/or all or any subset of its orders [. . .].'' The Exchange proposes to replace the word ''cancel'' with ''remove'' and to insert the word ''cancel'' after ''and/or,'' as this language more accurately describes

[3] 15 U.S.C. 78f.

[4] *See* Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016) (File No. 10–227) (order approving application of MIAX PEARL, LLC for registration as a national securities exchange.)

[5] *See* Securities Exchange Act Release No. 78772 (September 6, 2016), 81 FR 62784 (September 12, 2016) (SR–MIAX–2016–31).

[6] *See* Securities Exchange Act Release No. 78668 (August 24, 2016), 81 FR 59696 (August 30, 2016) (order approving SR–BOX–2016–28).

[7] The Commission notes that these exceptions are further discussed in MIAX–2016–31, *supra* note 5.

[8] *See* MIAX Options Rule 404; BOX Rule 5050; and ISE Rule 504.

[9] *See* Securities Exchange Act Release No. 78772 (September 6, 2016), 81 FR 62784 (September 12, 2016) (SR–MIAX–2016–31).

[10] The term ''Member'' means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAX PEARL Rules for purposes of trading on the Exchange as an ''Electronic Exchange Member'' or ''Market Maker.'' Members are deemed ''members'' under the Exchange Act. *See* Exchange Rule 100.

[11] The term ''quote'' or ''quotation'' means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any. When the term is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules. *See* Exchange Rule 100.

[12] The term ''order'' means a firm commitment to buy or sell option contracts. *See* Exchange Rule 100.

[13] The term ''System'' means the automated trading system used by the Exchange for the trading of securities. *See* Exchange Rule 100.

[14] The Exchange's Help Desk would receive such communication. The Help Desk is the Exchange's control room consisting of Exchange staff authorized to make certain trading determinations on behalf of the Exchange. The Help Desk shall report to and be supervised by a senior executive officer of the Exchange. *See* Exchange Rule 100.

the actions being performed by the Exchange. Additionally, the Exchange is proposing to insert language indicating that a Member may effect the removal of its quotations and/or the cancellation of its orders, ''by firm name or by Market Participant Identifier (''MPID'')''.[15]

MIAX PEARL currently offers two Membership types, Market Maker (''MM'')[16] and Electronic Exchange Member (''EEM'').[17] Market Makers self-assign the series for which they choose to act as a Market Maker[18] and have an obligation to maintain a two-sided market, pursuant to Rule 605(d)(1), in those series in which they register to trade.[19] Exchange Rule 605, Market Maker Quotations, details various requirements associated with a Market Maker's quotes, such as ''Size Associated with Quotes'', ''Firm Quotes'', and ''Continuous Quotes''.[20] A ''quote'' on the Exchange is defined as, ''[. . .] a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any [. . .].''[21] Currently, there is not a separate Market Maker quote transaction available on the Exchange. The Exchange's definition of a quote further provides that, ''[w]hen the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules.''[22]

The proposal would allow a Member to submit a request to remove all of its outstanding quotations, as described above, and cancel all of its open orders and block all new inbound quotations and orders by firm name or Market Participant Identifier (''MPID''). The form of such requests includes, but is not limited to, email or a phone call from authorized individuals. The removal of quotes and the cancellation of orders as described herein does not disconnect Members from the Exchange's System.

The proposed changes would make MIAX PEARL Rule 519C, Mass Cancellation of Trading Interest, consistent with MIAX Options Rule 519C, Mass Cancellation of Trading Interest, and are identical to changes made by MIAX Options when it modified its rule.[23]

Expedited Suspension Proceeding

MIAX PEARL incorporates certain chapters of the MIAX Options Rulebook into its rulebook in their entirety by reference. Specifically, MIAX Options Rulebook, Chapter III, Business Conduct, is incorporated by reference, and contains Rule 322, Disruptive Quoting and Trading Activity Prohibited, which was adopted by MIAX Options to prohibit disruptive quoting and trading on MIAX Options.[24] In connection with this rule, MIAX Options adopted new MIAX Options Rule 1018, Expedited Suspension Proceeding, to permit MIAX Options to take prompt action to suspend Members or their clients that violate MIAX Options Rule 322.[25] The Exchange now proposes to adopt new Rule 1018, Expedited Suspension Proceeding, to align the rules of MIAX Options and MIAX PEARL.

The Exchange proposes to adopt new Rule 1018, to set forth procedures for issuing suspension orders, immediately prohibiting a Member from conducting continued disruptive quoting and trading activity on the Exchange. Importantly, these procedures would also provide the Exchange the authority to order a Member to cease and desist from providing access to the Exchange to a client of the Member that is conducting disruptive quoting and trading activity in violation of Rule 322. The Exchange notes that the proposed change would make MIAX PEARL Rule 1018 consistent with MIAX Options Rule 1018 and is identical to the rule text adopted by MIAX Options when it adopted its rule.[26]

2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act[27] in general, and furthers the objectives of Section 6(b)(5) of the Act[28] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange is proposing to amend Rule 404, Series of Option Contracts Open for Trading. The Exchange believes the Short Term Option Series Program has been successful to date and that Wednesday SPY Expirations simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging. Similarly, the Exchange believes Wednesday SPY Expirations should create greater trading and hedging opportunities and flexibility, and provide customers with the ability to more closely tailor their investment objectives. The Exchange believes that allowing Wednesday SPY Expirations and monthly SPY expirations in the same week would benefit investors and minimize investor confusion by providing Wednesday SPY Expirations in a continuous and uniform manner.

The Exchange is also proposing to amend Rule 100, Definitions, which sets forth the definition of Short Term Option Series. The definition set forth in current Rule 100 is redundant to the terms for Short Term Option Series set forth in Rule 404, Interpretations and Policies .02. As a result, the Exchange believes that amending Rule 100 by including an internal cross reference to Rule 404, Interpretations and Policies .02 and deleting redundant language would result in a clearer definition and would make the Rulebook more precise and user friendly. Clarity and transparency of the Exchange's rules benefits investors and the public by eliminating the potential for confusion.

The Exchange is also proposing to amend Rule 519C, Mass Cancellation of Trading Interest, to add another risk protection tool for Members and provide that the Exchange may take action on their behalf. The proposed rule protects investors and the public interest by increasing the number of risk protection tools available to Members on the Exchange. The Exchange is also making

[15] The term ''MPID'' means unique market participant identifier. *See* Exchange Rule 100.

[16] The term ''Market Maker'' or ''MM'' means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of MIAX PEARL Rules. *See* Exchange Rule 100.

[17] The term ''Electronic Exchange Member'' or ''EEM'' means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed ''members'' under the Exchange Act. *See* Exchange Rule 100.

[18] *See* Exchange Rule 602.

[19] *See* Exchange Rule 604(a)(1).

[20] *See* Exchange Rule 605.

[21] *See* Exchange Rule 100.

[22] *See* Exchange Rule 100.

[23] *See* Securities Exchange Act Release Nos. 78023 (June 8, 2016), 81 FR 38751 (June 14, 2016) (SR–MIAX–2016–14) (adoption of Rule 519C); 78974 (September 29, 2016), 81 FR 69090 (October 5, 2016) (SR–MIAX–2016–34) (amendment of Rule 519C).

[24] *See* MIAX Options Rule 322.

[25] *See* MIAX Options Rule 1018.

[26] *See* Securities Exchange Act Release No. 79182 (October 28, 2016), 81 FR 76639 (November 3, 2016) (SR–MIAX–2016–40).

[27] 15 U.S.C. 78f(b).

[28] 15 U.S.C. 78f(b)(5).

minor non-substantive amendments to the rule which organize the rule text for clarity and clarifies the actions being performed by the Exchange, and are intended to remove impediments to and perfect the mechanisms of a free and open market by adding precision and ease of reference to the Exchange's rules, thus promoting transparency and clarity for Exchange Members.

The Exchange is also proposing to adopt Rule 1018, Expedited Suspension Proceeding, which will provide the Exchange a mechanism to promptly initiate expedited suspension proceedings in the event the Exchange believes that it has sufficient proof that a violation of Rule 322 has occurred and is ongoing. The Exchange believes that the proposal is consistent with Sections 6(b)(1) and 6(b)(6) of the Act,[29] which require that the rules of an exchange enforce compliance with, and provide appropriate discipline for, violations of the Commission and Exchange rules. The Exchange also believes that the proposal is consistent with the public interest, and the protection of investors, or otherwise in furtherance of the purposes of the Act because the proposal helps to strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as a self-regulatory organization in cases where awaiting the conclusion of a full disciplinary proceeding is unsuitable in view of the potential harm to Members and their customers.

Also, the Exchange notes that if this type of conduct is allowed to continue on the Exchange, the Exchange's reputation could be harmed because it may appear to the public that the Exchange is not acting to address the behavior. The expedited process would enable the Exchange to address the behavior with greater speed.

The Exchange notes that is has defined the prohibited disruptive quoting and trading activity by modifying the traditional definitions of layering [30] and spoofing [31] to eliminate an express intent element that would not be proven on an expedited basis and would instead require a thorough investigation into the activity. As noted, the Exchange believes it is necessary for the protection of investors to make such modifications in order to adopt an expedited process rather than allowing disruptive quoting and trading activity to occur for several years.

The Exchange believes that this proposal will provide the Exchange with the necessary means to enforce against such behavior in an expedited manner while providing Members with the necessary due process. The Exchange believes that its proposal is consistent with the Act because it provides the Exchange with the ability 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 from such ongoing behavior. Further, the Exchange believes that adopting a rule applicable to market participants is consistent with the Act because the Exchange believes that this type of behavior should be prohibited for all Members. While this behavior may not be as prevalent on the options markets today, the Exchange does not believe the possibility of such behavior in the future would not have the same market impact and thereby warrant an expedited process.

The Exchange believes that the proposal is consistent Section 6(b)(7) of the Act,[32] which requires that the rules of an exchange ''provide a fair procedure for the disciplining of members and persons associated with members . . . and the prohibition or limitation by the exchange of any person with respect to access to services offered by the exchange or a member thereof.'' Finally, the Exchange believes the proposal is consistent with Sections 6(d)(1) and 6(d)(2) of the Act,[33] which require that the rules of an exchange with respect to a disciplinary proceeding or proceeding that would limit or prohibit access to or membership in the exchange require the exchange to: Provide adequate and specific notice of the charges brought against a member or person associated with a member, provide an opportunity to defend against such charges, keep a record, and provide details regarding the findings and applicable sanctions in the event a determination to impose a disciplinary sanction is made. The Exchange believes that each of these requirements is addressed by the notice and due process provisions included within Rule 1018. Importantly, the Exchange will use the authority only in clear and egregious cases when necessary to protect investors, other Members and the Exchange, and in such cases, the Respondent will be afforded due process in connection with the suspension proceedings.

The Exchange believes the proposal removes impediments to and perfects the mechanisms of a free and open market. Specifically, the Exchange believes that although MIAX PEARL rules may, in certain instances, intentionally differ from MIAX Options rules, the proposed changes will promote uniformity with MIAX Options with respect to rules that are intended to be identical but which were not modified while MIAX PEARL's Form 1 application was pending approval. The Exchange believes that it will reduce the potential for confusion by its members that are also members of MIAX Options if it commences operations with only those differences between MIAX PEARL and the MIAX Options Exchange rules that are intentional.

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.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act [34] and Rule 19b–4(f)(6) [35] thereunder.

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act [36] normally does not become

[29] 15 U.S.C. 78f(b)(1) and 78f(b)(6).

[30] ''Layering' is a form of market manipulation in which multiple, non-bona fide limit orders are entered on one side of the market at various price levels in order to create the appearance of a change in the levels of supply and demand, thereby artificially moving the price of a security. An order is then executed on the opposite side of the market at the artificially created price, and the non-bona fide orders are cancelled.

[31] ''Spoofing'' is a form of market manipulation that involves the market manipulator placing non-bona fide orders that are intended to trigger some type of market movement and/or response from other market participants, from which the market manipulator might benefit by trading bona fide orders.

[32] 15 U.S.C. 78f(b)(7).

[33] 15 U.S.C. 78f(d)(1) and 78f(d)(2).

[34] 15 U.S.C. 78s(b)(3)(A).

[35] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[36] 17 CFR 240.19b–4(f)(6).

operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) [37] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that waiver of the operative delay will allow the proposed rules to become operative before the Exchange intends to commence operations as a national exchange on February 6, 2017. The Commission notes that the proposed rule change is based on substantively identical rules of MIAX Options and thus raises no new novel or substantive issues. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[38]

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 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 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–PEARL–2017–03 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–PEARL–2017–03. 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–PEARL–2017–03 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[39]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02552 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[37] 17 CFR 240.19b–4(f)(6)(iii).

[38] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[39] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting; Additional Item

FEDERAL REGISTER CITATION OF PREVIOUS ANNOUNCEMENT: To be published.

PREVIOUSLY ANNOUNCED TIME AND DATE OF THE MEETING: Thursday, February 9, 2017.

CHANGES IN THE MEETING: The following matter will also be considered during the 2 p.m. Closed Meeting scheduled for Thursday, February 9, 2017: Exemption Relief Order.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551–5400.

Dated: February 3, 2017.

Lynn M. Powalski,

Deputy Secretary.

[FR Doc. 2017–02636 Filed 2–6–17; 11:15 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79946; File No. SR–PEARL–2017–05]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 515, Execution of Orders and Quotes

February 2, 2017.

Pursuant to the provisions of 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 January 31, 2017, MIAX PEARL, LLC (''MIAX PEARL'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I and II 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 is filing a proposal rule change to amend Exchange Rule 515, Execution of Orders and Quotes.

The text of the proposed rule change is available on the Exchange's Web site at *http://www.miaxoptions.com/filter/wotitle/rule_filing,* at MIAX's principal office, 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

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

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 proposal is to amend Exchange Rule 515(c) to implement a new procedure for certain orders on the Book [3] and to clarify how price protection is established for orders in various market states. The proposal will (i) propose a new behavior of the price protection process to remove certain orders immediately following the commencement of a trading halt and at the end of each trading session, (ii) clarify the method for establishing a price protection limit for orders received prior to the opening, and (iii) clarify the method for establishing a price protection limit for orders remaining on the Book from a prior trading session, either from the prior day's trading session or before a trading halt.

The Exchange provides a price protection process for all orders as part of its commitment to providing risk protection for Member's [4] orders.[5] The price protection process prevents an order from being executed beyond the price designated in the order's price protection instructions (the ''price protection limit'').[6] The starting point for establishing an order's price protection limit is the NBBO [7] at the time the order is received by the System,[8] or the PBBO [9] if the ABBO [10] is crossing the PBBO at the time of receipt. The Exchange refers to this value internally as the initial reference price (''IRP''). The Member may determine the number of Minimum Price Variations (''MPVs'') [11] away from the IRP that it wants to use to establish its price protection limit. If the order is a ''buy,'' some number of MPVs, either as designated by the Member or as defaulted by the Exchange, is added to the IRP to establish the order's price protection limit. If the order is a ''sell,'' some number of MPVs, either as designated by the Member or defaulted by the Exchange, is subtracted from the IRP to establish the order's price protection limit. When an order's price protection limit is triggered, the order (or the remaining contracts of an order) is canceled by the System.

Except as discussed below, orders can be received by the Exchange either prior to or after completion of the Opening Process.[12] Orders may have a limit price (''limit orders'') [13] or be priced to buy or sell at the market price (''market orders'').[14] A market order represents a willingness to buy or sell at the best price available at the time of execution. A market order to buy could execute at the maximum price permitted by the Exchange,[15] whereas a market order to sell could execute at the lowest price permitted by the Exchange, or one (1) MPV above zero.[16] When orders are received after the Opening Process is complete and when the market is in a regular trading state, the price protection process tethers the order's price to the current NBBO, (or PBBO if the ABBO is crossing the PBBO at the time of receipt), and provides protection (based on the number of MPVs supplied by the Member or defaulted by the Exchange) for orders that are priced through the NBBO.

Limit Orders

For purposes of this Rule 515(c), the Exchange is proposing to consider the effective limit price of a limit order to be the limit price of the order. Depending upon the NBBO at the time of receipt by the System, and the order's price protection instructions, the order's price protection limit can be considered either ''more aggressive'' (equal to or higher than the order's effective limit price for a buy order or equal to or lower than the order's effective limit price for a sell order) or ''less aggressive'' (lower than the order's effective limit price for a buy order or higher than the order's effective limit price for a sell order) than the order's effective limit price. When an order's price protection limit is equal to or more aggressive than its effective limit price, the order's effective price protection limit will be the order's limit price, as an order will never trade through its limit price on the Exchange.

Market Orders

Non-routable market orders to sell are managed in accordance to Rule 515(d)(2). For purposes of evaluating orders under the proposed price protection process outlined in this Rule, the Exchange is proposing to consider the effective limit price of a market order to buy to be the maximum price currently permitted by the Exchange's System,[17] and the effective limit price for a market order to sell to be one (1) MPV above zero ($.01 for options quoted and traded in increments as low as $.01, or $.05 for options quoted and traded in increments as low as $.05).[18]

Depending upon the NBBO at the time of receipt by the System, and the order's price protection instructions, the order's price protection limit can either be more aggressive (equal to or higher than the order's effective limit price for a buy order or equal to or lower than the order's effective limit price for a sell order) or less aggressive (lower than the order's effective limit price for a buy order or higher than the order's effective limit price for a sell order) than the order's effective limit price.

For both limit and market orders, when the order's price protection limit is triggered, the order, or the remaining contracts of the order, will be canceled. Under the current rule, this cancellation will only occur during regular trading and can possibly result in an order not receiving an execution at the price anticipated by the Member when the order was submitted, as a result of a price protection limit that is less aggressive than the order's effective limit price. Under the current rule, an order with a price protection limit less aggressive than the order's effective limit price will persist throughout the course of an entire trading day, including through a trading halt,

[3] The term ''Book'' means the electronic book of buy and sell orders and quotes maintained by the System. *See* Exchange Rule 100.

[4] The term ''Member'' means an individual or organization that is registered with the Exchange pursuant to Chapter II of the MIAX PEARL Rules for purposes of trading on the Exchange as an ''Electronic Exchange Member'' or ''Market Maker.'' Members are deemed ''members'' under the Exchange Act. *See* Exchange Rule 100.

[5] *See* Exchange Rule 519, 519A, and 519B, for additional order protections.

[6] *See* Exchange Rule 515(c).

[7] The term ''NBBO'' means the national best bid or offer as calculated by the Exchange based on information received by the Exchange from OPRA. *See* Exchange Rule 100.

[8] The term ''System'' means the automated trading system used by the Exchange for the trading of securities. *See* Exchange Rule 100.

[9] The term ''PBBO'' means the best bid or offer on the PEARL Exchange. *See* Exchange Rule 100.

[10] The term ''ABBO'' or ''Away Best Bid or Offer'' means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (defined in Rule 1400(f)) and calculated by the Exchange based on market information received by the Exchange from OPRA. *See* Exchange Rule 100.

[11] *See* Exchange Rule 510.

[12] *See* Exchange Rule 503(a)(1).

[13] A limit order is an order to buy or sell a stated number of option contracts at a specified price or better. *See* Exchange Rule 516.

[14] A market order is an order to buy or sell a stated number of option contracts at the best price available at the time of execution. *See* Exchange Rule 516.

[15] The Exchange notes that the maximum price at which an order may execute at in the System is $1,999.99.

[16] A market order to sell could execute at $.01 in an option class quoted and traded in increments as low as $.01; or at $.05 in an option class quoted and traded in increments as low as $.05. *See* Exchange Rule 510.

[17] *See supra* note 15.

[18] *See* Exchange Rule 510.

(provided the order's price protection limit isn't triggered).

The Exchange now proposes to evaluate orders at the conclusion of each trading session (including after a trading halt as defined in Rule 504), to identify those orders that have a price protection limit that is less aggressive than the order's effective limit price, in addition to current functionality. The Exchange believes it is in the best interest of its Members to proactively identify orders on the Book that have a price protection limit that is less aggressive than the order's effective limit price at the conclusion of each trading session when the market is not in a regular trading state. Given that these orders will never trade to their effective limit price, the Exchange proposes to cancel these orders from the Book so that Members can benefit from an increase in the amount of time available to re-evaluate the current market conditions prior to resubmitting the order to the Exchange.

The following examples demonstrate how the proposed process would work for non-routable limit orders.

Option MPV = $.01
PBBO: $1.00 × $1.05
ABBO: $1.01 × $1.03
NBBO: $1.01 × $1.03

Order #1 Received: Buy @$1.08 GTC, Price Protection MPVs: 2
1. Order is managed to the ABBO
2. *Effective limit price:* $1.08 (bid)
3. *Display price:* $1.02 (bid)
4. *Book price:* $1.03 (bid)
5. *Price protection limit:* $1.05 [(IRP + 2 MPVs) or ($1.03 + $.02)]
6. The order's price protection limit ($1.05) is less aggressive than the order's effective limit price ($1.08)

Order #2 Received: Buy @$1.04 GTC, Price Protection MPVs: 2
1. Order is Managed to the ABBO
2. *Effective limit price:* $1.04
3. *Display price:* $1.02 (bid)
4. *Book price:* $1.03 (bid)
5. *Price protection limit:* $1.05 [(IRP + 2 MPVs) or ($1.03 + $.02)]
6. The order's price protection limit ($1.05) is more aggressive than the order's effective limit price ($1.04)

The Market closes (or Halts as per Rule 504).

• Order #1 is canceled as the order's price protection limit ($1.05) is less aggressive than its effective limit price ($1.08). Under proposed Interpretations and Policies .02, the System will cancel a buy order when the order's price protection limit is lower than the order's effective limit price.

• Order #2 is maintained on the Book as the order's price protection limit ($1.05) is more aggressive than its effective limit price ($1.04). Under proposed Interpretations and Policies .02, the System will not cancel a buy order when the order's price protection limit is higher than the order's effective limit price.

The following examples demonstrate how the proposed process would work for non-routable market orders.

Option MPV = $.01
PBBO: $1.00 × $1.05
ABBO: $1.01 × $1.03
NBBO: $1.01 × $1.03

Order # 3 Received: Buy @the Market GTC, Price Protection MPVs: 2
1. Order is Managed to the ABBO
2. *Effective limit price:* $1,999.99 (Exchange Maximum)
3. *Display price:* $1.02 (bid)
4. *Book price:* $1.03 (bid)
5. *Price protection limit:* $1.05 [(IRP + 2 MPVs) or ($1.03 + $.02)]
6. The order's price protection limit ($1.05) is less aggressive than the order's effective limit price ($1,999.99)

Option MPV = $.01
PBBO: $.00 × $.15
ABBO: $.05 × $.15
NBBO: $.05 × $.15

Order #4 Received: Sell @the Market, Price Protection MPVs: 2
1. Order is managed to the ABBO
2. *Effective limit price:* $.01
3. *Display price:* $.06 (offer)
4. *Book price:* $.05 (offer)
5. *Price protection limit:* $.03 [(IRP − 2 MPVs) or (.05 − $.02)]
6. The order's price protection limit ($.03) is less aggressive than the order's effective limit price ($.01)

Order #5 Received: Sell @ the Market, Price Protection MPVs: 4
1. Order is managed to the ABBO
2. *Effective limit price:* $.01
3. *Display price:* $.06 (offer)
4. *Book price:* $.05 (offer)
5. *Price protection limit:* $.01 [(IRP − 4 MPVs) or ($.05 − $.04)]
6. The order's price protection limit ($.01) is equal to the order's effective limit price ($.01)

The Market closes (or Halts as per Rule 504).

• Order #3 is canceled as the order's price protection limit ($1.05) is less aggressive than the orders effective limit price ($1,999.99). Under proposed Interpretations and Policies .02, the System will cancel a buy order when the order's price protection limit is lower than the order's effective limit price.

• Order #4 is canceled as the order's price protection limit ($0.03) is less aggressive than its effective limit price ($0.01). Under proposed Interpretations and Policies .02, the System will cancel a sell order when the order's price protection limit is higher than the order's effective limit price.

• Order #5 is maintained on the Book as the order's price protection limit ($0.01) is equal to its effective limit price ($0.01). Under proposed Interpretations and Policies .02, the System will not cancel a sell order when the order's price protection limit is not higher than the order's effective limit price.

The Exchange believes that its proposal to cancel orders at the end of a trading session, when the order's price protection limit is less aggressive than the order's effective limit price, will afford market participants the opportunity to evaluate whether to re-submit their orders and/or establish a different price and/or price protection instructions, based on then-current market conditions, prior to the opening of the next trading session. Given that the Exchange can discern when an order may not fill at the price levels anticipated, (based on an order having a price protection limit that is less aggressive than the order's effective limit price), the Exchange believes the most prudent course of action in these circumstances is to return the order to the Member for analysis and evaluation, while the market is not in a regular trading state, (*e.g.,* a Member submitting a non-routable market order to sell in an option class quoting in $.01 increments, when the PBBO is $0.00 × $0.15 and the NBBO is $0.05 × $0.15, could expect to sell at every price increment down to $.01. However, if the Exchange default price protection instruction is 2 MPVs, the order would receive a price protection limit of $0.03. When the price protection limit is triggered, the order, or the remaining contracts of the order, would be canceled, and the order would not execute at $0.02 or $0.01).

Specifically, the Exchange proposes to adopt new Interpretations and Policies .02, to state that the System will cancel certain orders from the Book immediately following the commencement of a trading halt pursuant to Rule 504, and at the end of each trading session, when the order's price protection limit is less aggressive than the order's effective limit price. Interpretations and Policies .02 further states that, for the purposes of this Rule, the effective limit price of a limit order will be the order's limit price; the effective limit price of a market order to buy, will be the maximum price currently permitted by the Exchange;[19] and the effective limit price of a

[19] *See supra* note 15.

market order to sell, will be one (1) MPV as established by Rule 510, either $.01 for option classes quoted and traded in increments as low as $.01, or $.05 for option classes quoted and traded in increments as low as $.05.

Additionally, the Exchange also proposes to clarify the method for establishing a price protection limit for orders that are received prior to the opening and for those orders remaining on the Book from a prior trading session, either from the prior day's trading session or before a trading halt. For orders received prior to the opening that are priced through the Opening Price, the System will assign an IRP equal to the Opening Price.[20] This process differs from the process on MIAX Options as MIAX PEARL and MIAX Options have significantly different opening processes due to differences in the underlying market structure of each Exchange.[21] The most significant difference is the fact that orders that are priced through the opening price on MIAX Options are canceled,[22] whereas orders on MIAX PEARL that are priced through the Opening Price are re-introduced after the opening process is complete.[23] The Exchange believes its Opening Price to be the most reliable reference price given the requirements that must be satisfied to establish the Opening Price under the opening process.[24] As these orders are being reintroduced to the market and may be managed,[25] the Exchange will use the Opening Price as the IRP and apply the Exchange default MPV protection, or the MPV protection designated by the Member, to establish the order's price protection limit.

Orders that are received prior to the opening that are not priced through the Opening Price and not executed during the Opening Process will be booked and managed at their limit price without additional price protection. The most appropriate price protection limit for a non-routable order that is not executed during the Opening Process and that is not priced through the Opening Price is the order's effective limit price. The price available to these orders during the Opening Process is effectively bound at the Opening Price and these orders can only execute at a price equal to, or better than, the Opening Price and equal to, or better than, the order's limit price. An order with a price protection limit more aggressive than its effective limit price is managed to its limit price, as an order on the Exchange will never trade through its limit price. By default, orders received prior to the opening that are not priced through the opening price, will have a price protection limit that is more aggressive than the order's limit price, therefore, booking and posting these orders at their limit price affords them the same price protection as the price protection process would have provided.

As proposed, orders that are carried over from a prior day's trading session or that remain on the Book from before a trading halt will be booked and managed at the order's limit price. During a regular trading session, if an order's price protection limit is equal to or more aggressive than its effective limit price, the order will trade or post to its limit price and no further; if the order's price protection limit is less aggressive than its effective limit price, or if the order is a market order, the price protection process will cancel the order, or the remaining contracts of the order, when the price protection limit is triggered, which in all cases will be before the order has a chance to trade or post to its limit price. If at the end of a trading session an order remains on the Book with a price protection limit less aggressive than its effective limit price, the new proposed behavior of the price protection process will remove the order from the Book. Therefore, any order carried over from either the prior day's trading session, or that remains on the Book from before a trading halt, will by necessity have a price protection limit which is more aggressive than the order's effective limit price. Given the fact that an order will never trade through its limit price [26] on the Exchange, the Exchange believes that an order carried over from a prior day's trading session, or that remains on the Book from before a trading halt, has exhausted its need for price protection, as per the aforementioned processes, and can now be booked and managed by its limit price.

2. Statutory Basis

MIAX PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act [27] in general, and furthers the objectives of Section 6(b)(5) of the Act [28] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms 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 its proposal to remove orders with a price protection limit less aggressive than the order's effective limit price at the conclusion of a trading session (or after a trading halt as defined in Rule 504) to be in the best interest of the investor as these orders will never fill to their effective limit price. The price protection process will cancel an order, or the remaining contracts of an order, when the price protection limit is triggered during regular trading. The Exchange believes it is in the best interest of investors for the Exchange to return an order with a price protection limit which is less aggressive than the order's effective limit price to the Member, while the market is not in regular trading, so that the Member has more time to evaluate whether to re-submit the order and/or establish a different price and/or different price protection instructions, based on the then-current market conditions. Specifically, the Exchange believes the proposed change will remove impediments to and perfect the mechanism of a free and open market by providing market participants with more time to evaluate their orders which will promote fair and orderly markets, increase overall market confidence, and promote the protection of investors.

The Exchange proposes to clarify the method for establishing a price protection limit for orders received prior to the opening that are priced through the Opening Price. The Exchange has a rigorous opening process and believes that using the Opening Price as the order's IRP to be the best price available for use as a benchmark in establishing an order's price protection level. The Exchange believes this proposal would assist with the maintenance of a fair and orderly market by ensuring that orders being re-introduced to the market have a reasonable price protection limit and an adequate level of risk protection.

The Exchange believes that clarifying the method for establishing a price protection limit for orders that are received prior to the opening that are not priced through the Opening Price and for orders that remain on the book from a prior day's trading session, or from before a trading halt, provides

[20] *See* Exchange Rule 503(b)(2)(i).

[21] *See* Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016) (File No. 10–227) (order approving application of MIAX PEARL, LLC for registration as a national securities exchange.)

[22] *See* MIAX Options Rule 503(f)(2)(vii)(B)(5).

[23] *See* Exchange Rule 503(b)(2)(iii).

[24] *See* Exchange Rule 503(b).

[25] *See* Exchange Rule 515(d)(2).

[26] *See* Exchange Rule 515(d)(2)(i).

[27] 15 U.S.C. 78f(b).

[28] 15 U.S.C. 78f(b)(5).

transparency and clarity in the Exchange's rules. The Exchange believes that booking and posting these orders at their limit price provides the same level of protection as the price protection process, as an order will never trade through its limit price on the Exchange. The Exchange believes it is in the interest of investors and the public to accurately describe the behavior of the Exchange's System in its rules as this information may be used by investors to make decisions concerning the submission of their orders. Transparency and clarity are consistent with the Act because it removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest by accurately describing the behavior of the Exchange's System.

The Exchange believes its proposal to add new Interpretations and Policies .02 protects investors and the public interest by clearly stating in the Exchange's rules the method by which the Exchange is evaluating orders for removal by the System. Further, the Exchange believes that providing the definition of effective limit price provides clarity and transparency in the Exchange's rules. Additionally, the Exchange's proposal to remove orders where the price protection limit for a buy order is lower than the order's effective limit price; and where the price protection limit for a sell order is higher than the order's effective limit price, contributes to the maintenance of a fair and orderly market by returning orders that would not fill to their effective limit price to the market participant for re-evaluation while the market is not in a regular trading state. Market participants can evaluate the current market conditions and consider re-submitting their order with a new price and/or new price protection instructions while the market is not active.

The Exchange believes this proposal will provide MIAX PEARL participants with a better understanding of the Exchange's price protection process. The description of the System's functionality is designed to promote just and equitable principles of trade by providing a clear and accurate description to all participants of how the price protection process is applied and should assist investors in making decisions concerning their orders. Further, the Exchange believes that the price protection process provides market participants with an appropriate level of risk protection on their orders and contributes to the maintenance of a fair and orderly market.

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. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market competition because it applies to all MIAX PEARL participants equally. In addition, the Exchange does not believe the proposal will impose any burden on inter-market competition as the proposal is intended to protect investors by providing further enhancements and transparency regarding the Exchange's price protection functionality.

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

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act [29] and Rule 19b–4(f)(6) thereunder.[30]

A proposed rule change filed pursuant to Rule 19b–4(f)(6) under the Act [31] normally does not become operative for 30 days after the date of its filing. However, Rule 19b–4(f)(6)(iii) [32] permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. In its filing with the Commission, the Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that waiver of the operative delay will allow the proposed rules to become operative before the Exchange intends to commence operations as a national exchange on February 6, 2017. The Commission further believes that the proposal provides additional clarity concerning the behavior of the Exchange's price protection process. Accordingly, the Commission hereby waives the operative delay and designates the proposal operative upon filing.[33]

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 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 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–PEARL–2017–05 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–PEARL–2017–05. 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

[29] 15 U.S.C. 78s(b)(3)(A).

[30] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[31] 17 CFR 240.19b–4(f)(6).

[32] 17 CFR 240.19b–4(f)(6)(iii).

[33] For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

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–PEARL–2017–05 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[34]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02551 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79927; File No. SR–BatsBZX–2017–08]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Adopt Rules 4.5 Through 4.16 To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 30, 2017, Bats BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') 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.[3] 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 filed a proposal to adopt Rules 4.5 through 4.16 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available at the Exchange's Web site at *www.bats.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 parts 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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act[5] and Rule 608 of Regulation NMS thereunder,[6] the CAT NMS Plan.[7] 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,[8] and approved by the Commission, as modified, on November 15, 2016.[9]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[10] As is described more fully below, the Proposed Rules 4.5 through 4.16 set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rules 4.5 through 4.16 include twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 4.5 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rules 4.5 through 4.16. Each of the defined terms in Proposed Rule 4.5 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to

[34] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–BatsBZX–2017–04, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] 15 U.S.C. 78k–1.

[6] 17 CFR 242.608.

[7] *See* 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.

[8] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[9] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[10] *See* SEC Rule 613(g)(1).

ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customers associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-ID'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[11] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 4.5 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 4.5 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account

[11] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 4.5 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[12] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 4.5 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 4.5 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under Rules 4.5 through 4.16. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under Rules 4.5 through 4.16.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in Rules 4.5 through 4.16.

(E) CAT

Paragraph (e) of Proposed Rule 4.5 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 4.5 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 4.5 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[13] Such a third party, referred to in the Proposed Rules 4.5 through 4.16 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 4.5 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under Rules 4.5 through 4.16.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 4.5 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 4.5 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 4.15(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to

[12] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

Proposed Rule 4.15(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 4.5 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rules 4.5 through 4.16. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 4.5 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 4.5(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 4.5 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[14] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rules 4.5 through 4.16, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 4.5. Specifically, paragraph (n) of Proposed Rule 4.5 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rules 4.5 through 4.16 only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (p) [sic] of Proposed Rule 4.5 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

would tolerate from an Industry Member reporting data to the Central Repository.[15] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[16] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[17] As such, the Exchange or the SEC ''may [sic] take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[18] The CAT NMS Plan sets the initial Error Rate at 5%.[19] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[20]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[21]

[15] Section 6.5(d)(i) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Section 6.5(d)(i) of the CAT NMS Plan.

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Approval Order at 84718.

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 4.5. Paragraph (p) of Proposed Rule 4.5 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 4.5. Specifically, paragraph (q) of Proposed Rule 4.5 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 4.5 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 4.5 states that the term ''Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 4.5 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and the Proposed Rules 4.5 through 4.16 apply to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rules 4.5 through 4.16 apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 4.5 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 4.5 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[22] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an

[22] Exemption Order.

Industry Member's order handling or execution systems use timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 4.5. Specifically, paragraph (v) of Proposed Rule 4.5 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 4.7 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 4.5. Specifically, paragraph (w) of Proposed Rule 4.5 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 4.5. Specifically, paragraph (x) of Proposed Rule 4.5 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 4.5 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 4.5 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[23] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 4.5. Specifically, paragraph (aa) of Proposed Rule 4.5 defines the term ''Options Market Makers'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 4.5. Specifically, paragraph (bb) of Proposed Rule 4.5 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT.

[23] *See* Exemptive Request Letter at 2, and Exemption Order.

Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 4.5. Specifically, paragraph (cc) of Proposed Rule 4.5 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 4.5 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 4.5 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 4.5 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 4.5 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 4.7(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 4.5 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 4.7(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 4.7(a)(1).

(II) Reportable Event

The Proposed Rules 4.5 through 4.16 require each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 4.5. Specifically, paragraph (ii) of Proposed Rule 4.5 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 4.5 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[24] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members or itself; and information to identify each such Industry Member, including the CRD number and LEI if such LEI has been obtained, and itself, including LEI, if such LEI has been obtained. Additionally, each Industry Member is required to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained. The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant Identifier'' in Proposed Rule 4.5. Specifically, paragraph (kk) of Proposed Rule 4.5 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rules 4.5 through 4.16 differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 4.5. Specifically, paragraph (ll) of Proposed Rule 4.5 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under

[24] *See* Exemptive Request Letter at 19, and Exemption Order.

the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 4.7(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in Proposed Rule 4.5. Specifically, Paragraph (mm) of Proposed Rule 4.5 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.6 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 4.6 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 4.6 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.6 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 4.6 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 4.6 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 4.6 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 4.6 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 4.6 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 4.6 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 4.6 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of Proposed Rule 4.6 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 4.6 requires Industry Members to report to the Plan Processor and the Exchange, violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 4.7 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 4.7 has six sections [sic] covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities covered by the recording and reporting requirements,

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

(4) the security symbology to be used in the recording and reporting, and (5) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 4.7 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 4.7 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 4.10); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 4.10); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 4.10); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 4.10; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 4.7 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 4.7(a)(1) ''Industry Member Data'')) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 4.8, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 4.7 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 4.7 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 4.7 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 4.7 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 4.7 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 4.7 describes the securities to which the recording and reporting requirements of Proposed Rule 4.7 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 4.7 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 4.7 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 4.7 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 4.7 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 4.7 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 4.7 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 4.7 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of Proposed Rule 4.7, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 4.7 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 4.8 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13. Paragraph (b) of Proposed Rule 4.8 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 4.8 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of Proposed Rule 4.8 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 4.9 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 4.9 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 4.13, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[26] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 4.10 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 4.10 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 4.10 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 4.10. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 4.10 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 4.10 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 4.10 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 4.10 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a

[26] 17 CFR 242.613(d)(3).

Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 4.10 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 4.11 (Consolidated Audit Trail—Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rules 4.5 through 4.16. Proposed Rule 4.11 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in the Proposed Rules 4.5 through 4.16 without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 4.12 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 4.12 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 4.12 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 4.12 addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 4.12 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 4.12 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rules 4.5 through 4.16. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rules 4.5 through 4.16. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 4.12 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rules 4.5 through 4.16, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 4.12.

(ix) Development and Testing

The Exchange proposes Rule 4.13 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 4.13 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 4.8(a) and 4.9, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 4.13 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[27] Specifically, Proposed Rule 4.13 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 4.14 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 4.14 requires each

[27] Approval Order at 84725.

Industry Member to maintain and preserve records of the information required to be recorded in accordance with the Proposed Rules 4.5 through 4.16, for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved in accordance with Proposed Rules 4.5 through 4.16, may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 4.14 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[28] Accordingly, Proposed Rule 4.15 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 4.15 requires that Industry Members record and report data to the Central Repository as required by the Proposed Rules 4.5 through 4.16 in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 4.15 requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rules 4.5 through 4.16 and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[29]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rules 4.5 through 4.16. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of Proposed Rule 4.15 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 4.15 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[30] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 4.15 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated the Proposed Rules 4.5 through 4.16.

(xii) Compliance Dates

Proposed Rule 4.16 (Consolidated Audit Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rules 4.5 through 4.16. Paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date of the Proposed Rules 4.5 through 4.16. Unless otherwise noted, the Proposed Rules 4.5 through 4.16 will be fully effective upon approval by the Commission and Members must comply with their terms.

Paragraph (b) of Proposed Rule 4.16 establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 4.6. Paragraph (b)(1) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 4.6 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[31]

Paragraph (c) of Proposed Rule 4.16 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[32] which require, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[33] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the

[28] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[29] Approval Order at 84745.

[30] Appendix C of the CAT NMS Plan.

[31] *See* Letter from Participants to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, dated January 17, 2017, requesting exemptive relief from SEC Rule 613(a)(3)(iii) and Section 6.7(a)(ii) of the CAT NMS Plan.

[32] 15 U.S.C. 78f(b)(5).

[33] 15 U.S.C. 78f(b)(8).

Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [34] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

(B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the Proposed Rules 4.5 through 4.16 implement provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing similar rules to apply the requirements of the CAT NMS Plan to their members. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

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 Exchange consents, the Commission will: (a) By order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

[34] Approval Order at 84697.

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–BatsBZX–2017–08 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–BatsBZX–2017–08. 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–BatsBZX–2017–08 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[35]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02535 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79936; File No. SR–BOX–2016–50]

Self-Regulatory Organizations; BOX Options Exchange LLC; Order Granting Approval of a Proposed Rule Change To Amend Rule 5050 Series of Options Contracts Open for Trading To Provide for the Listing and Trading on the Exchange of RealDay™ Options Pursuant to a Pilot Program

February 2, 2017.

I. Introduction

On October 26, 2016, BOX Options Exchange LLC (the ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to provide for the listing and trading on the Exchange of RealDay™ Options (''RealDay Options'') on a pilot basis. The proposed rule change was published for comment in the **Federal Register** on November 15, 2016.[3] The Commission received one comment letter on the proposed rule change.[4] On December 20, 2016, pursuant to Section 19(b)(2) of the Act,[5] 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.[6] This order approves the proposed rule change.

[35] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 79258 (November 8, 2016), 81 FR 80125 (''Notice'').

[4] *See* Letter from Edward T. Tilly, Chief Executive Officer, Chicago Board Options Exchange (''CBOE''), Incorporated, to Brent J. Fields, Secretary, Commission, dated December 6, 2016 (''CBOE Letter'').

[5] 15 U.S.C. 78s(b)(2).

[6] *See* Securities Exchange Act Release No. 79613, 81 FR 95206 (December 27, 2016). The Commission designated February 13, 2017 as the date by which the Commission would either approve or disapprove, or institute proceedings to determine whether to approve of disapprove, the proposed rule change.

II. Description of the Proposed Rule Change

General Description [7]

Pursuant to a twelve-month pilot program, the Exchange proposes to amend its rules to list and trade on the Exchange RealDay Options on the SPDR® S&P 500® Exchange Traded Fund (''SPY''). The Exchange states that RealDay Options are designed and exclusively licensed by the RealDay Options Corporation, and would be exclusively listed on BOX. RealDay Options would share many characteristics of existing standardized options with some distinct variations. Most notably, at the commencement of trading of a particular RealDay Option and until the close of trading on the last trading day before its expiration, the numerical value of the strike price would not be known. However, the formula used to calculate the strike price would be fixed and known from the time of listing.[8]

The trading of RealDay Options would in essence be divided into two periods: The anticipatory period and the active period. The anticipatory period would be the period of time from the day the option is listed up until the close of trading on the last trading day before expiration. The active period would be the expiration day of the option. During the anticipatory period, the strike intervals and strike price setting formula would be known, but not the numerical value of the strike prices, because they would depend on the closing price of SPY from the last trading day before expiration. RealDay Options could still be traded in the anticipatory period in the same manner as standard options on SPY. During the active period, the numerical value of the strike prices would be known. Although the active period is only one trading day, RealDay Options could be listed for up to nine months in advance of the expiration date, but at least two weeks prior to their expiration.[9]

The Exchange has only proposed to list RealDay Options on SPY, but the Exchange states that it may seek to list RealDay Options on additional securities in the future.[10] According to the Exchange, it has proposed to list RealDay Options initially on SPY due to the vast liquidity in the security, which the Exchange states to be the largest and most actively traded Exchange Traded Fund (''ETF'') in the United States.[11]

Strike Price, Strike Intervals, Settlement and Exercise Price

While the numerical value of the strike prices for RealDay Options would not be known until the close of trading on the last trading day before expiration, the strike intervals and strike price setting formula would be fixed from inception.[12] The formula would involve multiplying the closing price of SPY from the last trading day before expiration (''Strike Setting Price'') by the Strike Multiplier.[13] In effect, the strike price would stay at the same percentage relationship to the price of SPY from the time of listing. The Exchange proposes to only list up to a maximum of seven strike prices for each expiration date, consisting of up to three strike prices with a price greater than the Strike Setting Price, three strike prices with a price less than the Strike Setting Price, and one strike price equal to the Strike Setting Price.[14] The Exchange proposes to have discretion in determining the number of strike prices that would be listed per expiration, provided that the strike prices satisfy these restrictions. Additionally, the Exchange would be required to always list the strike price that is equal to the Strike Setting Price for each RealDay Options expiration. The Exchange proposes to have the discretion to determine not to list in-the-money (''ITM'') put or call options for any of the seven strike prices,[15] as the Exchange believes the value of RealDay Options is in the instruments that are at-the-money and out-of-the-money. Similar to other options products listed by the Exchange, the Exchange proposes to allow for the addition of strike prices after the initial listing of a RealDay Option, provided that the Exchange does not list more than the seven strike prices permitted by the guidelines described above.[16]

The Exchange also proposes additional procedures in determining the exact number of strike prices that may be listed for a RealDay Option.[17] Specifically, if the underlying security is priced at or above $25.00 per share, the Exchange would be permitted to list up to all seven permitted strike prices. If the underlying security is priced at or below $10.00 per share, the Exchange would not list any RealDay Options on the underlying security. If the underlying security is priced between $10.00 and $25.00 per share, the Exchange would only list one strike price, which would be equal to the Strike Setting Price.

The strike price formula would be used after the close of trading on the last trading day before expiration in order to calculate the numerical values of the strike prices. Specifically, the strike prices would be determined by multiplying the Strike Setting Price by the Strike Multiplier. Rather than applying the Exchange's general strike price interval rules, the strike prices for RealDay Options would have fixed strike intervals of 0.50%.[18] The strike prices would be rounded to the nearest minimum trading increment, if necessary. If SPY does not open for trading on the trading day before the expiration date, the Exchange proposes to use the last available closing price for SPY as the Strike Setting Price.

The Exchange proposes to calculate the exercise and settlement price of RealDay Options based on the closing price of SPY on the trading day of expiration. The exercise-settlement amount would be equal to the difference between the settlement price and the exercise price of the option multiplied by 100. Exercise would result in the delivery of cash on the business day following expiration. If SPY does not open for trading on the trading day of expiration, at the close of trading on expiration, RealDay Options would have an exercise price that is equal to the

[7] For additional details, including examples provided by the Exchange with respect to the proposed operation of RealDay Options, *see* Notice, *supra* note 3.

[8] The Exchange describes RealDay Options as true, or real, one-day options because they are forward start (or delayed start) options with strike increments and a strike price setting formula that are fixed from the time of listing, but with numerical strike prices determined based on the formula using the closing price of SPY from the last trading day before expiration.

[9] *See* Proposed Rule 5050(f).

[10] *See* Notice, *supra* note 3, at 80126 (representing that, if it were to seek to list RealDay Options on additional securities, the Exchange would use the approval process under Form 19b–4).

[11] *See* Notice, *supra* note 3, at 80126.

[12] *See* proposed Rule 5050(f)(8).

[13] The ''Strike Multiplier'' is the decimal equivalent of the percentage strike of the specific option. The Strike Multiplier would be expressed with three decimal places. For example, an option that is equal to the Strike Setting price would be 100%, making the Strike Multiplier 1.000.

[14] *See* proposed Rule 5050(f)(2).

[15] *See* proposed Rule 5050(f)(2)(ii). The ITM puts that the Exchange may decide to not list are those corresponding to the three strike prices that are greater than the Strike Setting Price and the ITM call options are those corresponding to the three strike prices that are less than the Strike Setting Price.

[16] *See* Notice, *supra* note 3, at 80127.

[17] *See* proposed Rule 5050(f)(2).

[18] *See* Proposed Rule 5050(f)(3). There would be one strike price equal to 100% of the Strike Setting Price (with a Strike Multiplier of 1.000), three strike prices greater than then Strike Setting Price determined by adding 0.5%, 1.0%, and 1.5%, respectively, to the Strike Setting Price (with Strike Multipliers of 1.005, 1.010, and 1.015, respectively), and three strike prices lower than the Strike Setting Price determined by subtracting 0.5%, 1.0%, and 1.5%, respectively, from the Strike Setting Price (with Strike Multipliers of 0.995, 0.990, and 0.985, respectively).

closing price from the last trading day before expiration.

Other Characteristics

The Exchange proposes that RealDay Options be P.M. cash-settled and have European-style exercise provisions.[19] These options may expire every trading day, including days on which monthly options series, Short Term Options Series, and Quarterly Options Series on SPY expire.

The Exchange proposes to list RealDay Options on SPY with the symbol ''SPYZ.'' During the anticipatory period, the Exchange proposes to list the strike prices as the Strike Multiplier because the numerical value of the strike price would not yet be known. The Exchange proposes to use three decimal places to indicate the strike prices as the Strike Multiplier during the anticipatory period.[20] According to the Exchange, using three decimal places is unique and not a practice currently used for options, which the Exchange believes would put investors on notice and aware that the Strike Multiplier does not represent a strike price of a typical standard option.[21] The Exchange represents that it has explained what the three decimal places would represent to data vendors, the Options Clearing Corporation, and various market participants, and the Exchange represents that they have confirmed that they would be able to handle the three decimal places when RealDay Options are launched.[22] The Exchange also represents that it will provide information and education to market participants via circular prior to the launch of RealDay Options to further minimize any potential investor confusion.[23]

After the close of trading on the last trading day before expiration, the decimal would be converted into the numerical strike price by multiplying the Strike Setting Price by the Strike Multiplier.[24]

The Exchange proposes for RealDay Options to overlie 100 shares of SPY in the same manner as standard options on SPY. The Exchange's standard trading hours for SPY options would also apply to trading in RealDay Options. The Exchange proposes to apply margin requirements for the purchase and sale of RealDay Options that are identical to the margin requirements for standard options on SPY.[25] The Exchange proposes to calculate margin requirements for RealDay Options in the same manner as margins for standard options on SPY. The Exchange notes that margins would be calculated in the same manner during both the anticipatory and active periods. The Exchange states that the strike price used for calculating the margin would be the numerical value of the strike price using the current price of SPY for the strike setting formula.[26] The Exchange proposes to apply the same minimum trading increment of $0.01 to RealDay Options as applicable to standard options on SPY.[27] The Exchange further proposes that the position limits for RealDay Options would be the same as the position limits for standard options, such that there would be no position or exercise limits for RealDay Options on SPY, as with standard options on SPY.[28] In addition, positions in RealDay Options would be aggregated with positions in all other options on SPY.

The Exchange proposes to apply Section 4000 of its rules, which is designed to protect public customer trading, to trading in RealDay Options. Specifically, Exchange Rules 4020(a) and (b) prohibit Order Flow Providers (''OFPs'') [29] from accepting a Public Customer order to purchase or write an option, including RealDay Options, unless such customer's account has been approved in writing by a designated Options Principal of the OFP. Additionally, Exchange Rule 4040 regarding suitability is designed to ensure that options, including RealDay Options, are sold only to customers capable of evaluating and bearing the risks associated with trading in the instrument. Further, Exchange Rule 4050 permits OFPs to exercise discretionary power with respect to trading options, including RealDay Options, in a Public Customer's account only if the OFP has received prior written authorization from the customer and the account has been accepted in writing by a designated Options Principal. Finally, the Exchange states that Exchange Rules 4030 (Supervision of Accounts), 4060 (Confirmation to Public Customers), and 4100 (Delivery of Current Options Disclosure Documents and Prospectus) would also apply to trading in RealDay Options.

The Exchange represents that it has an adequate surveillance program in place for RealDay Options and intends to apply the same program procedures that it applies to the Exchange's other options products, which the Exchange believes would adequately monitor trading in RealDay Options.[30] The Exchange stated that it is also a member of the Intermarket Surveillance Group (''ISG''), the members of which work together to coordinate surveillance and investigative information sharing in the stock and options markets.

The Exchange further represents that it has the necessary system capacity to support the additional quotations and messages that would result from the listing and trading of RealDay Options.[31] The Exchange intends to minimize the system capacity required to list RealDay Options by limiting the listing to seven strike prices per expiration. The Exchange also states that having the discretion to not list ITM call or put options would further minimize the required system capacity to list RealDay Options.

Pilot

The Exchange has filed this proposal on a pilot basis for a period of twelve months (the ''Pilot Program'' or ''Pilot Period'').[32] The Exchange further states that, if it were to propose an extension of the Pilot Program or propose to make the Pilot Program permanent, the Exchange would submit a filing to the Commission proposing such amendments.[33]

[19] *See* Proposed Rule 5050(f)(4). *See also* Notice, *supra* note 3, at 80126–27 and 80129–30 (discussing the Exchange's representations with respect to the appropriateness of its proposed settlement and exercise methodologies for RealDay Options).

[20] *See* Notice, *supra* note 3, at 80128 (providing an example of strike prices for RealDay Options during the anticipatory period).

[21] *See id.* at 80128.

[22] *See id.* at 80128 n.24.

[23] *See id.* at 80128.

[24] *See id.* at 80129 (providing an example of the conversion into the numerical strike prices). The Exchange notes that an adjustment to the Strike Setting Price may be needed in order to remove the effects of corporate actions, such as cash dividends. If a dividend is declared, the Exchange would adjust the Strike Setting Price by subtracting the declared dividend before multiplying it by the Strike Multiplier. *See id.* at 80128 n.25.

[25] *See* Proposed Rule 5050(f)(6). The Exchange notes that Options Participants and associated persons are bound by the initial and maintenance margin requirements of either CBOE or the New York Stock Exchange. *See* Exchange Rule 10120; *see also* CBOE Rule 12.3.

[26] *See* Notice, *supra* note 3, at 80129.

[27] *See* Proposed Rule 5050(f)(5).

[28] *See* Proposed Rule 5050(f)(10). *See also* Securities Exchange Act Release No. 67936 (September 27, 2012), 77 FR 60491 (October 3, 2012) (SR–BOX–2012–013). The Exchange noted that since the removal of any position limits on SPY is subject to a pilot program, if such pilot is discontinued and SPY becomes subject to position limits, then RealDay Options would become subject to the same position limits as SPY options. *See* Notice, *supra* note 3, at 80130.

[29] *See* Rule 100(a)(45). The term OFP means those Options Participants representing as agent Customer Orders on BOX and those non-Market Maker Participants conducting proprietary trading.

[30] *See* Notice, *supra* note 3, at 80130.

[31] *See id.*

[32] *See* Proposed Rule 5050(f)(9).

[33] The Exchange noted that any positions established under the pilot would not be impacted by the expiration of the pilot. For example, a position in a RealDay Options series that expires beyond the conclusion of the pilot period could be

The Exchange proposes to submit a report to the Commission two months prior to the expiration date of the Pilot Program (the ''Pilot Report'').[34] The Pilot Report would contain an analysis of volume, open interest, and trading patterns examining trading in RealDay Options. In addition, for certain series, the Pilot Report would provide an analysis of price volatility and trading activity in additional option series. In addition to the Pilot Report, the Exchange would provide the Commission with periodic interim reports while the Pilot Program is in effect that would contain some, but not all, of the information contained in the Pilot Report. The Pilot Report would be provided to the Commission on a confidential basis.

The Exchange states that the Pilot Report would contain the following volume and open interest data for RealDay Options:

(1) Daily contract trading volume aggregated for all trades, for all option series with less than 31 days until expiration;

(2) daily contract trading volume aggregated by expiration date, for all option series with less than 31 days until expiration;

(3) daily contract trading volume for each individual series;

(4) daily open interest aggregated for all series, for all option series with less than 31 days until expiration;

(5) daily open interest aggregated for all series by expiration date, for all option series with less than 31 days until expiration;

(6) daily open interest for each individual series;

(7) statistics on the distribution of trade sizes;

(8) type of market participant trading (*e.g.,* contract trading volume for each market participant type); and

(9) 5-minute returns, level changes, and trading volume for the S&P 500 Index, VIX, SPY, IVV, and expiring RealDay options between open and close for the first and second Wednesday of the month that is a trading day and trading days when standard SPY options expire.

In addition to the Pilot Report, the Exchange would periodically provide the Commission with interim reports of the information listed in items (1) through (9) above as required by the Commission while the Pilot Program is in effect. These interim reports will also be provided on a confidential basis. The initial period of the Exchange's proposed Pilot Program is set to expire on February 2, 2018.

III. Summary of Comment Letter

The Commission received a comment letter from the Chicago Board Options Exchange opposing the Exchange's RealDay Options proposal.[35] The commenter argues that the proposal should be disapproved. First, the commenter questions whether a RealDay Option can be considered a securities option and therefore within the Commission's jurisdiction. The commenter asserts that there is no precedent for classifying RealDay Options as a securities option [36] and cites a Seventh Circuit decision holding that a contract is an option only if, among other things, it ''establish[es] a careful balance among premium, strike price, and duration.'' [37] The commenter notes that, for all but ''a tiny portion of its life'' (*i.e.,* one day), a RealDay Option would not have a specified strike price and believes that there is a ''serious and novel issue about whether [RealDay Options] can be considered a securities option—and therefore can fall within the Commission's jurisdiction. . . .'' [38]

In its filing, the Exchange cited to CBOE's Delayed Start Options (''DSOs'') as precedent for the approval of RealDay Options.[39] The commenter argues that RealDay Options are ''fundamentally different'' from DSOs. The commenter notes that, in its own filing seeking approval for DSOs, it represented that the time interval between setting the strike price and expiration initially would be three months, as compared to one day for RealDay Options. At the same time, the commenter acknowledges that it also stated that it would be able to increase or decrease that interval, but maintains that it ''never considered reducing that interval so drastically that the DSO would live as a fully specified option for but a single day in a much longer lifespan.'' [40]

In addition, the commenter states that it would be unprecedented to have a cash-settled option on an ETF.[41] In its filing, the Exchange cites to other cash-settled options, including CBOE's SPX options, as support for the notion that cash settlement of options is not novel.[42] The commenter notes that SPX options are index options, whereas the proposed RealDay Option would be an ETF option, which the commenter notes ''have always been physically settled.'' [43] The commenter also argues that it would be without precedent for RealDay Options to have European-style exercise when they would be trading alongside physically settled options with American-style exercise on the same ETF that might have the exact same strikes and would permitted to expire on the same day.[44]

IV. Discussion and Commission Findings

The Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[45] In particular, the Commission finds that the proposal is consistent with Section 6(b)(5) of the Act,[46] which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, 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.

Comment Letter

The Commission disagrees with the commenter's assertion that, with respect to the timing of strike price setting, there is no precedent for RealDay Options or their classification as securities options. As noted by both the Exchange and the commenter, the Commission previously approved an options product with a strike price not specified at the time of issuance (*i.e.,* DSOs).[47] In its order approving the DSO product, the Commission examined the question of whether DSOs should be designated as standardized options for purposes of Rule 9b–1 under the Act and concluded that DSOs should be so designated.[48] In concluding that the ''lack [of] a specified exercise price at the commencement of trading does not detract from [the DSOs'] character as

established during the 12-month pilot. If the pilot program were not extended, then the position could continue to exist. However, any further trading in the series would be restricted to transactions where at least one side of the trade is a closing transaction.

[34] *See* Notice, *supra* note 3, at 80131.

[35] *See* CBOE Letter, *supra* note 4.

[36] *See id.* at 2.

[37] *See id.* at 2 (citing *Chicago Mercantile Exchange* v. *SEC,* 883 F.2d 537, 546 (7th Cir. 1989)).

[38] *See id.* at 2.

[39] *See* Notice, *supra* note 3, at 80126 n.3; *see also id.* at 80127 n.16.

[40] *See* CBOE Letter, *supra* note 4, at 2.

[41] *See id.* at 2–3.

[42] *See* Notice, *supra* note 3, at 80126 n.11.

[43] *See* CBOE Letter, *supra* note 4, at 2–3.

[44] *See id.* at 3.

[45] In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[46] 15 U.S.C. 78f(b)(5).

[47] *See* Securities Exchange Act Release No. 56855 (November 28, 2007), 72 FR 68610 (December 5, 2007) (SR–CBOE–2006–90).

[48] *See id.* at 68612–13 (discussing the Commission's designation of DSOs as standardized options).

options,'' the Commission noted that each DSO series would trade with a fixed formula for determining the numerical strike price,[49] which is similar to the operation of RealDay Options. Moreover, although CBOE states that, for DSOs, it never considered an active period as short as a single day, it acknowledges that its own rule filing seeking approval for DSOs stated that it would be able to increase or *decrease* the three-month time interval between setting the strike price and expiration. The Commission does not believe that the strike price setting feature of RealDay Options is a novel issue, and believes the same analysis it applied to DSOs applies to RealDay Options.[50]

As noted above, CBOE also asserts that the Exchange's RealDay Options proposal is unprecedented because of its proposed settlement and exercise methodologies. Among other things, the commenter criticizes the Exchange for misleadingly making assertions regarding cash settlement and options, noting that while it is not unusual for index and currency options to be cash settled, that is not the case with ETF options (such as the proposed RealDay Options product). In the Notice, the Exchange argues that its proposed settlement and exercise methodologies are appropriate for the proposed RealDay Options product.[51] Among other things, the Exchange asserts that there is a low potential for manipulation of the settlement value of RealDay Options on SPY due to the high cost and regulatory scrutiny that would result from any attempted manipulation and the vast liquidity and high level of participation among market participants in the market for SPY, making manipulation very difficult.[52] In addition, while the Exchange notes that manipulation of the settlement value is unlikely, it represents that its current surveillance procedures for its other options products will be sufficient to monitor RealDay Options.[53] The Exchange further asserts that this low potential for manipulation and its continued monitoring will alleviate any concerns regarding the P.M., cash-settled nature of RealDay Options.[54] According to the Exchange, cash settlement helps to mitigate the risk that the price of the security could change overnight before the investor would be able to liquidate their position, which would undermine the intent of the product having an active period designed to cover only a single trading day.[55] The Exchange further notes that P.M. settlement is necessary for RealDay Options to prevent events occurring after the close from having an effect on the settlement price, which the Exchange believes would similarly undermine the intent of RealDay Options to cover only one trading day.[56]

The Commission is cognizant that the proposed settlement and exercise features of RealDay Options—while they exist in options more broadly—would, taken together, be unique. However, given the significant liquidity of the underlying ETF for the proposed product,[57] the Commission initially believes that the proposed settlement and exercise features can be appropriate for RealDay Options on SPY. As discussed above, though the Commission believes that the liquidity of SPY and the proposed surveillance of RealDay Options can serve to mitigate manipulation concerns, because of the proposed features of RealDay Options, including those with respect to settlement and exercise, the Commission believes it is appropriate for the product to be approved on a pilot basis such that the Commission may further review trading in the product to determine whether its proposed features including, among other things, cash settlement, continue to be appropriate. Importantly, the Commission notes that, if the Exchange were to propose listing RealDay Options on any additional underlying product (*i.e.,* other than SPY), the Exchange has stated that it would seek approval for such product through a proposed rule change and the Commission would have to evaluate such different underlying product in the context of RealDay Options, and whether or not the proposed settlement and exercise features, among other things, for such RealDay Options are appropriate.

Other Issues

The Commission believes that the Exchange's proposal to impose no position limits on RealDay Options is appropriate and consistent with the Act. As noted above, the Exchange proposed to initially list RealDay Options only on SPY. The Commission notes that SPY options are the most actively-traded options in terms of average daily volume. The Commission believes that because these options are extremely liquid, the potential manipulation and potential market disruption concerns that position limits are designed to address are mitigated in the case of this product. Moreover, the Commission believes that having no position limits for these options may benefit investors by bringing additional depth and liquidity to these options without raising significant concerns about potential manipulation or potential market disruption. Further, the Commission notes that standard options on SPY are currently not subject to any position limits under a pilot program, and the Exchange has proposed to apply any position limits for standard options on SPY if that pilot program were discontinued.[58]

The Commission also believes that it is consistent with the Act to apply margin requirements to the proposed RealDay Options that are otherwise applicable to standard options on SPY. The Commission further believes that the Exchange's proposed minimum trading increments, strike price setting process,[59] and other aspects of the proposed rule change are appropriate and consistent with the Act.

As a national securities exchange, the Exchange is required, under Section 6(b)(1) of the Act,[60] to enforce compliance by its members and persons associated with its members with the provisions of the Act, Commission rules and regulations thereunder, and its own rules. In this regard, other than for certain exercise and settlement features as described above,[61] the Commission notes that trading of RealDay Options will be subject to many of the same rules that currently govern the trading of other options on the Exchange.[62] In addition, as noted above, the Exchange has asserted that manipulation of the settlement value of RealDay Options on SPY will be difficult based on the size and liquidity of the market for SPY.[63] Moreover, the Exchange has represented that it has an adequate surveillance program in place for RealDay Options on SPY, and will monitor for any potential manipulation of the settlement value according to its current

[49] *See id.* at 68613.

[50] *See id.*

[51] *See* Notice, *supra* note 3, at 80126–27.

[52] *See id.* at 80129–30.

[53] *See id.* at 80130.

[54] *See id.* at 80126 and 80129–30.

[55] *See id.* at 80126.

[56] *See id.* at 80127.

[57] *See id.* at 80126 and 80129–30.

[58] *See id.* at 80130.

[59] The Commission notes that, as described above, the Exchange has represented that it has informed various market participants about the nature of the proposed use of three decimal places to represent the Strike Multiplier, that it has ensured that these market participants will understand the meaning of and be able to handle the three decimal places, and that it will continue to further educate market participants on this process to minimize any potential investor confusion. *See* Notice, *supra* note 3, at 80128 n.24.

[60] 15 U.S.C. 78f(b)(1).

[61] *See supra* notes 12–19 and accompanying text.

[62] *See* Exchange Rule 5050.

[63] *See supra* note 52 and accompanying text.

surveillance procedures.[64] In approving the proposed listing and trading of the proposed RealDay Options, the Commission has also relied on the Exchange's representation that it has the necessary systems capacity to support the new options series that will result from this proposal.[65]

Pilot

Given the size and liquidity of the market for SPY, the Commission believes that the risks of manipulation and potential market disruption are significantly mitigated as discussed above. Notwithstanding this and the Exchange's representations in this regard, the Commission believes that a prudent approach is warranted with respect to the Exchange's proposal to list RealDay Options on SPY. To the extent the potential for adverse effects with regard to the markets for the SPY ETF, the S&P 500 component securities underlying the SPY ETF, or RealDay Options on SPY continues to exist, the Exchange's proposal to implement this change on a pilot basis should help to address this concern. Accordingly, the Commission is approving the proposal on a twelve-month pilot basis. Within two months of the end of the Pilot Program the Exchange will be required to submit to the Commission the Pilot Report. As described in more detail above,[66] the Pilot Report will contain an analysis of volume, open interest, and trading patterns examining trading in RealDay Options. In addition, for certain series, the Pilot Report will provide an analysis of price volatility and trading activity in additional option series. In addition to the Pilot Report, the Exchange will provide the Commission with periodic interim reports while the Pilot Program is in effect that would contain some, but not all, of the information contained in the Pilot Report. The Pilot Report will be provided to the Commission on a confidential basis. Furthermore, if the pilot is not extended or permanently approved by the end of the Pilot Program, any position in RealDay Options established during the Pilot Program would remain in effect, but any further trading in those RealDay Options would be restricted to transactions where at least one side of the trade is a closing transaction.

The Commission expects that, throughout the Pilot Program, the Exchange will monitor for any problems and collect and analyze on an ongoing basis the data and information that the Exchange ultimately intends to include in the Pilot Report. The Commission also expects that the Exchange will take prompt action, including timely communication with the Commission and with other marketplace self-regulatory organizations responsible for oversight of trading in component stocks, should any unanticipated adverse market effects develop.

Based on the Exchange's representations with respect to the proposed RealDay Options on SPY and for the foregoing reasons, the Commission finds that the proposed rule change is consistent with the Act.

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[67] that the proposed rule change (SR–BOX–2016–50) be, and hereby is, approved on a twelve-month pilot basis set to expire on February 2, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[68]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02541 Filed 2–7–17; 8:45 am]

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[64] *See supra* note 30 and accompanying text.

[65] *See supra* note 31 and accompanying text.

[66] *See supra* note 34 and accompanying text.

[67] 15 U.S.C. 78s(b)(2).

[68] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79934; File No. SR–IEX–2017–04]

Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change To Adopt the Rule Series 11.600 To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (the ''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on January 30, 2017, the Investors Exchange LLC (''IEX'' 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.[4] The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

[1] 15 U.S.C. 78s(b)(1).

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

[4] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–IEX–2017–02, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act''),[5] and Rule 19b–4 thereunder,[6] IEX is filing with the Commission a proposed rule change to adopt the Rule Series 11.600 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[7] The text of the proposed rule change is available at the Exchange's Web site at *www.iextrading.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 the 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

(a) Purpose [sic]

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., International Securities Exchange, LLC, Investors Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock

[5] 15 U.S.C. 78s(b)(1).

[6] 17 CRF 240.19b–4.

[7] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Exchange Act'' [8] and Rule 608 of Regulation NMS thereunder,[9] the CAT NMS Plan.[10] 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,[11] and approved by the Commission, as modified, on November 15, 2016.[12]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[13] As is described more fully below, the Proposed Series Rule 11.600 sets forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The Proposed Rule 11.600 Series includes twelve Proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these Proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 11.610 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Proposed Rule 11.600 Series. Each of the defined terms in Proposed Rule 11.610 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[14] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of Proposed Rule 11.610 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date [sic] to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When

[8] 15 U.S.C. 78k–1.

[9] 17 CFR 242.608.

[10] *See* 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.

[11] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[12] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[13] *See* SEC Rule 613(g)(1).

[14] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). See also Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 11.610 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 11.610 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[15] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 11.610 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 11.610 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under this Rule 11.600 Series. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except IEX proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in this Rule 11.600 Series.

(E) CAT

Paragraph (e) of Proposed Rule 11.610 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 11.610 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to links the Reportable Events related to the same order.

[15] *See* Exemptive Request Letter at 26–27; and Exemption Order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 11.610 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[16] Such a third party, referred to in this Proposed Rule 11.600 Series as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of Proposed Rule 11.610 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Rule 11.600 Series.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's reporting obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 11.610 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except IEX uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

[16] *See* Appendix C, Section A.1(a) of the CAT NMS Plan.

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 11.610 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 11.693(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 11.693(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 11.610 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except IEX proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Proposed Rule 11.600 Series. IEX also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, IEX proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of Proposed Rule 11.610 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 11.610(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, IEX proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 11.610 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification

number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[17] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Proposed Rule 11.600 Series, IEX proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 11.610. Specifically, paragraph (n) of Proposed Rule 11.610 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Proposed Rule 11.600 Series only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of Proposed Rule 11.610 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[18] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[19] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[20] As such, IEX or the SEC ''may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[21] The CAT NMS Plan sets the initial Error Rate at 5%.[22] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[23]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[24]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, IEX proposes to define the term ''Error Rate'' in Proposed Rule 11.610. Paragraph (p) of Proposed Rule 11.610 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, IEX proposes to define the term ''Firm Designated ID'' in Proposed Rule 11.610. Specifically, paragraph (q) of Proposed Rule 11.610 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

[17] *See* Appendix C, Section A.1(a) of the CAT NMS Plan.

[18] *See* Section 6.5(d)(i) of the CAT NMS Plan.

[19] *See* Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] *See* Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[21] *See* Appendix C, Section A.3(b) of the CAT NMS Plan.

[22] *See* Section 6.5(d)(i) of the CAT NMS Plan.

[23] *See* Appendix C, Section A.3(b) of the CAT NMS Plan.

[24] *See* Approval Order at 84718.

(R) Industry Member

Paragraph (r) of Proposed Rule 11.610 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 11.610 states that the term ''Industry Member Data'' has the meaning set forth in Rule 11.630(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 11.630(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 11.610 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this Proposed Rule 11.600 Series applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Proposed Rule 11.600 Series apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 11.610 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 11.610 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' IEX notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[25] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling and execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, IEX proposes to define the term ''Manual Order Event'' in Proposed Rule 11.610. Specifically, paragraph (v) of Proposed Rule 11.610 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 11.630 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, IEX proposes to define the term ''Material Terms of the Order'' in Proposed Rule 11.610. Specifically, paragraph (w) of Proposed Rule 11.610 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, IEX proposes to define the term ''NMS Security'' in Proposed Rule 11.610. Specifically, paragraph (x) of Proposed Rule 11.610 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, IEX proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 11.610 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 11.610 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except IEX proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and

[25] *See* Exemption Order.

each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[26] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, IEX proposes to define the term ''Options Market Maker'' in Proposed Rule 11.610. Specifically, paragraph (aa) of Proposed Rule 11.610 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Proposed Rule 11.600 Series requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, IEX proposes to define the term ''Order'' in Proposed Rule 11.610. Specifically, paragraph (bb) of Proposed Rule 11.610 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except IEX proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' IEX notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, IEX proposes to define the term ''OTC Equity Security'' in Proposed Rule 11.610. Specifically, paragraph (cc) of Proposed Rule 11.610 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 11.610 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of Proposed Rule 11.610 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of Proposed Rule 11.610 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of Proposed Rule 11.610 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 11.630(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 11.630(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of Proposed Rule 11.610 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 11.630(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 11.630(a)(1).

(II) Reportable Event

The Proposed Rule 11.600 Series requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, IEX proposes to define the term ''Reportable Event'' in Proposed Rule 11.610. Specifically, paragraph (ii) of Proposed Rule 11.610 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of Proposed Rule 11.610 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[27] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying

[26] *See* Exemptive Request Letter at 2, and Exemption Order.

[27] *See* Exemptive Request Letter at 19, and Exemption Order.

each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, IEX proposes to define the term ''SRO-Assigned Market Participant'' in Proposed Rule 11.610. Specifically, paragraph (kk) of Proposed Rule 11.610 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the Proposed Rule 11.600 Series differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, IEX proposes to define the term ''Small Industry Member'' in Proposed Rule 11.610. Specifically, paragraph (ll) of Proposed Rule 11.610 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 11.630(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, IEX proposes to define the term ''Trading Day'' in Proposed Rule 11.610. Specifically, Paragraph (mm) of Proposed Rule 11.610 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[28] To implement these provisions with regard to its Industry Members, IEX proposes Rule 11.620 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of Proposed Rule 11.620 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 11.620 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 11.620 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of Proposed Rule 11.620 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the Proposed Rule 11.620 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of Proposed Rule 11.620 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 11.620 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the

[28] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of Proposed Rule 11.620 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of Proposed Rule 11.620 requires each Industry Member to certify to IEX that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 11.620 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. IEX intends to announce to its Industry Members the certification schedule established by the Operating Committee via Information Circular.

Paragraph (d) of Proposed Rule 11.620 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 11.620 requires Industry Members to report to the Plan Processor and IEX violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. IEX intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Information Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, IEX proposes Rule 11.630 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 11.630 has six sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover [sic] by the recording and reporting requirements, (4) format, (5) the security symbology to be used in the recording and reporting, and (6) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of Proposed Rule 11.630 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 11.630 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 11.660); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 11.660); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 11.660); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 11.660); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 11.660); (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of Proposed Rule 11.630 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 11.630(a)(1) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 11.640, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of Proposed Rule 11.630 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of Proposed Rule 11.630 describes the requirements related to the

timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of Proposed Rule 11.630 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of Proposed Rule 11.630 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 11.630 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of Proposed Rule 11.630 describes the securities to which the recording and reporting requirements of Proposed Rule 11.630 apply. Paragraphs (c)(1) and (c)(2) of Proposed Rule 11.630 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of Proposed Rule 11.630 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of Proposed Rule 11.630 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of Proposed Rule 11.630 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 11.630 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of Proposed Rule 11.630 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of Proposed Rule 11.630 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of Proposed Rule 11.630 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. IEX intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Information Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, IEX proposes to adopt paragraph (e) of Proposed Rule 11.630, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of Proposed Rule 11.630 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. IEX proposes Rule 11.640 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of Proposed Rule 11.640 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 11.680. Paragraph (b) of Proposed Rule 11.640 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of Proposed Rule 11.640 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. IEX intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Information Circular.

Finally, paragraph (d) of Proposed Rule 11.640 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. IEX proposes Rule 11.650 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, Proposed Rule 11.650 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been

obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 11.680, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[29] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, IEX proposes new Rule 11.660 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of Proposed Rule 11.660 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of Proposed Rule 11.660 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of Proposed Rule 11.660. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 11.660 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 11.660 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of Proposed Rule 11.660 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of Proposed Rule 11.660 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of Proposed Rule 11.660 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

[29] 17 CFR 242.613(d)(3).

(vii) Clock Synchronization Rule Violations

Proposed Rule 11.665 (Consolidated Audit Trail—Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in the Proposed Rule 11.600 Series. Proposed Rule 11.665 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 11.670 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 11.670 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of Proposed Rule 11.670 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of Proposed Rule 11.670 addresses connectivity requirements related to the CAT. Paragraph (b) of Proposed Rule 11.670 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of Proposed Rule 11.670 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Proposed Rule 11.600 Series. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Proposed Rule 11.600 Series. IEX notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of Proposed Rule 11.670 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Proposed Rule 11.600 Series, notwithstanding the existence of an agreement described in paragraph (c) of Proposed Rule 11.670.

(ix) Development and Testing

IEX proposes Rule 11.680 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 11.680 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 11.640(a) and 11.650, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting

Customer and Industry Member information, as required by Rules 11.640(a) and 11.650, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 11.680 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[30] Specifically, Proposed Rule 11.680 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. IEX intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Information Circular.

(x) Recordkeeping

Proposed Rule 11.690 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 11.690 requires each Industry Member to maintain and preserve records of the information required to be recorded under the Proposed Rule 11.600 Series for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the Proposed Rule 11.600 Series may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 11.690 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[31] Accordingly, Proposed Rule 11.693 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of Proposed Rule 11.693 requires that Industry Members record and report data to the Central Repository as required by the Proposed Rule 11.600 Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of Proposed Rule 11.693 requires Industry Members to accurately provide the LEIs in their records as required by the Proposed Rule 11.600 Series and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[32]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Rule 11.600 Series. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. IEX intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Information Circular.

Furthermore, paragraph (d) of Proposed Rule 11.693 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 11.693 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[33] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 11.693 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Proposed Rule Series.

(xii) Compliance Dates

Proposed Rule 11.695 (Consolidated Audi Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the Proposed Rule 11.600 Series. Paragraph (a) of Proposed Rule 11.695 states that, except as set forth in paragraphs (b) and (c) of this Rule or otherwise set forth in this Rule Series, the compliance date for the proposed Rule Series 11.600 shall be the date the proposed Rule Series 11.600 is approved by the Commission.

Paragraph (b) of Proposed Rule 11.695 establishes the compliance dates for the clock synchronization requirements as set forth in Proposed Rule 11.620. Paragraph (b)(1) states that each Industry Member shall comply with Rule 11.620 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 11.620 with regard to Business Clocks that do not capture time in milliseconds commencing on or before

[30] *See* Adopting Release at 84725.

[31] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[32] *See* Approval Order at 84745.

[33] *See* Appendix C of the CAT NMS Plan.

February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[34]

Paragraph (c) of Proposed Rule 11.695 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

IEX believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[35] which require, among other things, that the IEX rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[36] which requires that IEX rules not impose any burden on competition that is not necessary or appropriate.

IEX believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist IEX and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [37] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, IEX believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

IEX does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. IEX notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist IEX in meeting its regulatory obligations pursuant to the Plan. IEX also notes that the Proposed Rule Series implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this Proposed Rule 11.600 Series. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

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 Exchange consents, the Commission shall: (a) By order approve or disapprove such 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–IEX–2017–04 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–IEX–2017–04. This file number should be included in 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 Section, 100 F Street NE., Washington, DC 20549–1090. Copies of the filing will also be available for inspection and copying at the IEX's principal office and on its Internet Web site at *www.iextrading.com.* 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–IEX–2017–04 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[38]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02539 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[34] Concurrently with this filing, the Participants submitted a request for exemptive relief from SEC Rule 613(a)(3)(ii) of Regulation NMS under the Securities Exchange Act of 1934 and Section 6.7(a)(ii) of the CAT NMS Plan. See 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 January 17, 2017.

[35] 15 U.S.C. 78f(b)(6).

[36] 15 U.S.C. 78f(b)(8).

[37] *See* Approval Order at 84697.

[38] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79948; File No. SR–CHX–2017–03]

Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Exchange Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on February 1, 2017, the Chicago Stock Exchange, Inc. (''CHX'' or ''Exchange'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization.[3] 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

CHX proposes to amend the Rules of the Exchange (''CHX Rules'') to adopt Article 23 of the Rules of the Exchange (''CHX Rules'') to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4] The text of this proposed rule change is available on the Exchange's Web site at *http://www.chx.com/regulatory-operations/rule-filings/,* 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

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, the Exchange, Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Plan Participants'' [5]) filed with the Commission, pursuant to Section 11A of the Exchange Act [6] and Rule 608 of Regulation NMS thereunder,[7] the CAT NMS Plan.[8] The Plan 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 consolidated audit trail (''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. Each Plan Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[11] As is described more fully below, the proposed Article 23 sets forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. Proposed Article 23 includes twelve proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these proposed Rules are discussed in detail below.

(i) Definitions

Proposed Rule 1 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in proposed Article 23. Each of the defined terms in proposed Rule 1 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's [sic] associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Plan Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[12] The alternative

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 18, 2017 under File No. SR–CHX–2017–02, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] A ''Participant'' is a ''member'' of the Exchange for purposes of the Act. *See* CHX Article 1, Rule 1(s). For the avoidance of confusion, the term ''Plan Participant'' will be used when referring to Participants of the Plan.

[6] 15 U.S.C. 78k–1.

[7] 17 CFR 242.608.

[8] *See* Letter from the Plan Participants to Brent J. Fields, Secretary, Commission, dated September 30, 2014; and Letter from Plan Participants to Brent J. Fields, Secretary, Commission, dated February 27, 2015. On December 24, 2015, the Plan Participants submitted an amendment to the CAT NMS Plan. *See* Letter from Plan Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015.

[9] *See* Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[10] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[11] *See* SEC Rule 613(g)(1).

[12] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary,

approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger [sic] Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Plan Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Plan Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of proposed Rule 1 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, paragraph (a)(1) defines ''Account Effective Date [sic] to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of proposed Rule 1 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of proposed Rule 1 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation

Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[13] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of proposed Rule 1 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of proposed Rule 1 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under this Article 23. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Article 23.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in this Article 23.

(E) CAT

Paragraph (e) of proposed Rule 1 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of proposed Rule 1 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to links the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of proposed Rule 1 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[14] Such a third party, referred to in this proposed Article 23 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of proposed Rule 1 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under this Article 23.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of proposed Rule 1 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of proposed Rule 1 defines the term ''Compliance Threshold'' as having the meaning set forth in proposed Rule 11(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to proposed Rule 11(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of proposed Rule 1 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such

[13] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[14] Appendix C, Section A.1(a) of the CAT NMS Plan.

account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in proposed Article 23. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of proposed Rule 1 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 1(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of proposed Rule 1 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[15] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in proposed Article 23, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of proposed Rule 1. Specifically, paragraph (n) of proposed Rule 1 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of proposed Article 23 only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of proposed Rule 1 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[16] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[17] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[18] As such, the Exchange or the SEC ''[sic] may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[19] The CAT NMS Plan sets the initial Error Rate at 5%.[20] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members

[15] Appendix C, Section A.1(a) of the CAT NMS Plan.

[16] Section 6.5(d)(i) of the CAT NMS Plan.

[17] Appendix C, Section A.3(b) of the CAT NMS Plan.

[18] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[19] Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] Section 6.5(d)(i) of the CAT NMS Plan.

begin to report to the Central Repository.[21]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Plan Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[22]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in proposed Rule 1. Paragraph (p) of proposed Rule 1 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in proposed Rule 1. Specifically, paragraph (q) of proposed Rule 1 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of proposed Rule 1 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of proposed Rule 1 states that the term ''Industry Member Data'' has the meaning set forth in Rule 3(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 3(a)(2).

(T) Initial Plan Processor

Paragraph (t) of proposed Rule 1 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this proposed Article 23 applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of proposed Article 23 apply specifically to Listed Options. Accordingly, paragraph (u) of proposed Rule 1 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of proposed Rule 1 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[23] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution systems uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Members [sic] is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

[21] Appendix C, Section A.3(b) of the CAT NMS Plan.

[22] Approval Order at 84718.

[23] Exemption Order.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in proposed Rule 1. Specifically, paragraph (v) of proposed Rule 1 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 3 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in proposed Rule 1. Specifically, paragraph (w) of proposed Rule 1 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in proposed Rule 1. Specifically, paragraph (x) of proposed Rule 1 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of proposed Rule 1 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of proposed Rule 1 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[24] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in proposed Rule 1. Specifically, paragraph (aa) of proposed Rule 1 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The proposed Article 23 requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in proposed Rule 1. Specifically, paragraph (bb) of proposed Rule 1 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in proposed Rule 1. Specifically, paragraph (cc) of proposed Rule 1 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Plan Participant [25]

Paragraph (dd) of proposed Rule 1 defines the term ''Plan Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of proposed Rule 1 defines the term ''Person'' to mean any

[24] *See* Exemptive Request Letter at 2, and Exemption Order.

[25] *See supra* note 5.

individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of proposed Rule 1 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of proposed Rule 1 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 3(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 3(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of proposed Rule 1 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 3(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 3(a)(1).

(II) Reportable Event

The proposed Article 23 requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in proposed Rule 1. Specifically, paragraph (ii) of proposed Rule 1 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of proposed Rule 1 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[26] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD of the Industry Member, as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in proposed Rule 1. Specifically, paragraph (kk) of proposed Rule 1 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Plan Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of proposed Article 23 differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in proposed Rule 1. Specifically, paragraph (ll) of proposed Rule 1 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 3(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in proposed Rule 1. Specifically, Paragraph (mm) of proposed Rule 1 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

[26] *See* Exemptive Request Letter at 19, and Exemption Order.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[27] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 2 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of proposed Rule 2 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of proposed Rule 2 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 2 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of proposed Rule 2 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the proposed Rule 2 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of proposed Rule 2 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of proposed Rule 2 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of proposed Rule 2 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of proposed Rule 2 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of proposed Rule 2 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Information Memorandum.

Paragraph (d) of proposed Rule 2 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of proposed Rule 2 requires Industry Members to report to the Plan Processor and SRO violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Information Memorandum.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 3 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 3 has six [sic] sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover by the recording and reporting requirements, (4) format, [sic] (5) the security symbology to be used in the recording and reporting, and (6) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of proposed Rule 3 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of proposed Rule 3 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant

[27] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to proposed Rule 6); and (6) Material Terms of the Order;

• for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to proposed Rule 6); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Plan Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;

• for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to proposed Rule 6); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Plan Participant routing the order; and (6) Material Terms of the Order;

• if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to proposed Rule 6); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

• if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to proposed Rule 6; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and

• other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 3 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 3(a)(1) ''Industry Member Data'')) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

• If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);

• if the trade is cancelled, a cancelled trade indicator; and

• for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with proposed Rule 4, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of proposed Rule 3 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of proposed Rule 3 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of proposed Rule 3 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of proposed Rule 3 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of proposed Rule 3 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of proposed Rule 3 describes the securities to which the recording and reporting requirements of proposed Rule 3 apply. Paragraphs (c)(1) and (c)(2) of proposed Rule 3 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of proposed Rule 3 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 3 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of proposed Rule 3 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this proposed Rule 3 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of proposed Rule 3 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of proposed Rule 3 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, paragraph (d)(2) of proposed Rule 3 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the

relevant symbology formats established by the Operating Committee via Information Memorandum.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of proposed Rule 3, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of proposed Rule 3 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 4 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of proposed Rule 4 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 9. Paragraph (b) of proposed Rule 4 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of proposed Rule 4 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Information Memorandum.

Finally, paragraph (d) of proposed Rule 4 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 5 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, proposed Rule 5 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 9, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[28] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 6 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of proposed Rule 6 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of proposed Rule 6 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of proposed Rule 6. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of proposed Rule 6 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of proposed Rule 6 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of proposed Rule 6 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of proposed Rule 6 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of proposed Rule 6 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 7 (Consolidated Audit Trail—Clock Synchronization Rule Violations [sic]) describes potential violations of the clock synchronization time period requirements set forth in proposed Article 23. Proposed Rule 7 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Article 23 without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional

[28] 17 CFR 242.613(d)(3).

circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 8 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of proposed Rule 8 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of proposed Rule 8 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of proposed Rule 8 addresses connectivity requirements related to the CAT. Paragraph (b) of proposed Rule 8 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of proposed Rule 8 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the reporting obligations of such Industry Member under proposed Article 23. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of proposed Article 23. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of proposed Rule 8 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of proposed Article 23, notwithstanding the existence of an agreement described in paragraph (c) of proposed Rule 8.

(ix) Development and Testing

The Exchange proposes Rule 9 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of proposed Rule 9 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 4 and 5, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 4 and 5, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018

Paragraph (b) of proposed Rule 9 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[29] Specifically, proposed Rule 9 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Information Memorandum.

(x) Recordkeeping

Proposed Rule 10 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 10 requires each Industry Member to maintain and preserve records of the information required to be recorded under proposed Article 23 for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under proposed Article 23 may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 10 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[30] Accordingly, proposed Rule 11 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of proposed Rule 11 requires that Industry Members record and report data to the Central Repository as required by proposed Article 23 in a

[29] Adopting Release [sic] at 84725.

[30] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of proposed Rule 11 requires Industry Members to accurately provide the LEIs in their records as required by proposed Article 23 and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[31]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Article 23. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Information Memorandum.

Furthermore, paragraph (d) of proposed Rule 11 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 11 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[32] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 11 further states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this proposed Article 23.

(xii) Compliance Dates

Proposed Rule 12 (Consolidated Audi [sic] Trail—Compliance Dates) sets forth the compliance dates for the various provisions of proposed Article 23. Paragraph (a) of proposed Rule 12 states that paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date of Article 23. Unless otherwise noted, Article 23 is fully effective and Industry Members must comply with their terms.

Paragraph (b) of proposed Rule 12 establishes the compliance dates for the clock synchronization requirements as set forth in proposed Rule 2. Paragraph (b)(1) states that each Industry Member shall comply with Rule 2 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 2 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Plan Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[33]

Paragraph (c) of proposed Rule 12 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[34] which require, among other things, that CHX Rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[35] which requires that CHX Rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [36] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the proposed rules implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this proposed Article 23. Therefore, this is not a competitive rule filing, and, therefore, it

[31] Approval Order at 84745.

[32] Appendix C of the CAT NMS Plan.

[33] *See* Letter from the Plan Participants to Brent J. Fields, Secretary, Commission, dated January 17, 2017. Specifically, the Participants will ask the Commission to extend the clock synchronization compliance date from March 15, 2017 to February 19, 2018 for Industry Members' Business Clocks that do not capture time in milliseconds.

[34] 15 U.S.C. 78f(b)(6) [sic].

[35] 15 U.S.C. 78f(b)(8).

[36] Approval Order at 84697.

does not impose a burden on competition.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate 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–CHX–2017–03 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–CHX–2017–03. 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 such filing will also 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–CHX–2017–03 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[37]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02553 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79950; File No. SR–CBOE–2017–012]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 30, 2017, Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') 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 Exchange.[3] 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 Chapter VI, Section F to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or the ''Plan''). The text of the proposed rule change is available on the Exchange's Web site (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, 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

Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, CBOE, Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc. (''FINRA''), International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'') filed with the Commission, pursuant to Section 11A of the Act[4] and Rule 608 of Regulation

[37] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–CBOE–2017–006, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] 15 U.S.C. 78k–1.

NMS thereunder,[5] the CAT NMS Plan.[6] The Participants filed the Plan to comply with Rule 613 of Regulation NMS under the Act. The Plan was published for comment in the **Federal Register** on May 17, 2016,[7] and approved by the Commission, as modified, on November 15, 2016.[8]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[9] As is described more fully below, proposed Chapter VI, Section F sets forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. Proposed Section F includes twelve proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these proposed Rules are discussed in detail below.

(1) Definitions

Proposed Rule 6.85 (Definitions) sets forth the definitions for the terms used in proposed Section F. Each of the defined terms in proposed Rule 6.85 is discussed in detail in this section.

(A) Account Effective Date

(i) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customer's associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-ID'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[10] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(ii) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in paragraph (a) of proposed Rule 6.85 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, paragraph (a)(i) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (A) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (1) the date the relationship identifier was established within the Industry Member; (2) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (3) if both dates are available, the earlier date will be used to the extent that the dates differ; or (B) when the trading relationship was established on or after November 15,

[5] 17 CFR 242.608.

[6] *See* 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.

[7] Securities Exchange Act Rel. No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[8] Securities Exchange Act Rel. No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[9] *See* SEC Rule 613(g)(1).

[10] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''); *see also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(ii) states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(iii) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(iv) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(v) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (A) The date established for the account in the Industry Member or in a system of the Industry Member or (B) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(ii) through (v), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of proposed Rule 6.85 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(i) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[11] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(ii) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of proposed Rule 6.85 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

[11] *See* Exemptive Request Letter at 26–27; and Exemption Order.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of proposed Rule 6.85 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under proposed Section F. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except CBOE proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in proposed Section F.

(E) CAT

Paragraph (e) of proposed Rule 6.85 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of proposed Rule 6.85 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(i) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(ii) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, paragraph (g) of proposed Rule 6.85 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such

order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[12] Such a third party, referred to in this proposed Section F as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of proposed Rule 6.85 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's obligations under proposed Section F.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's reporting obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of proposed Rule 6.85 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except CBOE uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of proposed Rule 6.85 defines the term ''Compliance Threshold'' as having the meaning set forth in proposed Rule 6.95(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to proposed Rule 6.95(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, paragraph (k) of proposed Rule 6.85 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (i) The account holder(s) of the account at an Industry Member originating the order; and (ii) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except CBOE proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in proposed Section F. CBOE also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, CBOE proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of proposed Rule 6.85 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 6.85(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (i) Provide the Account Effective Date in lieu of the ''date account opened''; (ii) provide the relationship identifier in lieu of the ''account number''; and (iii) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (i) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (ii) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (iii) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (iv) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, CBOE proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of proposed Rule 6.85 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to

[12] Appendix C, Section A.1(a) of the CAT NMS Plan.

identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[13] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in proposed Section F, CBOE proposes to define ''Data Submitter'' in paragraph (n) of proposed Rule 6.85. Specifically, paragraph (n) of proposed Rule 6.85 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA and the UTP Plans and the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA''), and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of proposed Section F only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of proposed Rule 6.85 defines the term ''Eligible Security'' to include: (i) All NMS Securities; and (ii) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(i) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[14] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[15] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[16] As such, CBOE or the SEC ''may [sic] take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[17] The CAT NMS Plan sets the initial Error Rate at 5%.[18] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[19]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[20]

(ii) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, CBOE proposes to define the term ''Error Rate'' in proposed Rule 6.85. Paragraph (p) of proposed Rule 6.85 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, CBOE proposes to define the term ''Firm Designated ID'' in proposed Rule 6.85. Specifically, paragraph (q) of proposed Rule 6.85 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of proposed Rule 6.85 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of proposed Rule 6.85 states that the term ''Industry Member Data'' has the meaning set forth in Rule 6.87(a)(ii). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

[14] Section 6.5(d)(i) of the CAT NMS Plan.

[15] Appendix C, Section A.3(b) of the CAT NMS Plan.

[16] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[17] Appendix C, Section A.3(b) of the CAT NMS Plan.

[18] Section 6.5(d)(i) of the CAT NMS Plan.

[19] Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] Approval Order at 84718.

Member Data'' is discussed more fully in the discussion below regarding proposed Rule 6.87(a)(ii).

(T) Initial Plan Processor

Paragraph (t) of proposed Rule 6.85 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and proposed Section F applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of proposed Section F apply specifically to Listed Options. Accordingly, paragraph (u) of proposed Rule 6.85 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of proposed Rule 6.85 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' CBOE notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(i) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members, which reflect exemptions for Manual Order Events granted by the Commission.[21] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling and execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (*i.e.,* electronic capture time) in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Members is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(ii) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, CBOE proposes to define the term ''Manual Order Event'' in proposed Rule 6.85. Specifically, paragraph (v) of proposed Rule 6.85 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 6.87 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, CBOE proposes to define the term ''Material Terms of the Order'' in proposed Rule 6.85. Specifically, paragraph (w) of proposed Rule 6.85 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; [22] open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations; [23]) and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, CBOE proposes to define the term ''NMS Security'' in proposed Rule 6.85. Specifically, paragraph (x) of proposed Rule 6.85 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, CBOE proposes to define the term ''NMS Stock'' in paragraph (y) of proposed Rule 6.85(y) to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of proposed Rule 6.85 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except CBOE proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(i) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the

[21] Exemption Order.

[22] The Exchange notes identification of a sell order as long, short, or short exempt does not apply to Option transactions. The Exchange may work with the Operating Committee to seek an amendment to the Plan to reflect this.

[23] The Exchange notes its rules do not require market-makers to identify certain orders, in addition to quotations, as open/close. *See* Rule 6.51(d). The Exchange may work with the Operating Committee to seek an amendment to the Plan to reflect this.

Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[24] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker

(ii) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, CBOE proposes to define the term ''Options Market Maker'' in proposed Rule 6.85. Specifically, paragraph (aa) of proposed Rule 6.85 defines the term ''Options Market Makers'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

Section F requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, CBOE proposes to define the term ''Order'' in proposed Rule 6.85. Specifically, paragraph (bb) of proposed Rule 6.85 defines the term ''Order,'' with respect to Eligible Securities, to include: (i) Any order received by an Industry Member from any person; (ii) any order originated by an Industry Member; or (iii) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except CBOE proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' CBOE notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, CBOE proposes to define the term ''OTC Equity Security'' in proposed Rule 6.85. Specifically, paragraph (cc) of proposed Rule 6.85 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of proposed Rule 6.85 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of proposed Rule 6.85 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of proposed Rule 6.85 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of proposed Rule 6.85 states that the term ''Received Industry Member Data'' has the meaning set forth in proposed Rule 6.87(a)(ii). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 6.87(a)(ii).

(HH) Recorded Industry Member Data

Paragraph (hh) of proposed Rule 6.85 states that the term ''Recorded Industry Member Data'' has the meaning set forth in proposed Rule 6.87(a)(i). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 6.87(a)(i).

(II) Reportable Event

Proposed Section F requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, CBOE proposes to define the term ''Reportable Event'' in proposed Rule 6.85. Specifically, paragraph (ii) of proposed Rule 6.85 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of proposed Rule 6.85 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(i) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[25] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-

[24] *See* Exemptive Request Letter at 2, and Exemption Order.

[25] *See* Exemptive Request Letter at 19, and Exemption Order.

Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(ii) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, CBOE proposes to define the term ''SRO-Assigned Market Participant Identifier'' in proposed Rule 6.85. Specifically, paragraph (kk) of proposed Rule 6.85 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of proposed Section F differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, CBOE proposes to define the term ''Small Industry Member'' in proposed Rule 6.85. Specifically, paragraph (ll) of proposed Rule 6.85 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Act. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 6.87(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, CBOE proposes to define the term ''Trading Day'' in proposed Rule 6.85. Specifically, paragraph (mm) of proposed Rule 6.85 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(2) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by the National Institute of Standards and Technology (''NIST''), consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[26] To implement these provisions with regard to its Industry Members, CBOE proposes Rule 6.86 (Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of proposed Rule 6.86 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(i) of proposed Rule 6.86 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(ii) of proposed Rule 6.86 requires each Industry Member to synchronize (A) its Business Clocks used solely for Manual Order Events and (B) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(iii) of proposed Rule 6.86 clarifies that the tolerance described in paragraphs (a)(i) and (ii) of the proposed Rule 6.86 includes all of the following: (A) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (B) the transmission delay from the source; and (C) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(iv) of proposed Rule 6.86 requires Industry Members to synchronize their Business Clocks every business day before market open [27] to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of proposed Rule 6.86 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry

[26] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

[27] CBOE has two separate trading sessions: Regular Trading Hours and Extended Trading Hours. The proposed rule change states this requirement applies before the open of each trading session.

Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of proposed Rule 6.86 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of proposed Rule 6.86 requires each Industry Member to certify to CBOE that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of proposed Rule 6.86 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. CBOE intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of proposed Rule 6.86 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of proposed Rule 6.86 requires Industry Members to report to the Plan Processor and CBOE violations of paragraph (a) of this proposed Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. CBOE intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(3) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, CBOE proposes Rule 6.87 (Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 6.87 has five sections covering: (a) Recording and reporting Industry Member Data, (b) timing of the recording and reporting, (c) the applicable securities covered by the recording and reporting requirements, (d) the security symbology to be used in the recording and reporting, and (e) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of proposed Rule 6.87 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(i) through (a)(iii), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(i) through (a)(iii) of proposed Rule 6.87 set forth the recording and reporting requirements required in Section 6.4(d)(i) through (iii) of the CAT NMS Plan, respectively.

Paragraph (a)(i) requires, subject to paragraph (a)(iii) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using time stamps pursuant to proposed Rule 6.90); and (6) Material Terms of the Order;

(B) for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using time stamps pursuant to proposed Rule 6.90); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;

(C) for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using time stamps pursuant to proposed Rule 6.90); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;

(D) if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using time stamps pursuant to proposed Rule 6.90); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;

(E) if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using time stamps pursuant to proposed Rule 6.90; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; and (7) whether the execution was reported pursuant to an effective transaction reporting plan or OPRA; and

(F) other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(ii) of proposed Rule 6.87 requires, subject to paragraph (a)(iii) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in proposed Rule 6.87(a)(i) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

(A) If the order is executed, in whole or in part: (1) Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);

(B) if the trade is cancelled, a cancelled trade indicator; and

(C) for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 6.88, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(iii) of proposed Rule 6.87 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is

required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of proposed Rule 6.87 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(i) through (b)(iii) of proposed Rule 6.87 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i) through (ii) of the CAT NMS Plan.

Paragraph (b)(i) of proposed Rule 6.87 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(ii) of proposed Rule 6.87 requires each Industry Member to report: (A) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (B) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(iii) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern time deadline.

(C) Applicable Securities

Paragraph (c) of proposed Rule 6.87 describes the securities to which the recording and reporting requirements of proposed Rule 6.87 apply. Paragraphs (c)(i) and (c)(ii) of proposed Rule 6.87 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(i) of proposed Rule 6.87 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 6.87 for each NMS Security registered or listed for trading on an exchange or admitted to unlisted trading privileges on an exchange. Paragraph (c)(ii) of proposed Rule 6.87 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 6.87 for each Eligible Security for which transaction reports are required to be submitted to a national securities association.

(D) Security Symbology

Paragraph (d) of proposed Rule 6.87 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(i) of proposed Rule 6.87 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, paragraph (d)(ii) of proposed Rule 6.87 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. CBOE intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, CBOE proposes to adopt paragraph (e) of proposed Rule 6.87, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of proposed Rule 6.87 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(4) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. CBOE proposes Rule 6.88 (Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of proposed Rule 6.88 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 6.93.

Paragraph (b) of proposed Rule 6.88 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis.

Paragraph (c) of proposed Rule 6.88 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. CBOE intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of proposed Rule 6.88 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(5) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to

submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. CBOE proposes Rule 6.89 (Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, proposed Rule 6.89 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 6.93, and keep such information up to date as necessary.

(6) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[28] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, CBOE proposes Rule 6.90 (Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of proposed Rule 6.90 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of proposed Rule 6.90 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(ii) and (b) of proposed Rule 6.90. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(ii) of proposed Rule 6.90 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of proposed Rule 6.90 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of proposed Rule 6.90 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(i) of proposed Rule 6.90 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (*i.e.,* electronic capture time) in milliseconds. In addition, paragraph (b)(ii) of proposed Rule 6.90 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(7) Clock Synchronization Rule Violations

Proposed Rule 6.91 (Clock Synchronization Rule Violations) describes potential violations of the clock synchronization time period requirements set forth in proposed Section F. Proposed Rule 6.91 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(8) Connectivity and Data Transmission

Proposed Rule 6.92 (Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of proposed Rule 6.92 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of proposed Rule 6.92 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of proposed Rule 6.92 addresses connectivity requirements related to the CAT. Paragraph (b) of proposed Rule 6.92 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, paragraph (c)(1) of proposed Rule 6.92 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under proposed Section F. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of proposed Section F. CBOE notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(ii) of proposed Rule 6.92 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(iii) of proposed Rule 6.92 states that each Industry Member remains primarily responsible for compliance with the requirements of proposed Section F, notwithstanding the existence of an agreement described in paragraph (c) of proposed Rule 6.92.

(9) Development and Testing

CBOE proposes Rule 6.93 (Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of proposed Rule 6.93 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(i) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(ii) sets forth the deadlines related to reporting Customer

[28] 17 CFR 242.613(d)(3).

and Industry Member information. Paragraph (a)(ii)(A) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by proposed Rules 6.88(a) and 6.89, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(ii)(B) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by proposed Rules 6.88(a) and 6.89, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(iii) sets forth the deadlines related to the submission of order data. Under paragraph (a)(iii)(A), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(iii)(B), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(iv) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of proposed Rule 6.93 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[29] Specifically, proposed Rule 6.93 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. CBOE intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(10) Recordkeeping

Proposed Rule 6.94 (Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 6.94 requires each Industry Member to maintain and preserve records of the information required to be recorded under proposed Section F for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under proposed Section F may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 6.94 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(11) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[30] Accordingly, proposed Rule 6.95 (Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of proposed Rule 6.95 requires that Industry Members record and report data to the Central Repository as required by proposed Section F in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of proposed Rule 6.95 requires Industry Members to accurately provide the LEIs in their records as required by proposed Section F and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[31]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with proposed Section F. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. CBOE intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of proposed Rule 6.95 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 6.95 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[32] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 6.95 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated proposed Section F.

(12) Compliance Dates

Proposed Rule 6.96 (Compliance Dates) sets forth the compliance dates for the various provisions of proposed Section F. Paragraph (a) of proposed Rule 6.96 states that, except as set forth in paragraphs (b) and (c) of proposed Rule 6.96 or otherwise set forth in proposed Section F, the compliance date for proposed Section F is the approval date of the filing.[33]

[29] Adopting Release at 84725.

[30] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[31] Approval Order at 84745.

[32] Appendix C of the CAT NMS Plan.

[33] Proposed Section F, except for provisions otherwise stated in the proposed rule change, will become effective upon approval of this rule filing. As proposed Section F will not be inserted into CBOE's Rules until that time, the proposed rule text states: ''Except as set forth in paragraphs (b) and (c) of this Rule or otherwise set forth in this Section F, the Rules in this Section F are effective.''

Paragraph (b) of proposed Rule 6.96 establishes the compliance dates for the clock synchronization requirements as set forth in proposed Rule 6.96. Paragraph (b)(i) states that each Industry Member shall comply with 6.86 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(ii) states that each Industry Member shall comply with Rule 6.86 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(i) reflects the exemptive relief the Participants intend to request with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.

Paragraph (c) of proposed Rule 6.96 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(i) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(ii) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[34] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [35] requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [36] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers and the Section 6(b)(8) [37] requirement that the rules of an exchange not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the Commission noted the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [38] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the Commission, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

CBOE does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. CBOE notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist CBOE in meeting its regulatory obligations pursuant to the Plan. CBOE also notes that proposed Section F implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing rules virtually identical to proposed Section F. Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

The Exchange neither solicited nor received comments on the proposed rule change.

[34] 15 U.S.C. 78f(b).

[35] 15 U.S.C. 78f(b)(5).

[36] *Id.*

[37] 15 U.S.C. 78f(b)(8).

[38] Approval Order at 84697.

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 up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. By order approve or disapprove such 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–CBOE–2017–012 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–CBOE–2017–012. 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–CBOE–2017–012 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[39]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02555 Filed 2–7–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79938; File No. SR–PEARL–2017–04]

Self-Regulatory Organizations; MIAX PEARL, LLC ; Notice of Filing of a Proposed Rule Change by To Adopt Rules 1701–1712 To Implement the Compliance Rule Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to the provisions of 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 1, 2017, MIAX PEARL, LLC (''MIAX PEARL'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange.[3] 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 Rules 1701–1712 to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available on the Exchange's Web site at *http://www.miaxoptions.com/rule-filings/pearl,* at MIAX PEARL's principal office, 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

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., International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC,[5] NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the ''Participants'' or ''SROs'') filed with the Commission, pursuant to Section 11A of the Exchange Act[6] and Rule 608 of Regulation NMS thereunder,[7] the 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 consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[11] As is described more fully below, the rules contained in the proposed Chapter XVII set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The proposed Rules include twelve proposed Rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these proposed Rules are discussed in detail below.

The Exchange notes that its affiliate, Miami International Securities Exchange, LLC (''MIAX Options''), has submitted a nearly identical proposed rule change (the ''MIAX Options Rule Filing''). The Exchange intends that the proposed rule text set forth in Exhibit 5 of the MIAX Options Rule Filing, which will become the new MIAX Options Chapter XVII if and when the Commission approves the MIAX Options Rule Filing, will be incorporated by reference into the Exchange's proposed Chapter XVII, and will thus become the Exchange's rules and thereby applicable to the Exchange's members. Therefore, each of the proposed rules to be incorporated by reference are discussed in detail below, but the text of the proposed rule change as set forth in Exhibit 5 of this rule filing will specify that the rules contained in proposed MIAX Options Chapter XVII are hereby incorporated by reference into this MIAX PEARL Chapter XVII, and are thus MIAX PEARL Rules and

[39] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 19, 2017 under File No. SR–PEARL–2017–02, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] MIAX PEARL became a party to the CAT NMS Plan via an Amendment to the Plan on January 12, 2017.

[6] 15 U.S.C. 78k–1.

[7] 17 CFR 242.608.

[8] *See* 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.

[9] *See* Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[10] *See* Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[11] *See* SEC Rule 613(g)(1).

thereby applicable to MIAX PEARL Members.[12]

(i) Definitions

Proposed Rule 1701 (Consolidated Audit Trail Compliance Rule—Definitions) sets forth the definitions for the terms used in the proposed Rules 1701–1712. Each of the defined terms in proposed Rule 1701 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customers associated with orders. For example, SEC Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order. ''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[13] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger [sic] Trader ID (''LTID''). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of proposed Rule 1701 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of proposed Rule 1701 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary

[12] The Exchange proposes to request an exemption from the rule filing requirements of Section 19(b) of the Act for changes to MIAX PEARL Chapter XVII to the extent such rules are effected solely by virtue of a change to MIAX Options Chapter XVII.

[13] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

accounts established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of proposed Rule 1701 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The SROs requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[14] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of proposed Rule 1701 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of proposed Rule 1701 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under the Consolidated Audit Trail Compliance Rule (Rules 1701–1712). This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in the Consolidated Audit Trail Compliance Rule (Rules 1701–1712).

(E) CAT

Paragraph (e) of proposed Rule 1701 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of proposed Rule 1701 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to links the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of proposed Rule 1701 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[15] Such a third party, referred to in proposed Rule 1701 as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of proposed Rule 1701 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with-an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under the Consolidated Audit Trail Compliance Rule (proposed Rules 1701–1712).

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

[14] Exemptive Request Letter at 26–27; and Exemption Order.

[15] Appendix C, Section A.1(a) of the CAT NMS Plan.

(I) Central Repository

Paragraph (i) of proposed Rule 1701 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of proposed Rule 1701 defines the term ''Compliance Threshold'' as having the meaning set forth in proposed Rule 1711(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to proposed Rule 1711(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of proposed Rule 1701 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of proposed Rule 1701 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 1701(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018, for Industry Members other than Small Industry Members, or prior to November 15, 2019, for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (m) of proposed Rule 1701 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[16] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs''). To include this term in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712), the Exchange proposes to define ''Data Submitter'' in paragraph (n) of proposed Rule 1701. Specifically, paragraph (n) of proposed Rule 1701 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the

[16] Appendix C, Section A.1(a) of the CAT NMS Plan.

Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of proposed Rule 1701 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[17] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[18] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[19] As such, the Exchange or the SEC ''[sic] may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[20] The CAT NMS Plan sets the initial Error Rate at 5%.[21] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[22]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[23]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in proposed Rule 1701. Paragraph (p) of proposed Rule 1701 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in proposed Rule 1701. Specifically, paragraph (q) of proposed Rule 1701 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of proposed Rule 1701 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of proposed Rule 1701 states that the term ''Industry Member Data'' has the meaning set forth in Rule 1703(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 1703(a)(2).

(T) Initial Plan Processor

Paragraph (t) of proposed Rule 1701 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) applies to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) apply specifically to Listed Options. Accordingly, Paragraph (u) of proposed Rule 1701 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of proposed Rule 1701 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS.

[17] Section 6.5(d)(i) of the CAT NMS Plan.

[18] Appendix C, Section A.3(b) of the CAT NMS Plan.

[19] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[20] Appendix C, Section A.3(b) of the CAT NMS Plan.

[21] Section 6.5(d)(i) of the CAT NMS Plan.

[22] Appendix C, Section A.3(b) of the CAT NMS Plan.

[23] Approval Order at 84718.

SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[24] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Each Industry Member is required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in proposed Rule 1701. Specifically, paragraph (v) of proposed Rule 1701 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 1703 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in proposed Rule 1701. Specifically, paragraph (w) of proposed Rule 1701 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in proposed Rule 1701. Specifically, paragraph (x) of proposed Rule 1701 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of proposed Rule 1701 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of proposed Rule 1701 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

SEC Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under SEC Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The SROs, however, requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[25] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in proposed Rule 1701. Specifically, paragraph (aa) of proposed Rule 1701 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on the exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

[24] Exemption Order.

[25] *See* Exemptive Request Letter at 2, and Exemption Order.

(BB) Order

The proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in proposed Rule 1701. Specifically, paragraph (bb) of proposed Rule 1701 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in SEC Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in proposed Rule 1701. Specifically, paragraph (cc) of proposed Rule 1701 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of proposed Rule 1701 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of proposed Rule 1701 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of proposed Rule 1701 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of proposed Rule 1701 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 1703(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 1703(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of proposed Rule 1701 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 1703(a)(1). This definition has the same substantive meaning as the definition set forth in in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding proposed Rule 1703(a)(1).

(II) Reportable Event

The proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) requires each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in proposed Rule 1701. Specifically, paragraph (ii) of proposed Rule 1701 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of proposed Rule 1701 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The SROs requested and received exemptive relief from SEC Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[26] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members. For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such Industry Member, including CRD number and LEI, if the SRO has collected such LEI of the Industry Member. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the Industry Member as well as the LEI of the Industry Member (if the Industry Member has an LEI). The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in proposed Rule 1701. Specifically, paragraph (kk) of proposed Rule 1701 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or identifier used by a Participant. This is

[26] *See* Exemptive Request Letter at 19, and Exemption Order.

the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in proposed Rule 1701. Specifically, paragraph (ll) of proposed Rule 1701 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 1703(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in proposed Rule 1701. Specifically, Paragraph (mm) of proposed Rule 1701 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

SEC Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[27] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 1702 (Consolidated Audit Trail Compliance Rule- Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of proposed Rule 1702 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of proposed Rule 1702 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 1702 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of proposed Rule 1702 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the proposed Rule 1702 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of proposed Rule 1702 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of proposed Rule 1702 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of proposed Rule 1702 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of proposed Rule 1702 requires each Industry Member to certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of proposed Rule 1702 periodically in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via Regulatory Circular.

Paragraph (d) of proposed Rule 1702 establishes reporting requirements with regard to clock synchronization. Paragraph (d) of proposed Rule 1702 requires Industry Members to report to the Plan Processor and SRO violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating

[27] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via Regulatory Circular.

(iii) Industry Member Data Reporting

SEC Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 1703 (Consolidated Audit Trail Compliance Rule—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 1703 has five sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities covered by the recording and reporting requirements, (4) the security symbology to be used in the recording and reporting, and (5) error correction requirements, each of which is described below.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of proposed Rule 1703 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of proposed Rule 1703 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to proposed Rule 1706); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to proposed Rule 1706); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to proposed Rule 1706); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to proposed Rule 1706); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to proposed Rule 1706; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 1703 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 1703(a)(1) ''Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with proposed Rule 1704, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of proposed Rule 1703 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of proposed Rule 1703 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of proposed Rule 1703 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of proposed Rule 1703 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of proposed Rule 1703 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such

Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of proposed Rule 1703 describes the securities to which the recording and reporting requirements of proposed Rule 1703 apply. Paragraphs (c)(1) and (c)(2) of proposed Rule 1703 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of proposed Rule 1703 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 1703 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of proposed Rule 1703 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this proposed Rule 1703 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of proposed Rule 1703 describes the security symbology that Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of proposed Rule 1703 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of proposed Rule 1703 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via Regulatory Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of proposed Rule 1703, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of proposed Rule 1703 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 1704 (Consolidated Audit Trail Compliance Rule—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of proposed Rule 1704 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 1709. Paragraph (b) of proposed Rule 1704 requires each Industry Member to submit to the Central Repository any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account on a daily basis. Paragraph (c) of proposed Rule 1704 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via Regulatory Circular.

Finally, paragraph (d) of proposed Rule 1704 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 1705 (Consolidated Audit Trail Compliance Rule—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, proposed Rule 1705 requires each Industry Member to submit to the Central Repository information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 1709, and keep such information up to date as necessary.

(vi) Time Stamps

SEC Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[28] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 1706

[28] 17 CFR 242.613(d)(3).

(Consolidated Audit Trail Compliance Rule—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of proposed Rule 1706 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of proposed Rule 1706 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of proposed Rule 1706. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of proposed Rule 1706 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of proposed Rule 1706 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of proposed Rule 1706 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of proposed Rule 1706 permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of proposed Rule 1706 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 1707 (Consolidated Audit Trail Compliance Rule—Clock Synchronization Rule Violation) describes potential violations of the clock synchronization time period requirements set forth in the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Proposed Rule 1707 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in the Consolidated Audit Trail Compliance Rule (Rules 1701–1712) without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 1708 (Consolidated Audit Trail Compliance Rule—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of proposed Rule 1708 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of proposed Rule 1708 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of proposed Rule 1708 addresses connectivity requirements related to the CAT. Paragraph (b) of proposed Rule 1708 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of proposed Rule 1708 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of proposed Rule 1708 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the proposed Consolidate Audit Trail Compliance Rule (Rules 1701–1712), notwithstanding the existence of an agreement described in paragraph (c) of proposed Rule 1708.

(ix) Development and Testing

The Exchange proposes Rule 1709 (Consolidated Audit Trail Compliance Rule—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of proposed Rule 1709 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan.

Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 1704(a) and 1705, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 1704(a) and 1705, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry

Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019.

Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018

Paragraph (b) of proposed Rule 1709 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[29] Specifically, proposed Rule 1709 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via Regulatory Circular.

(x) Recordkeeping

Proposed Rule 1710 (Consolidated Audit Trail Compliance Rule—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 1710 requires each Industry Member to maintain and preserve records of the information required to be recorded under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 1710 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[30] Accordingly, proposed Rule 1711 (Consolidated Audit Trail Compliance Rule—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of proposed Rule 1711 requires that Industry Members record and report data to the Central Repository as required by the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of proposed Rule 1711 requires Industry Members to accurately provide the LEIs in their records as required by the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[31]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via Regulatory Circular.

Furthermore, paragraph (d) of proposed Rule 1711 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 1711 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[32] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 1711 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712).

(xii) Compliance Dates

Proposed Rule 1712 (Consolidated Audi [sic] Trail Compliance Rule—Compliance Dates) sets forth the compliance dates for the various provisions of the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Paragraph (a) of proposed Rule 1712 states that paragraphs (b) and (c) of this Rule set forth the additional details with respect to the compliance date for the Consolidated Audit Trail Compliance Rule (Rules 1701–1712). It further states that, unless otherwise noted, Rules 1701–1712 are fully effective and Members must comply with their terms.

Paragraph (b) of proposed Rule 1712 establishes the compliance dates for the clock synchronization requirements as set forth in proposed Rule 1702. Paragraph (b)(1) states that each Industry Member shall comply with Rule 1702 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 1702 with regard to Business Clocks that do not capture time in milliseconds commencing on or before

[29] Adopting Release [sic] at 84725.

[30] *See* SEC Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[31] Approval Order at 84745.

[32] Appendix C of the CAT NMS Plan.

February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.

Paragraph (c) of proposed Rule 1712 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act [33] which requires, among other things, that the Exchange's rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act [34] which requires that the Exchange's rules not impose any burden on competition that is not necessary or appropriate.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist the Exchange and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [35] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the proposed Consolidated Audit Trail Compliance Rule (Rules 1701–1712) implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing this Consolidated Audit Trail Compliance Rule (Rules 1701–1712). Therefore, this is not a competitive rule filing, and, therefore, it does not impose a burden on competition.

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

Written comments were neither solicited nor received.

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 up to 90 days (i) as the Commission may designate 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–PEARL–2017–04 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–PEARL–2017–04. 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 such filing will also 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–PEARL–2017–04 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[36]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02543 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[33] 15 U.S.C. 78f(b)(6) [sic].

[34] 15 U.S.C. 78f(b)(8).

[35] Approval Order at 84697.

[36] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79933; File No. SR–NSX–2017–03]

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Implement Compliance Rules Regarding the National Market System Plan Governing the Consolidated Audit Trail

February 2, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'') [1] and Rule 19b–4 thereunder,[2] notice is hereby given that on January 30, 2017, National Stock Exchange, Inc. (''NSX'' or the ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') a proposed rule change, as described in Items I and II below, which Items have been substantially prepared by the Exchange.[3] 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend Chapter XIV of its rules to implement the compliance rule (''Compliance Rule'') regarding the National Market System Plan Governing the Consolidated Audit Trail. [sic] (the ''CAT NMS Plan'' or ''Plan'').[4]

The text of the proposed rule change is available at the Exchange's Web site at *www.nsx.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 the Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and statutory 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 parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Bats BZX Exchange, Inc., Bats BYX 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''), International Securities Exchange, LLC, Investors' Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, MIAX PEARL, LLC, NASDAQ BX, Inc. [sic] NASDAQ PHLX LLC) [sic], The NASDAQ Stock Market LLC, NSX, New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, ''self-regulatory organizations'', ''SROs'' or ''Participants''), filed with the Commission a National Market System (''NMS'') Plan Governing the Consolidated Audit Trail (the ''CAT NMS Plan,'' ''CAT Plan'' or ''Plan'').[5] The SROs filed amendments to the CAT NMS Plan on December 24, 2015, and on February 8, 2016.[6] The Plan was published for comment in the **Federal Register** on May 17, 2016,[7] and approved by the Commission, as modified, on November 15, 2016.[8]

The Plan is designed to create, implement and maintain a consolidated audit trail (''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. Each Participant is required to enforce compliance by its Industry Members, as applicable, with the provisions of the Plan, by adopting a Compliance Rule applicable to their Industry Members.[9] As is described more fully below, the Exchange is proposing to amend Chapter XIV of its rules, which is currently a ''reserved'' chapter, to adopt Rules 14.1 through 14.12; these rules set forth the Compliance Rule to require Industry Members to comply with the provisions of the CAT NMS Plan. The proposed rule change includes twelve proposed rules covering the following areas: (1) Definitions; (2) clock synchronization; (3) Industry Member Data reporting; (4) Customer information reporting; (5) Industry Member information reporting; (6) time stamps; (7) clock synchronization rule violations; (8) connectivity and data transmission; (9) development and testing; (10) recordkeeping; (11) timely, accurate and complete data; and (12) compliance dates. Each of these proposed rules is discussed in detail below.

(i) Definitions

Proposed Rule 14.1 (Consolidated Audit Trail—Definitions) sets forth the definitions for the terms used in the Chapter XIV Rule Series. Each of the defined terms in Proposed Rule 14.1 is discussed in detail in this section.

(A) Account Effective Date

(I) Customer Information Approach

SEC Rule 613 requires that numerous data elements be reported to the CAT to ensure there is sufficient information to create the lifecycle of an order, and provide regulators with sufficient detail about an order to perform their regulatory duties. Certain required elements are intended to ensure that the regulators can identify the Customers associated with orders. For example, Rule 613(c)(7)(i)(A) requires an Industry Member to report the ''Customer-IDs'' for each Customer for the original receipt or origination of an order.

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[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange originally filed this proposed rule change on January 17, 2017 under File No. SR–NSX–2017–02, and the Exchange subsequently withdrew that filing on January 30, 2017 and filed this proposed rule change.

[4] Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth herein or in the CAT NMS Plan.

[5] *See* Letter from 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. Pursuant to Rule 613, the SROs were required to file the CAT NMS Plan on or before April 28, 2013. At the SROs' request, the Commission granted exemptions to extend the deadline for filing the CAT NMS Plan to December 6, 2013, and then to September 30, 2014. *See* Securities Exchange Act Release Nos. 69060 (March 7, 2013), 78 FR 15771 (March 12, 2013); 71018 (December 6, 2013), 78 FR 75669 (December 12, 2013). The SROs filed the CAT NMS Plan on September 30, 2014 (the ''Initial CAT NMS Plan''). *See* Letter from the SROs, to Brent J. Fields, Secretary, Commission, dated September 30, 2014. The CAT NMS Plan filed on February 27, 2015, was an amendment to and replacement of the Initial CAT NMS Plan.

[6] *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated December 23, 2015. On February 9, 2016, the Participants filed with the Commission an identical, but unmarked, version of the February 27, 2015 CAT NMS Plan, as modified by the December 24, 2015 Amendment, as well as a copy of the request for proposal issued by the Participants to solicit Bids from parties interested in serving as the Plan Processor for the consolidated audit trail. *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated February 8, 2016.

[7] Securities Exchange Act Release No. 77724 (Apr. 27, 2016), 81 FR 30614 (May 17, 2016).

[8] Securities Exchange Act Release No. 79318 (Nov. 15, 2016), 81 FR 84696 (Nov. 23, 2016) (''Approval Order'').

[9] *See* Rule 613(g)(1).

''Customer-ID'' is defined in SEC Rule 613(j)(5) to mean ''with respect to a customer, a code that uniquely and consistently identifies such customer for purposes of providing data to the Central Repository.'' SEC Rule 613(c)(8) requires Industry Members to use the same Customer-ID for each Customer. The SEC granted the Participants exemptive relief to permit the use of an alternative approach to the requirement that an Industry Member report a Customer-ID for every Customer upon original receipt or origination.[10] The alternative approach is called the Customer Information Approach.

Under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. As the Firm Designated ID, Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Prior to their commencement of reporting to the CAT, Industry Members would submit an initial set of Customer information to the Central Repository, including the Firm Designated ID, Customer Identifying Information and Customer Account Information (which may include, as applicable, the Customer's name, address, date of birth, individual tax payer identifier number (''ITIN'')/ social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with power of attorney) and LEI and/or Larger [sic] Trader ID (''LTID'')). This process is referred to as the customer definition process.

In accordance with the Customer Information Approach, Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Within the Central Repository, each Customer would be uniquely identified by identifiers or a combination of identifiers such as ITIN/SSN, date of birth, and as applicable, LEI and LTID. The Plan Processor would be required to use these unique identifiers to map orders to specific Customers across all Industry Members and Participants. To ensure information identifying a Customer is up to date, Industry Members would be required to submit to the Central Repository daily and periodic updates for reactivated accounts, newly established accounts, and revised Firm Designated IDs or associated reportable Customer information.

(II) Definition of Account Effective Date

In connection with the Customer Information Approach, Industry Members would be required to report Customer Account Information to the Central Repository. ''Customer Account Information'' is defined in SEC Rule 613(j)(4) to ''include, but not be limited to, account number, account type, customer type, date account opened, and large trader identifier (if applicable).'' Therefore, when reporting Customer Account Information, an Industry Member is required to report the date an account was opened. The Participants requested and received an exemption to allow an ''Account Effective Date'' to be reported in lieu of an account open date in certain limited circumstances. The definition of ''Account Effective Date'' as set forth in Paragraph (a) of proposed Rule 14.1 describes those limited circumstances in which an Industry Member may report an ''Account Effective Date'' rather than the account open date. The proposed definition is the same as the definition of ''Account Effective Date'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

Specifically, Paragraph (a)(1) defines ''Account Effective Date [sic] to mean, with regard to those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution: (1) When the trading relationship was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, either (a) the date the relationship identifier was established within the Industry Member; (b) the date when trading began (*i.e.,* the date the first order was received) using the relevant relationship identifier; or (c) if both dates are available, the earlier date will be used to the extent that the dates differ; or (2) when the trading relationship was established on or after November 15, 2018 for Industry Members other than Small Industry Members, or on or after November 15, 2019 for Small Industry Members, the date the Industry Member established the relationship identifier, which would be no later than the date the first order was received.

Paragraph (a)(2) of Proposed Rule 14.1 states that an ''Account Effective Date'' means, where an Industry Member changes back office providers or clearing firms prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(3) states that an ''Account Effective Date'' means, where an Industry Member acquires another Industry Member prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the date an account was established at the relevant Industry Member, either directly or via transfer.

Paragraph (a)(4) states that ''Account Effective Date'' means, where there are multiple dates associated with an account established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, the earliest available date.

Paragraph (a)(5) states that an ''Account Effective Date'' means, with regard to Industry Member proprietary accounts established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members: (1) The date established for the account in the Industry Member or in a system of the Industry Member or (2) the date when proprietary trading began in the account (*i.e.,* the date on which the first orders were submitted from the account). With regard to paragraphs (a)(2)–(5), the Account Effective Date will be no later than the date trading occurs at the Industry Member or in the Industry Member's system.

(B) Active Account

Under the Customer Information Approach, Industry Members are required to report Customer Identifying Information and Customer Account Information for only those accounts that are active. This will alleviate the need for Industry Members to update such information for non-active accounts, but still ensure that the Central Repository will collect audit trail data for Customer accounts that have any Reportable Events. Accordingly, paragraph (b) of Proposed Rule 14.1 defines an ''Active Account'' as an account that has had activity in Eligible Securities within the last six months. This is the same

[10] *See* Securities Exchange Act Release No. 77265 (March 1, 2016), 81 FR 11856 (March 7, 2016) (''Exemption Order''). *See also* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 30, 2015 at 12 (''Exemptive Request Letter''); and CAT NMS Plan at Appendix C, Section A.1(a)(iii).

definition as set forth in Section 1.1 of the CAT NMS Plan.

(C) Allocation Report

(I) Allocation Report Approach

SEC Rule 613(c)(7)(vi)(A) requires each Industry Member to record and report to the Central Repository ''the account number for any subaccounts to which the execution is allocated (in whole or in part).'' The Participants requested and received from the SEC exemptive relief from SEC Rule 613 for an alternative to this approach (''Allocation Report Approach''). The Allocation Report Approach would permit Industry Members to record and report to the Central Repository an Allocation Report that includes, among other things, the Firm Designated ID for any account(s) to which executed shares are allocated when an execution is allocated in whole or part in lieu of requiring the reporting of the account number for any subaccount to which an execution is allocated, as is required by SEC Rule 613.[11] Under SEC Rule 613, regulators would be able to link the subaccount to which an allocation was made to a specific order. In contrast, under the Allocation Report Approach, regulators would only be able to link an allocation to the account to which it was made, and not to a specific order.

(II) Definition of Allocation Report

To assist in implementing the Allocation Report Approach, paragraph (c) of Proposed Rule 14.1 defines an ''Allocation Report.'' Specifically, an ''Allocation Report'' means a report made to the Central Repository by an Industry Member that identifies the Firm Designated ID for any account(s), including subaccount(s), to which executed shares are allocated and provides the security that has been allocated, the identifier of the firm reporting the allocation, the price per share of shares allocated, the side of shares allocated, the number of shares allocated to each account, and the time of the allocation; provided, for the avoidance of doubt, any such Allocation Report shall not be required to be linked to particular orders or executions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(D) Business Clock

To create the required audit trail, Industry Members are required to record the date and time of various Reportable Events to the Central Repository. Industry Members will use ''Business Clocks'' to record such dates and times. Accordingly, paragraph (d) of Proposed Rule 14.1 defines the term ''Business Clock'' as a clock used to record the date and time of any Reportable Event required to be reported under the Rules in Chapter XIV. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to replace the phrase ''under SEC Rule 613'' at the end of the definition in Section 1.1 of the Plan with the phrase ''under this Rule Series.'' This change is intended to recognize that the Industry Members' obligations with regard to the CAT are set forth in this [sic] Rules contained in Chapter XIV.

(E) CAT

Paragraph (e) of Proposed Rule 14.1 defines the term ''CAT'' to mean the consolidated audit trail contemplated by SEC Rule 613. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(F) CAT NMS Plan

Paragraph (f) of Proposed Rule 14.1 defines the term ''CAT NMS Plan'' to mean the National Market System Plan Governing the Consolidated Audit Trail, as amended from time to time.

(G) CAT-Order-ID

(I) Daisy Chain Approach

Under the CAT NMS Plan, the Daisy Chain Approach is used to link and reconstruct the complete lifecycle of each Reportable Event in CAT. According to this Approach, Industry Members assign their own identifiers to each order event. Within the Central Repository, the Plan Processor later replaces the identifier provided by the Industry Member for each Reportable Event with a single identifier, called the CAT Order-ID, for all order events pertaining to the same order. This CAT Order-ID is used to link the Reportable Events related to the same order.

(II) Definition of CAT-Order-ID

To implement the Daisy Chain Approach, Paragraph (g) of Proposed Rule 14.1 defines the term ''CAT-Order-ID.'' The term ''CAT-Order-ID'' is defined to mean a unique order identifier or series of unique order identifiers that allows the Central Repository to efficiently and accurately link all Reportable Events for an order, and all orders that result from the aggregation or disaggregation of such order. This is the same definition as set forth in SEC Rule 613(j)(1), and Section 1.1 of the CAT NMS Plan defines ''CAT-Order-ID'' by reference to SEC Rule 613(j)(1).

(H) CAT Reporting Agent

The CAT NMS Plan permits an Industry Member to use a third party, such as a vendor, to report the required data to the Central Repository on behalf of the Industry Member.[12] Such a third party, referred to in the Chapter XIV Rule Series as a ''CAT Reporting Agent,'' would be one type of a Data Submitter, that is, a party that submits data to the Central Repository. Paragraph (h) of proposed Rule 14.1 defines the term ''CAT Reporting Agent'' to mean a Data Submitter that is a third party that enters into an agreement with an Industry Member pursuant to which the CAT Reporting Agent agrees to fulfill such Industry Member's reporting obligations under the rules set forth in Chapter XIV.

This definition is based on FINRA's definition of a ''Reporting Agent'' as set forth in FINRA's rule related to its Order Audit Trail System (''OATS''). Specifically, FINRA Rule 7410(n) defines a ''Reporting Agent'' as a third party that enters into any agreement with a member pursuant to which the Reporting Agent agrees to fulfill such member's obligations under Rule 7450. The Reporting Agent for OATS fulfills a similar role to the CAT Reporting Agent.

(I) Central Repository

Paragraph (i) of Proposed Rule 14.1 defines the term ''Central Repository'' to mean the repository responsible for the receipt, consolidation, and retention of all information reported to the CAT pursuant to SEC Rule 613 and the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange uses the phrase ''CAT NMS Plan'' in place of the phrase ''this Agreement.''

(J) Compliance Threshold

Paragraph (j) of Proposed Rule 14.1 defines the term ''Compliance Threshold'' as having the meaning set forth in Proposed Rule 14.11(d). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. As discussed in detail below with regard to Proposed Rule 14.11(d), each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT. This Industry Member-specific rate is the ''Compliance Threshold.''

[11] *See* Exemptive Request Letter at 26–27; and Exemption Order.

[12] Appendix C, Section A.1(a) of the CAT NMS Plan.

(K) Customer

Industry Members are required to submit to the Central Repository certain information related to their Customers, including Customer Identifying Information and Customer Account Information, as well as data related to their Customer's Reportable Events. Accordingly, Paragraph (k) of Proposed Rule 14.1 proposes to define the term ''Customer.'' Specifically, the term ''Customer'' would be defined to mean: (1) The account holder(s) of the account at an Industry Member originating the order; and (2) any person from whom the Industry Member is authorized to accept trading instructions for such account, if different from the account holder(s). This is the same definition as set forth in SEC Rule 613(j)(3), except the Exchange proposes to replace the references to a registered broker-dealer or broker-dealer with a reference to an Industry Member for consistency of terms used in the Chapter XIV Rule Series. The Exchange also notes that Section 1.1 of the CAT NMS Plan defines ''Customer'' by reference to SEC Rule 613(j)(3).

(L) Customer Account Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Account Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what customer information would need to be reported to the Central Repository.

Paragraph (l) of proposed Rule 14.1 defines the term ''Customer Account Information'' to include, in part, account number, account type, customer type, date account opened, and large trader identifier (if applicable). Proposed Rule 14.1(l), however, provides an alternative definition of ''Customer Account Information'' in two limited circumstances. First, in those circumstances in which an Industry Member has established a trading relationship with an institution but has not established an account with that institution, the Industry Member will: (1) Provide the Account Effective Date in lieu of the ''date account opened''; (2) provide the relationship identifier in lieu of the ''account number''; and (3) identify the ''account type'' as a ''relationship.'' Second, in those circumstances in which the relevant account was established prior to November 15, 2018 for Industry Members other than Small Industry Members, or prior to November 15, 2019 for Small Industry Members, and no ''date account opened'' is available for the account, the Industry Member will provide the Account Effective Date in the following circumstances: (1) Where an Industry Member changes back office providers or clearing firms and the date account opened is changed to the date the account was opened on the new back office/clearing firm system; (2) where an Industry Member acquires another Industry Member and the date account opened is changed to the date the account was opened on the post-merger back office/clearing firm system; (3) where there are multiple dates associated with an account in an Industry Member's system, and the parameters of each date are determined by the individual Industry Member; and (4) where the relevant account is an Industry Member proprietary account. The proposed definition is the same as the definition of ''Customer Account Information'' set forth in Section 1.1 of the CAT NMS Plan, provided, however, that specific dates have replaced the descriptions of those dates set forth in Section 1.1 of the Plan.

(M) Customer Identifying Information

As discussed above, under the Customer Information Approach, Industry Members are required to report Customer Identifying Information to the Central Repository as part of the customer definition process. Accordingly, the Exchange proposes to define the term ''Customer Account Information'' to clarify what Customer information would need to be reported to the Central Repository.

Paragraph (m) of Proposed Rule 14.1 defines the term ''Customer Identifying Information'' to mean information of sufficient detail to identify a Customer. With respect to individuals, ''Customer Identifying Information'' includes, but is not limited to: Name, address, date of birth, individual tax payer identification number (''ITIN'')/social security number (''SSN''), individual's role in the account (*e.g.,* primary holder, joint holder, guardian, trustee, person with the power of attorney). With respect to legal entities, ''Customer Identifying Information'' includes, but is not limited to, name, address, Employer Identification Number (''EIN'')/Legal Entity Identifier (''LEI'') or other comparable common entity identifier, if applicable. The definition further notes that an Industry Member that has an LEI for a Customer must submit the Customer's LEI in addition to other information of sufficient detail to identify the Customer. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(N) Data Submitter

The CAT NMS Plan uses the term ''Data Submitter'' to refer to any person that reports data to the Central Repository.[13] Such Data Submitters may include those entities that are required to submit data to the Central Repository (*e.g.,* national securities exchanges, national securities associations and Industry Members), third-parties that may submit data to the CAT on behalf of CAT Reporters (*i.e.,* CAT Reporting Agents), and outside parties that are not required to submit data to the CAT but from which the CAT may receive data (*e.g.,* securities information processors (''SIPs'')). To include this term in the Chapter XIV Rule Series, the Exchange proposes to define ''Data Submitter'' in paragraph (n) of Proposed Rule 14.1. Specifically, paragraph (n) of Proposed Rule 14.1 defines a ''Data Submitter'' to mean any person that reports data to the Central Repository, including national securities exchanges, national securities associations, broker-dealers, the SIPs for the CQS, CTA, UTP and Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information (''OPRA'') Plans, and certain other vendors or third parties that may submit data to the Central Repository on behalf of Industry Members.

(O) Eligible Security

The reporting requirements of the Chapter XIV Rule Series only apply to Reportable Events in Eligible Securities. Currently, an Eligible Security includes NMS Securities and OTC Equity Securities. Accordingly, paragraph (o) of Proposed Rule 14.1 defines the term ''Eligible Security'' to include: (1) All NMS Securities; and (2) all OTC Equity Securities. The terms ''NMS Securities'' and ''OTC Equity Securities'' are defined, in turn, below. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(P) Error Rate

(I) Maximum Error Rate

Under the CAT NMS Plan, the Operating Committee sets the maximum Error Rate that the Central Repository would tolerate from an Industry Member reporting data to the Central Repository.[14] The Operating Committee reviews and resets the maximum Error Rate, at least annually.[15] If an Industry Member reports CAT data to the Central Repository with errors such that their error percentage exceeds the maximum

[13] Appendix C, Section A.1(a) of the CAT NMS Plan.

[14] Section 6.5(d)(i) of the CAT NMS Plan.

[15] Appendix C, Section A.3(b) of the CAT NMS Plan.

Error Rate, then such Industry Member would not be in compliance with the CAT NMS Plan or Rule 613.[16] As such, the Exchange or the SEC ''[sic] may take appropriate action against an Industry Member for failing to comply with its CAT reporting obligations.[17] The CAT NMS Plan sets the initial Error Rate at 5%.[18] It is anticipated that the maximum Error Rate will be reviewed and lowered by the Operating Committee once Industry Members begin to report to the Central Repository.[19]

The CAT NMS Plan requires the Plan Processor to: (1) Measure and report errors every business day; (2) provide Industry Members daily statistics and error reports as they become available, including a description of such errors; (3) provide monthly reports to Industry Members that detail an Industry Member's performance and comparison statistics; (4) define educational and support programs for Industry Members to minimize Error Rates; and (5) identify, daily, all Industry Members exceeding the maximum allowable Error Rate. To timely correct data-submitted errors to the Central Repository, the CAT NMS Plan requires that the Central Repository receive and process error corrections at all times. Further, the CAT NMS Plan requires that Industry Members be able to submit error corrections to the Central Repository through a web-interface or via bulk uploads or file submissions, and that the Plan Processor, subject to the Operating Committee's approval, support the bulk replacement of records and the reprocessing of such records. The Participants, furthermore, require that the Plan Processor identify Industry Member data submission errors based on the Plan Processor's validation processes.[20]

(II) Definition of Error Rate

To implement the requirements of the CAT NMS Plan related to the Error Rate, the Exchange proposes to define the term ''Error Rate'' in Proposed Rule 14.1. Paragraph (p) of Proposed Rule 14.1 defines the term ''Error Rate'' to mean the percentage of Reportable Events collected by the Central Repository in which the data reported does not fully and accurately reflect the order event that occurred in the market. This is the same definition as set forth in SEC Rule 613(j)(6), and Section 1.1 of the CAT NMS Plan defines ''Error Rate'' by reference to SEC Rule 613(j)(6).

(Q) Firm Designated ID

As discussed above, under the Customer Information Approach, the CAT NMS Plan would require each Industry Member to assign a unique Firm Designated ID to each Customer. Industry Members would be permitted to use as the Firm Designated ID an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date). Industry Members would be required to report only the Firm Designated ID for each new order submitted to the Central Repository, rather than the ''Customer-ID'' with individual order events. Accordingly, the Exchange proposes to define the term ''Firm Designated ID'' in Proposed Rule 14.1.

Specifically, paragraph (q) of Proposed Rule 14.1 defines the term ''Firm Designated ID'' to mean a unique identifier for each trading account designated by Industry Members for purposes of providing data to the Central Repository, where each such identifier is unique among all identifiers from any given Industry Member for each business date. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. Industry Members would be permitted to use an account number or any other identifier defined by the firm, provided each identifier is unique across the firm for each business date (*i.e.,* a single firm may not have multiple separate customers with the same identifier on any given date).

(R) Industry Member

Paragraph (r) of Proposed Rule 14.1 defines the term ''Industry Member'' to mean a member of a national securities exchange or a member of a national securities association.'' This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(S) Industry Member Data

Paragraph (s) of Proposed Rule 14.1 states that the term ''Industry Member Data'' has the meaning set forth in Rule 14.3(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 14.3(a)(2).

(T) Initial Plan Processor

Paragraph (t) of Proposed Rule 14.1 defines the term ''Initial Plan Processor'' to mean the first Plan Processor selected by the Operating Committee in accordance with SEC Rule 613, Section 6.1 of the CAT NMS Plan and the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, although the proposed definition uses the full name of the ''Selection Plan.''

(U) Listed Option or Option

The CAT NMS Plan and this Chapter XIV Rule Series apply to Eligible Securities, which includes NMS Securities, which, in turn, includes Listed Options. Certain requirements of the Chapter XIV Rule Series apply specifically to Listed Options. Accordingly, Paragraph (u) of Proposed Rule 14.1 defines the term ''Listed Option'' or ''Option.'' Specifically, paragraph (u) of Proposed Rule 14.1 states that the term ''Listed Option'' or ''Option'' has the meaning set forth in SEC Rule 600(b)(35) of Regulation NMS. SEC Rule 600(b)(35), in turn, defines a listed option as ''any option traded on a registered national securities exchange or automated facility of a national securities association.'' The Exchange notes that the proposed definition of ''Listed Option'' is the same definition as the definition set forth in Section 1.1 of the CAT NMS Plan.

(V) Manual Order Event

(I) Manual Order Event Approach

The CAT NMS Plan sets forth clock synchronization and timestamp requirements for Industry Members which reflect exemptions for Manual Order Events granted by the Commission.[21] Specifically, the Plan requires Industry Members to record and report the time of each Reportable Event using timestamps reflecting current industry standards (which must be at least to the millisecond) or, if an Industry Member's order handling or execution system uses timestamps in increments finer than milliseconds, such finer increments, when reporting to the Central Repository. For Manual Order Events, however, the Plan provides that such events must be recorded in increments up to and including one second, provided that Industry Members record and report the time the event is captured electronically in an order handling and execution

[16] Appendix C, Section A.3(b) of the CAT NMS Plan; Rule 613(g)–(h).

[17] Appendix C, Section A.3(b) of the CAT NMS Plan.

[18] Section 6.5(d)(i) of the CAT NMS Plan.

[19] Appendix C, Section A.3(b) of the CAT NMS Plan.

[20] Approval Order at 84718.

[21] *See* Exemption Order.

system (''Electronic Capture Time'') in milliseconds. In addition, Industry Members are required to synchronize their respective Business Clocks (other than such Business Clocks used solely for Manual Order Events) at a minimum to within 50 milliseconds of the time maintained by the National Institute of Standards and Technology (''NIST''), and maintain such a synchronization. Industry Members are required to synchronize their Business Clocks used solely for Manual Order Events, however, at a minimum to within one second of the time maintained by the NIST.

(II) Definition of Manual Order Event

In order to clarify what a Manual Order Event is for clock synchronization and time stamp purposes, the Exchange proposes to define the term ''Manual Order Event'' in Proposed Rule 14.1. Specifically, paragraph (v) of Proposed Rule 14.1 defines the term ''Manual Order Event'' to mean a non-electronic communication of order-related information for which Industry Members must record and report the time of the event. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(W) Material Terms of the Order

Proposed Rule 14.3 requires Industry Members to record and report to the Central Repository Material Terms of the Order with certain Reportable Events (*e.g.,* for the original receipt or origination of an order, for the routing of an order). Accordingly, the Exchange proposes to define the term ''Material Terms of the Order'' in Proposed Rule 14.1. Specifically, paragraph (w) of Proposed Rule 14.1 defines the term ''Material Terms of the Order'' to include: The NMS Security or OTC Equity Security symbol; security type; price (if applicable); size (displayed and non-displayed); side (buy/sell); order type; if a sell order, whether the order is long, short, short exempt; open/close indicator (except on transactions in equities); time in force (if applicable); if the order is for a Listed Option, option type (put/call), option symbol or root symbol, underlying symbol, strike price, expiration date, and open/close (except on market maker quotations); and any special handling instructions. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(X) NMS Security

NMS Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''NMS Security'' in Proposed Rule 14.1. Specifically, paragraph (x) of proposed Rule 14.1 defines the term ''NMS Security'' to mean any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan, or an effective national market system plan for reporting transactions in Listed Options. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(Y) NMS Stock

Under the CAT NMS Plan, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47)), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time. Accordingly, the Exchange proposes to define the term ''NMS Stock'' in Paragraph (y) of Proposed Rule 14.1 to mean any NMS Security other than an option. This is the same definition as set forth in SEC Rule 600(b)(47) of Regulation NMS.

(Z) Operating Committee

Paragraph (z) of Proposed Rule 14.1 defines the term ''Operating Committee'' to mean the governing body of the CAT NMS, LLC designated as such and described in Article IV of the CAT NMS Plan. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan, except the Exchange proposes to use the phrase ''CAT NMS LLC'' in place of the phrase ''the Company'' for clarity.

(AA) Options Market Maker

(I) Options Market Maker Quote Exemption

Rule 613(c)(7) provides that the CAT NMS Plan must require each Industry Member to record and electronically report to the Central Repository details for each order and each reportable event, including the routing and modification or cancellation of an order. SEC Rule 613(j)(8) defines ''order'' to include ''any bid or offer.'' Therefore, under Rule 613, the details for each Options Market Maker quotation must be reported to the Central Repository by both the Options Market Maker and the options exchange to which it routes its quote.

The Participants, however, requested and received exemptive relief from Rule 613 so that the CAT NMS Plan may permit Options Market Maker quotes to be reported to the Central Repository by the relevant options exchange in lieu of requiring that such reporting be done by both the options exchange and the Options Market Maker, as is required by SEC Rule 613.[22] In accordance with the exemptive relief, Options Market Makers would be required to report to the options exchange the time at which a quote in a Listed Option is sent to the options exchange. Such time information also will be reported to the Central Repository by the options exchange in lieu of reporting by the Options Market Maker.

(II) Definition of Options Market Maker

To implement the requirements related to Option Market Maker quotes, the Exchange proposes to define the term ''Options Market Maker'' in Proposed Rule 14.1. Specifically, paragraph (aa) of Proposed Rule 14.1 defines the term ''Options Market Maker'' to mean a broker-dealer registered with an exchange for the purpose of making markets in options contracts traded on such exchange. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(BB) Order

The Chapter XIV Rule Series requires each Industry Member to record and electronically report to the Central Repository certain details for each order. Accordingly, the Exchange proposes to define the term ''Order'' in Proposed Rule 14.1. Specifically, paragraph (bb) of Proposed Rule 14.1 defines the term ''Order'', with respect to Eligible Securities, to include: (1) Any order received by an Industry Member from any person; (2) any order originated by an Industry Member; or (3) any bid or offer. This is the same definition as set forth in Rule 613(j)(8), except the Exchange proposes to replace the phrase ''member of a national securities exchange or national securities association'' with the term ''Industry Member.'' The Exchange notes that Section 1.1 of the CAT NMS Plan defines ''Order'' by reference to SEC Rule 613(j)(8).

(CC) OTC Equity Security

OTC Equity Securities are one of the types of Eligible Securities for the CAT. Therefore, the Exchange proposes to define the term ''OTC Equity Security'' in Proposed Rule 14.1. Specifically, paragraph (cc) of proposed Rule 14.1 defines the term ''OTC Equity Security'' to mean any equity security, other than an NMS Security, subject to prompt last sale reporting rules of a registered national securities association and reported to one of such association's equity trade reporting facilities. This is

[22] *See* Exemptive Request Letter at 2, and Exemption Order.

the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(DD) Participant

Paragraph (dd) of Proposed Rule 14.1 defines the term ''Participant'' to mean each Person identified as such in Exhibit A of the CAT NMS Plan, as amended, in such Person's capacity as a Participant in CAT NMS, LLC. This is the same definition in substance as set forth in Section 1.1 of the CAT NMS Plan.

(EE) Person

Paragraph (ee) of proposed Rule 14.1 defines the term ''Person'' to mean any individual, partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association and any heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so permits. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(FF) Plan Processor

Paragraph (ff) of proposed Rule 14.1 defines the term ''Plan Processor'' to mean the Initial Plan Processor or any other Person selected by the Operating Committee pursuant to SEC Rule 613 and Sections 4.3(b)(i) and 6.1 of the CAT NMS Plan, and with regard to the Initial Plan Processor, the National Market System Plan Governing the Process for Selecting a Plan Processor and Developing a Plan for the Consolidated Audit Trail, to perform the CAT processing functions required by SEC Rule 613 and set forth in the CAT NMS Plan.

(GG) Received Industry Member Data

Paragraph (gg) of proposed Rule 14.1 states that the term ''Received Industry Member Data'' has the meaning set forth in Rule 14.3(a)(2). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Received Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 14.3(a)(2).

(HH) Recorded Industry Member Data

Paragraph (hh) of proposed Rule 14.1 states that the term ''Recorded Industry Member Data'' has the meaning set forth in Rule 14.3(a)(1). This definition has the same substantive meaning as the definition set forth in Section 1.1 of the CAT NMS Plan. The definition of ''Recorded Industry Member Data'' is discussed more fully in the discussion below regarding Proposed Rule 14.3(a)(1).

(II) Reportable Event

Proposed Rules 14.1 through 14.12 require each Industry Member to record and electronically report to the Central Repository certain details for each Reportable Event. To clarify these requirements, the Exchange proposes to define the term ''Reportable Event'' in Proposed Rule 14.1. Specifically, paragraph (ii) of Proposed Rule 14.1 states that the term ''Reportable Event'' includes, but is not limited to, the original receipt or origination, modification, cancellation, routing, execution (in whole or in part) and allocation of an order, and receipt of a routed order. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(JJ) SRO

Paragraph (jj) of proposed Rule 14.1 defines the term ''SRO'' to mean any self-regulatory organization within the meaning of Section 3(a)(26) of the Exchange Act. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan.

(KK) SRO-Assigned Market Participant Identifier

(I) Existing Identifier Approach

The Participants requested and received exemptive relief from Rule 613 so that the CAT NMS Plan may permit the Existing Identifier Approach, which would allow an Industry Member to report an existing SRO-Assigned Market Participant Identifier in lieu of requiring the reporting of a universal CAT-Reporter-ID (that is, a code that uniquely and consistently identifies an Industry Member for purposes of providing data to the Central Repository).[23] The CAT NMS Plan reflects the ''Existing Identifier Approach'' for purposes of identifying each Industry Member associated with an order or Reportable Event. Under the Existing Identifier Approach, Industry Members are required to record and report to the Central Repository an SRO-Assigned Market Participant Identifier for orders and certain Reportable Events to be used by the Central Repository to assign a unique CAT-Reporter-ID to identify Industry Members.

For the Central Repository to link the SRO-Assigned Market Participant Identifier to the CAT-Reporter-ID, each SRO will submit to the Central Repository, on a daily basis, all SRO-Assigned Market Participant Identifiers used by its Industry Members, as well as information to identify each such industry member [sic], including CRD number or [sic] [24] LEI, if the SRO has collected such LEI of the industry member [sic]. Additionally, each Industry Member is required to submit to the Central Repository the CRD number of the industry member [sic] as well as the LEI of the industry member [sic], if the industry member [sic] has an LEI. The Plan Processor will use this information to assign a CAT-Reporter-ID to each Industry Member for internal use within the Central Repository.

(II) Definition of SRO-Assigned Market Participant Identifier

To implement the Existing Identifier Approach, the Exchange proposes to define the term ''SRO-Assigned Market Participant'' in Proposed Rule 14.1. Specifically, paragraph (kk) of proposed Rule 14.1 defines the term ''SRO-Assigned Market Participant Identifier'' to mean an identifier assigned to an Industry Member by an SRO or an identifier used by a Participant. This is the same definition as set forth in Section 1.1 of the CAT NMS Plan. For example, an Industry Member would be permitted to use any existing SRO-Assigned Market Participant Identifier (*e.g.,* FINRA MPID, NASDAQ MPID, NYSE Mnemonic, CBOE User Acronym and CHX Acronym) when reporting order information to the Central Repository.

(LL) Small Industry Member

The requirements of the proposed rules 14.1 through 14.12 differ to some extent for Small Industry Members versus Industry Members other than Small Industry Members. For example, the compliance dates for reporting data to the CAT are different for Small Industry Members versus other Industry Members. Accordingly, to clarify the requirements that apply to which Industry Members, the Exchange proposes to define the term ''Small Industry Member'' in Proposed Rule 14.1. Specifically, paragraph (ll) of proposed Rule 14.1 defines the term ''Small Industry Member'' to mean an Industry Member that qualifies as a small broker-dealer as defined in Rule 0–10(c) under the Securities Exchange Act of 1934, as amended. This is the same in substance as the definition of ''Small Industry Member'' as set forth in Section 1.1 of the CAT NMS Plan. Specifically, Section 1.1 of the CAT NMS Plan defines a ''Small Industry Member'' as ''an Industry Member that

[23] *See* Exemptive Request Letter at 19, and Exemption Order.

[24] The Commission notes that the SRO must submit to the Central Repository the CRD number as well as the LEI of each such Industry Member, if the SRO has collected the LEI of the Industry Member.

qualifies as a small broker-dealer as defined in SEC Rule 613.'' The definition of a small broker-dealer under SEC Rule 613, in turn, is a small broker-dealer as defined in SEC Rule 0–10(c).

(MM) Trading Day

Proposed Rule 14.3(b) establishes the deadlines for reporting certain data to the Central Repository using the term ''Trading Day.'' Accordingly, the Exchange proposes to define the term ''Trading Day'' in proposed Rule 14.1. Specifically, Paragraph (mm) of proposed Rule 14.1 states that the term ''Trading Day'' shall have the meaning as is determined by the Operating Committee. For the avoidance of doubt, the Operating Committee may establish different Trading Days for NMS Stocks (as defined in SEC Rule 600(b)(47), Listed Options, OTC Equity Securities, and any other securities that are included as Eligible Securities from time to time.

(ii) Clock Synchronization

Rule 613(d)(1) under Regulation NMS requires Industry Members to synchronize their Business Clocks to the time maintained by NIST, consistent with industry standards. To comply with this provision, Section 6.8 of the Plan sets forth the clock synchronization requirements for Industry Members.[25] To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 14.2 (Consolidated Audit Trail—Clock Synchronization) to require its Industry Members to comply with the clock synchronization requirements of the Plan.

Paragraph (a) of proposed Rule 14.2 sets forth the manner in which Industry Members must synchronize their Business Clocks. Paragraph (a)(1) of Proposed Rule 14.2 requires each Industry Member to synchronize its Business Clocks, other than such Business Clocks used solely for Manual Order Events or used solely for the time of allocation on Allocation Reports, at a minimum to within a fifty (50) millisecond tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(ii)(A) of the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 14.2 requires each Industry Member to synchronize (1) its Business Clocks used solely for Manual Order Events and (2) its Business Clocks used solely for the time of allocation on Allocation Reports at a minimum to within a one second tolerance of the time maintained by the NIST atomic clock, and maintain such synchronization. This is the same requirement as set forth in Section 6.8(a)(iii) and (iv) of the CAT NMS Plan.

Paragraph (a)(3) of proposed Rule 14.2 clarifies that the tolerance described in paragraphs (a)(1) and (2) of the proposed Rule 14.2 includes all of the following: (1) The time difference between the NIST atomic clock and the Industry Member's Business Clock; (2) the transmission delay from the source; and (3) the amount of drift of the Industry Member's Business Clock. This description of the clock synchronization tolerance is the same as set forth in paragraph (b) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (a)(4) of proposed Rule 14.2 requires Industry Members to synchronize their Business Clocks every business day before market open to ensure that timestamps for Reportable Events are accurate. In addition, to maintain clock synchronization, Business Clocks must be checked against the NIST atomic clock and re-synchronized, as necessary, throughout the day. This description of the required frequency of clock synchronization is the same as set forth in paragraph (c) of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (b) of Proposed Rule 14.2 sets forth documentation requirements with regard to clock synchronization. Specifically, paragraph (b) requires Industry Members to document and maintain their synchronization procedures for their Business Clocks. The Proposed Rule requires Industry Members to keep a log of the times when they synchronize their Business Clocks and the results of the synchronization process. This log is required to include notice of any time a Business Clock drifts more than the applicable tolerance specified in paragraph (a) of the Proposed Rule. Such logs must include results for a period of not less than five years ending on the then current date, or for the entire period for which the Industry Member has been required to comply with this Rule if less than five years. These documentation requirements are the same as those set forth in the ''Sequencing Orders and Clock Synchronization'' section of Appendix C of the CAT NMS Plan. Moreover, these documentation requirements regarding clock synchronization are comparable to those set forth in Supplementary Material .01 of FINRA Rule 4590 (Synchronization of Member Business Clocks).

Paragraph (c) of proposed Rule 14.2 sets forth certification requirements with regard to clock synchronization. Specifically, paragraph (c) of proposed Rule 14.2 requires each Industry Member to periodically certify to the Exchange that its Business Clocks satisfy the synchronization requirements set forth in paragraph (a) of Proposed Rule 14.2, in accordance with the certification schedule established by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(B), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the certification schedule established by the Operating Committee via an Information Circular.

Paragraph (d) of Proposed Rule 14.2 establishes further reporting requirements with regard to clock synchronization. Paragraph (d) of Proposed Rule 14.2 requires Industry Members to report to the Plan Processor and to the Exchange violations of paragraph (a) of this Rule pursuant to the thresholds set by the Operating Committee pursuant to the CAT NMS Plan. This requirement is the same requirement as set forth in Section 6.8(a)(ii)(C), (iii) and (iv) of the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant thresholds established by the Operating Committee via an Information Circular.

(iii) Industry Member Data Reporting

Rule 613(c) under Regulation NMS requires the CAT NMS Plan to set forth certain provisions requiring Industry Members to record and report data to the CAT. To comply with this provision, Section 6.4 of the CAT NMS Plan sets forth the data reporting requirements for Industry Members. To implement these provisions with regard to its Industry Members, the Exchange proposes Rule 14.3 (Consolidated Audit Trail—Industry Member Data Reporting) to require its Industry Members to comply with the Industry Member Data reporting requirements of the Plan. Proposed Rule 14.3 has six [sic] sections covering: (1) Recording and reporting Industry Member Data, (2) timing of the recording and reporting, (3) the applicable securities cover [sic] by the recording and reporting requirements, (4) format, [sic] (5) the security symbology to be used in the recording and reporting, and (6) error correction requirements, each of which is described below.

[25] In addition, Section 6.7(a)(ii) of the Plan sets forth the timeline for CAT Reporters to comply with the clock synchronization requirements.

(A) Recording and Reporting Industry Member Data

Paragraph (a) of proposed Rule 14.3 describes the recording and reporting of Industry Member Data to the Central Repository. Paragraph (a) consists of paragraphs (a)(1)–(a)(3), which cover Recorded Industry Member Data, Received Industry Member Data and Options Market Maker data, respectively. Paragraphs (a)(1)–(a)(3) of Proposed Rule 14.3 set forth the recording and reporting requirements required in Section 6.4(d)(i)–(iii) of the CAT NMS Plan, respectively.

Paragraph (a)(1) requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and electronically report to the Central Repository the following details for each order and each Reportable Event, as applicable (''Recorded Industry Member Data'') in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- For original receipt or origination of an order: (1) Firm Designated ID(s) for each Customer; (2) CAT-Order-ID; (3) SRO-Assigned Market Participant Identifier of the Industry Member receiving or originating the order; (4) date of order receipt or origination; (5) time of order receipt or origination (using timestamps pursuant to Proposed Rule 14.6); and (6) Material Terms of the Order;
- for the routing of an order: (1) CAT-Order-ID; (2) date on which the order is routed; (3) time at which the order is routed (using timestamps pursuant to Proposed Rule 14.6); (4) SRO-Assigned Market Participant Identifier of the Industry Member routing the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant to which the order is being routed; (6) if routed internally at the Industry Member, the identity and nature of the department or desk to which the order is routed; and (7) Material Terms of the Order;
- for the receipt of an order that has been routed, the following information: (1) CAT-Order-ID; (2) date on which the order is received; (3) time at which the order is received (using timestamps pursuant to Proposed Rule 14.6); (4) SRO-Assigned Market Participant Identifier of the Industry Member receiving the order; (5) SRO-Assigned Market Participant Identifier of the Industry Member or Participant routing the order; and (6) Material Terms of the Order;
- if the order is modified or cancelled: (1) CAT-Order-ID; (2) date the modification or cancellation is received or originated; (3) time at which the modification or cancellation is received or originated (using timestamps pursuant to Proposed Rule 14.6); (4) price and remaining size of the order, if modified; (5) other changes in the Material Terms of the Order, if modified; and (6) whether the modification or cancellation instruction was given by the Customer or was initiated by the Industry Member;
- if the order is executed, in whole or in part: (1) CAT-Order-ID; (2) date of execution; (3) time of execution (using timestamps pursuant to Proposed Rule 14.6; (4) execution capacity (principal, agency or riskless principal); (5) execution price and size; (6) SRO-Assigned Market Participant Identifier of the Industry Member executing the order; (7) whether the execution was reported pursuant to an effective transaction reporting plan or the Plan for Reporting of Consolidated Options Last Sale Reports and Quotation Information; and
- other information or additional events as may be prescribed pursuant to the CAT NMS Plan.

Paragraph (a)(2) of proposed Rule 14.3 requires, subject to paragraph (a)(3) regarding Options Market Makers, each Industry Member to record and report to the Central Repository the following, as applicable (''Received Industry Member Data'' and collectively with the information referred to in Rule 14.3(a)(1) ''Industry Member Data'')) in the manner prescribed by the Operating Committee pursuant to the CAT NMS Plan:

- If the order is executed, in whole or in part: (1) An Allocation Report; (2) SRO-Assigned Market Participant Identifier of the clearing broker or prime broker, if applicable; and (3) CAT-Order-ID of any contra-side order(s);
- if the trade is cancelled, a cancelled trade indicator; and
- for original receipt or origination of an order, the Firm Designated ID for the relevant Customer, and in accordance with Proposed Rule 14.4, Customer Account Information and Customer Identifying Information for the relevant Customer.

Paragraph (a)(3) of proposed Rule 14.3 states that each Industry Member that is an Options Market Maker is not required to report to the Central Repository the Industry Member Data regarding the routing, modification or cancellation of its quotes in Listed Options. Each Industry Member that is an Options Market Maker, however, is required to report to the Exchange the time at which its quote in a Listed Option is sent to the Exchange (and, if applicable, any subsequent quote modification time and/or cancellation time when such modification or cancellation is originated by the Options Market Maker). This paragraph implements the Options Market Maker Quote Exemption, as discussed above.

(B) Timing of Recording and Reporting

Paragraph (b) of proposed Rule 14.3 describes the requirements related to the timing of recording and reporting of Industry Member Data. Paragraphs (b)(1)–(b)(3) of proposed Rule 14.3 set forth the requirements related to the timing of the recording and reporting requirements required in Section 6.4(b)(i)–(ii) of the CAT NMS Plan.

Paragraph (b)(1) of proposed Rule 14.3 requires each Industry Member to record Recorded Industry Member Data contemporaneously with the applicable Reportable Event. Paragraph (b)(2) of Proposed Rule 14.3 requires each Industry Member to report: (1) Recorded Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member records such Recorded Industry Member Data; and (2) Received Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on the Trading Day following the day the Industry Member receives such Received Industry Member Data. Paragraph (b)(3) states that Industry Members may, but are not required to, voluntarily report Industry Member Data prior to the applicable 8:00 a.m. Eastern Time deadline.

(C) Applicable Securities

Paragraph (c) of proposed Rule 14.3 describes the securities to which the recording and reporting requirements of proposed Rule 14.3 apply. Paragraphs (c)(1) and (c)(2) of proposed Rule 14.3 set forth the description of applicable securities as set forth in Section 6.4(c)(i) and (ii) of the CAT NMS Plan, respectively. Paragraph (c)(1) of proposed Rule 14.3 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of proposed Rule 14.3 for each NMS Security registered or listed for trading on such exchange or admitted to unlisted trading privileges on such exchange. Paragraph (c)(2) of proposed Rule 14.3 requires each Industry Member to record and report to the Central Repository the Industry Member Data as set forth in paragraph (a) of this Proposed Rule 14.3 for each Eligible Security for which transaction reports are required to be submitted to FINRA.

(D) Security Symbology

Paragraph (d) of proposed Rule 14.3 describes the security symbology that

Industry Members are required to use when reporting Industry Member Data to the Central Repository. Paragraph (d)(1) of proposed Rule 14.3 requires, for each exchange-listed Eligible Security, each Industry Member to report Industry Member Data to the Central Repository using the symbology format of the exchange listing the security. This requirement implements the requirement set forth in Section 2 of Appendix D of the CAT NMS Plan to use the listing exchange symbology when reporting data to the Central Repository for exchange-listed Eligible Securities.

For each Eligible Security that is not exchange-listed, however, there is no listing exchange to provide the symbology format. Moreover, to date, the requisite symbology format has not been determined. Therefore, Paragraph (d)(2) of proposed Rule 14.3 requires, for each Eligible Security that is not exchange-listed, each Industry Member to report Industry Member Data to the Central Repository using such symbology format as approved by the Operating Committee pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the relevant symbology formats established by the Operating Committee via an Information Circular.

(E) Error Correction

To ensure that the CAT contains accurate data, the CAT NMS Plan requires Industry Members to correct erroneous data submitted to the Central Repository. Therefore, the Exchange proposes to adopt paragraph (e) of proposed Rule 14.3, which addresses the correction of erroneous data reported to the Central Repository. Paragraph (e) of proposed Rule 14.3 requires, for each Industry Member for which errors in Industry Member Data submitted to the Central Repository have been identified by the Plan Processor or otherwise, that such Industry Member submit corrected Industry Member Data to the Central Repository by 8:00 a.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Section 6 of Appendix D of the CAT NMS Plan.

(iv) Customer Information Reporting

Section 6.4(d)(iv) of the CAT NMS Plan requires Industry Members to submit to the Central Repository certain information related to their Customers in accordance with the Customer Information Approach discussed above. The Exchange proposes Rule 14.4 (Consolidated Audit Trail—Customer Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, paragraph (a) of proposed Rule 14.4 requires each Industry Member to submit to the Central Repository the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 14.9.

Paragraph (b) of proposed Rule 14.4 requires each Industry Member to submit to the Central Repository on a daily basis any updates, additions or other changes to the Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account.

Paragraph (c) of proposed Rule 14.4 requires each Industry Member, on a periodic basis as designated by the Plan Processor and approved by the Operating Committee, to submit to the Central Repository a complete set of Firm Designated IDs, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account. This periodic refresh is intended to ensure that the Central Repository has the most current information identifying a Customer. The Exchange intends to announce to its Industry Members when such a periodic refresh is required by the Plan Processor and the Operating Committee via an Information Circular.

Finally, paragraph (d) of proposed Rule 14.4 addresses the correction of erroneous Customer data reported to the Central Repository to ensure an accurate audit trail. Paragraph (d) requires, for each Industry Member for which errors in Firm Designated ID, Customer Account Information and Customer Identifying Information for each of its Customers with an Active Account submitted to the Central Repository have been identified by the Plan Processor or otherwise, such Member to submit corrected data to the Central Repository by 5:00 p.m. Eastern Time on T+3. This requirement implements the error correction requirement set forth in Appendix C of the CAT NMS Plan.

(v) Industry Member Information Reporting

Section 6.4(d)(vi) of the CAT NMS Plan requires Industry Members to submit to the Central Repository, on a daily basis [sic],[26] information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, in accordance with the Existing Identifier Approach discussed above. The Exchange proposes Rule 14.5 (Consolidated Audit Trail—Industry Member Information Reporting) to implement this provision of the CAT NMS Plan with regard to its Industry Members. Specifically, proposed Rule 14.5 requires each Industry Member to submit to the Central Repository, information sufficient to identify such Industry Member, including CRD number and LEI, if such LEI has been obtained, prior to such Industry Member's commencement of reporting to the Central Repository and in accordance with the deadlines set forth in Rule 14.9, and keep such information up to date as necessary.

(vi) Time Stamps

Rule 613(d)(3) under Regulation NMS sets forth requirements for time stamps used by CAT Reporters in recording and reporting data to the CAT.[27] To comply with this provision, Section 6.8(b) of the Plan sets forth time stamp requirements for Industry Members. To implement this provision with regard to its Industry Members, the Exchange proposes new Rule 14.6 (Consolidated Audit Trail—Time Stamps) to require its Industry Members to comply with the time stamp requirements of the Plan.

Paragraph (a) of proposed Rule 14.6 sets forth the time stamp increments to be used by Industry Members in their CAT reporting. Paragraph (a)(1) of proposed Rule 14.6 requires each Industry Member to record and report Industry Member Data to the Central Repository with time stamps in milliseconds, subject to paragraphs (a)(2) and (b) of proposed Rule 14.6. To the extent that any Industry Member's order handling or execution systems utilize time stamps in increments finer than milliseconds, paragraph (a)(2) of Proposed Rule 14.6 requires such Industry Member to record and report Industry Member Data to the Central Repository with time stamps in such finer increment, subject to paragraph (b) of Proposed Rule 14.6 regarding Manual Order Events and Allocation Reports.

Paragraph (b) of proposed Rule 14.6 sets forth the permissible time stamp increments for Manual Order Events and Allocation Reports. Specifically, paragraph (b)(1) of proposed Rule 14.6

[26] The Commission notes that Section 6.4(d)(vi) of the CAT NMS Plan does not specify a submission frequency.

[27] 17 CFR 242.613(d)(3).

permits each Industry Member to record and report Manual Order Events to the Central Repository in increments up to and including one second, provided that each Industry Member is required to record and report the time when a Manual Order Event has been captured electronically in an order handling and execution system of such Member (''Electronic Capture Time'') in milliseconds. In addition, paragraph (b)(2) of proposed Rule 14.6 permits each Industry Member to record and report the time of Allocation Reports in increments up to and including one second.

(vii) Clock Synchronization Rule Violations

Proposed Rule 14.7 (Consolidated Audit Trail—Clock Synchronization Rule Violations [sic]) describes potential violations of the clock synchronization time period requirements set forth in the Chapter XIV Rule Series. Proposed Rule 14.7 states that an Industry Member that engages in a pattern or practice of reporting Reportable Events outside of the required clock synchronization time period as set forth in this Rule Series without reasonable justification or exceptional circumstances may be considered in violation of this Rule. This provision implements the requirements of Section 6.8 of the CAT NMS Plan which requires the Compliance Rule to provide that a pattern or practice of reporting events outside of the required clock synchronization time period without reasonable justification or exceptional circumstances may be considered a violation of SEC Rule 613 or the CAT NMS Plan.

(viii) Connectivity and Data Transmission

Proposed Rule 14.8 (Consolidated Audit Trail—Connectivity and Data Transmission) addresses connectivity and data transmission requirements related to the CAT. Paragraph (a) of Proposed Rule 14.8 describes the format(s) for reporting Industry Member Data to the Central Repository, thereby implementing the formatting requirements as set forth in Section 6.4(a) of the CAT NMS Plan. Specifically, paragraph (a) of proposed Rule 14.8 requires each Industry Member to transmit data as required under the CAT NMS Plan to the Central Repository utilizing such format(s) as may be provided by the Plan Processor and approved by the Operating Committee.

Paragraph (b) of proposed Rule 14.8 addresses connectivity requirements related to the CAT. Paragraph (b) of proposed Rule 14.8 requires each Industry Member to connect to the Central Repository using a secure method(s), including, but not limited to, private line(s) and virtual private network connection(s). This provision implements the connectivity requirements set forth in Section 4 of Appendix D to the CAT NMS Plan.

Paragraph (c) permits Industry Members to use CAT Reporting Agents to fulfill their data reporting obligations related to the CAT. Paragraph (c) is based on FINRA Rule 7450(c), which permits OATS Reporting Members to enter into agreements with Reporting Agents to fulfill the OATS obligations of the OATS Reporting Member. Specifically, Paragraph (c)(1) of proposed Rule 14.8 states that any Industry Member may enter into an agreement with a CAT Reporting Agent pursuant to which the CAT Reporting Agent agrees to fulfill the obligations of such Industry Member under the Chapter XIV Rule Series. Any such agreement must be evidenced in writing, which specifies the respective functions and responsibilities of each party to the agreement that are required to effect full compliance with the requirements of the Chapter XIV Rule Series. The Exchange notes that, currently, no standardized form agreement for CAT Reporting Agent arrangements has been adopted. Paragraph (c)(2) of proposed Rule 14.8 requires that all written documents evidencing an agreement with a CAT Reporting Agent be maintained by each party to the agreement. Paragraph (c)(3) states that each Industry Member remains primarily responsible for compliance with the requirements of the Chapter XIV Rule Series, notwithstanding the existence of an agreement described in paragraph (c) of proposed Rule 14.8.

(ix) Development and Testing

The Exchange proposes Rule 14.9 (Consolidated Audit Trail—Development and Testing) to address requirements for Industry Members related to CAT development and testing. Paragraph (a) of Proposed Rule 14.9 sets forth the testing requirements and deadlines for Industry Members to develop and commence reporting to the Central Repository. These requirements are set forth in Appendix C to the CAT NMS Plan. Paragraph (a)(1) sets forth the deadlines related to connectivity and acceptance testing. Industry Members (other than Small Industry Members) are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2018, and Small Industry Members are required to begin connectivity and acceptance testing with the Central Repository no later than August 15, 2019.

Paragraph (a)(2) sets forth the deadlines related to reporting Customer and Industry Member information. Paragraph (a)(2)(i) requires Industry Members (other than Small Industry Members) to begin reporting Customer and Industry Member information, as required by Rules 14.4(a) and 14.5, respectively, to the Central Repository for processing no later than October 15, 2018. Paragraph (a)(2)(ii) requires Small Industry Members to begin reporting Customer and Industry Member information, as required by Rules 14.4(a) and 14.5, respectively, to the Central Repository for processing no later than October 15, 2019.

Paragraph (a)(3) sets forth the deadlines related to the submission of order data. Under paragraph (a)(3)(i), Industry Members (other than Small Industry Members) are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2018. In addition, Industry Members (other than Small Industry Members) are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2018. Under paragraph (a)(3)(ii), Small Industry Members are permitted, but not required, to submit order data for testing purposes beginning no later than May 15, 2019. In addition, Small Industry Members are required to participate in the coordinated and structured testing of order submission, which will begin no later than August 15, 2019. Paragraph (a)(4) states that Industry Members are permitted, but not required to, submit Quote Sent Times on Options Market Maker quotes, beginning no later than October 15, 2018.

Paragraph (b) of Proposed Rule 14.9 implements the requirement under the CAT NMS Plan that Industry Members participate in required industry testing with the Central Repository.[28] Specifically, proposed Rule 14.9 requires that each Industry Member participate in testing related to the Central Repository, including any industry-wide disaster recovery testing, pursuant to the schedule established pursuant to the CAT NMS Plan. The Exchange intends to announce to its Industry Members the schedule established pursuant to the CAT NMS Plan via an Information Circular.

[28] Adopting Release [sic] at 84725.

(x) Recordkeeping

Proposed Rule 14.10 (Consolidated Audit Trail—Recordkeeping) sets forth the recordkeeping obligations related to the CAT for Industry Members. Proposed Rule 14.10 requires each Industry Member to maintain and preserve records of the information required to be recorded under the Chapter XIV Rule Series for the period of time and accessibility specified in SEC Rule 17a–4(b). The records required to be maintained and preserved under the Chapter XIV Rule Series may be immediately produced or reproduced on ''micrographic media'' as defined in SEC Rule 17a–4(f)(1)(i) or by means of ''electronic storage media'' as defined in SEC Rule 17a–4(f)(1)(ii) that meet the conditions set forth in SEC Rule 17a–4(f) and be maintained and preserved for the required time in that form. Proposed Rule 14.10 is based on FINRA Rule 7440(a)(5), which sets forth the recordkeeping requirements related to OATS.

(xi) Timely, Accurate and Complete Data

SEC Rule 613 and the CAT NMS Plan emphasize the importance of the timeliness, accuracy, completeness and integrity of the data submitted to the CAT.[29] Accordingly, proposed Rule 14.11 (Consolidated Audit Trail—Timely, Accurate and Complete Data) implements this requirement with regard to Industry Members. Paragraph (a) of proposed Rule 14.11 requires that Industry Members record and report data to the Central Repository as required by the Chapter XIV Rule Series in a manner that ensures the timeliness, accuracy, integrity and completeness of such data.

In addition, without limiting the general requirement as set forth in paragraph (a), paragraph (b) of proposed Rule 14.11 requires Industry Members to accurately provide the LEIs in their records as required by the Chapter XIV Rule Series and states that Industry Members may not knowingly submit inaccurate LEIs to the Central Repository. Paragraph (b) notes, however, that this requirement does not impose any additional due diligence obligations on Industry Members with regard to LEIs for CAT purposes. Accordingly, this provision does not impose any due diligence obligations beyond those that may exist today with respect to information associated with an LEI. Although Industry Members will not be required to perform additional due diligence with regard to the LEIs for CAT purposes, Industry Members will be required to accurately provide the LEIs in their records and may not knowingly submit inaccurate LEIs to the CAT. Paragraph (b) is consistent with the SEC's statements in the Approval Order for the CAT NMS Plan regarding an Industry Member's obligations regarding LEIs.[30]

Paragraph (c) states that, if an Industry Member reports data to the Central Repository with errors such that its error percentage exceeds the maximum Error Rate established by the Operating Committee pursuant to the CAT NMS Plan, then such Industry Member would not be in compliance with the Chapter XIV Rule Series. As discussed above, the initial maximum Error Rate is 5%, although the Error Rate is expected to be reduced over time. The Exchange intends to announce to its Industry Members changes to the Error Rate established pursuant to the CAT NMS Plan via an Information Circular.

Furthermore, paragraph (d) of proposed Rule 14.11 addresses Compliance Thresholds related to reporting data to the CAT. Proposed Rule 14.11 states that each Industry Member is required to meet a separate compliance threshold which will be an Industry Member-specific rate that may be used as the basis for further review or investigation into the Industry Member's performance with regard to the CAT (the ''Compliance Thresholds''). Compliance Thresholds will compare an Industry Member's error rate to the aggregate Error Rate over a period of time to be defined by the Operating Committee. Compliance Thresholds will be set by the Operating Committee, and will be calculated at intervals to be set by the Operating Committee.[31] Compliance Thresholds will include compliance with the data reporting and clock synchronization requirements. Proposed Rule 14.11 states that an Industry Member's performance with respect to its Compliance Threshold will not signify, as a matter of law, that such Industry Member has violated this Proposed Rule Series.

(xi) Compliance Dates

Proposed Rule 14.12 (Consolidated Audi [sic] Trail—Compliance Dates) sets forth the compliance dates for the various provisions of the rules contained in Chapter XIV. Proposed paragraph (a) specifies that paragraphs (b) and (c) of proposed Rule 14.12 set forth the additional details with respect to the compliance dates of the Rules in Chapter XIV. Furthermore, paragraph (a) specifies that, unless otherwise noted, the Rules set forth in Chapter XIV are fully effective and ETP Holders must comply with their terms.

Paragraph (b) of Proposed Rule 14.12 establishes the compliance dates for the clock synchronization requirements as set forth in proposed Rule 14.2. Paragraph (b)(1) states that each Industry Member shall comply with Rule 14.2 with regard to Business Clocks that capture time in milliseconds commencing on or before March 15, 2017. Paragraph (b)(2) states that each Industry Member shall comply with Rule 14.2 with regard to Business Clocks that do not capture time in milliseconds commencing on or before February 19, 2018. The compliance date set forth in paragraph (b)(1) reflects the exemptive relief requested by the Participants with regard to the clock synchronization requirements related to Business Clocks that do not capture time in milliseconds.[32]

Paragraph (c) of proposed Rule 14.12 establishes the compliance dates for the data recording and reporting requirements for Industry Members. Paragraph (c)(1) requires each Industry Member (other than Small Industry Members) to record and report the Industry Member Data to the Central Repository by November 15, 2018. Paragraph (c)(2) requires that each Industry Member that is a Small Industry Member to record and report the Industry Member Data to the Central Repository by November 15, 2019. Such compliance dates are consistent with the compliance dates set forth in SEC Rule 613(a)(3)(v) and (vi), and Section 6.7(a)(v) and (vi) of the CAT NMS Plan.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6(b)(5) of the Act,[33] which require, among other things, that the rules of the Exchange must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 6(b)(8) of the Act,[34] which requires that the Exchange's rules not impose any burden on competition that

[29] *See* Rule 613(e)(4)(i)(D)(ii); and Section 6.5(d) of the CAT NMS Plan.

[30] Approval Order at 84745.

[31] Appendix C of the CAT NMS Plan.

[32] *See* Letter from Participants to Brent J. Fields, Secretary, Commission, dated January 17, 2017 requesting exemptive relief from SEC Rule 613(a)(3)(iii) and Section 6.7(a)(ii) of the CAT NMS Plan.

[33] 15 U.S.C. 78f(b)(6) [sic].

[34] 15 U.S.C. 78f(b)(8).

is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that this proposal is consistent with the Act because it implements, interprets or clarifies the provisions of the Plan, and is designed to assist SRO and its Industry Members in meeting regulatory obligations pursuant to the Plan. In approving the Plan, the SEC noted that the Plan ''is necessary and appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanism of a national market system, or is otherwise in furtherance of the purposes of the Act.'' [35] To the extent that this proposal implements, interprets or clarifies the Plan and applies specific requirements to Industry Members, the Exchange believes that this proposal furthers the objectives of the Plan, as identified by the SEC, and is therefore consistent with the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change implements provisions of the CAT NMS Plan, and is designed to assist the Exchange in meeting its regulatory obligations pursuant to the Plan. The Exchange also notes that the proposed rule change implementing provisions of the CAT NMS Plan will apply equally to all firms that trade NMS Securities and OTC Equity Securities. In addition, all national securities exchanges and FINRA are proposing the same rules. Therefore, this rule filing does not present any competitive issues and, therefore, it does not impose a burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Market Participants or Others

The Exchange has not solicited or received any comments on the proposed rule change from market participants or others.

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 up to 90 days (i) as the Commission may designate 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–NSX–2017–03 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–NSX–2017–03. 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 such filing will also 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–NSX–2017–03 and should be submitted on or before March 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[36]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2017–02538 Filed 2–7–17; 8:45 am]

BILLING CODE 8011–01–P

[35] Approval Order at 84697.

[36] 17 CFR 200.30–3(a)(12).

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #15035 and #15036]

Tennessee Disaster #TN–00101

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a notice of an Administrative declaration of a disaster for the State of Tennessee dated 02/01/2017.

Incident: Severe Thunder Storms, Tornadoes, Wind and Hail.

Incident Period: 11/29/2016 through 11/30/2016.

Effective Date: 02/01/2017.

Physical Loan Application Deadline Date: 04/03/2017.

Economic Injury (EIDL) Loan Application Deadline Date: 11/01/2017.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the Administrator's disaster declaration, applications for disaster loans may be filed at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: McMinn.

Contiguous Counties:

Tennessee: Bradley, Loudon, Meigs, Monroe, Polk, Roane.

The Interest Rates are:

	Percent
For Physical Damage:	
Homeowners With Credit Available Elsewhere	3.000

	Percent
Homeowners Without Credit Available Elsewhere	1.500
Businesses With Credit Available Elsewhere	6.250
Businesses Without Credit Available Elsewhere	3.125
Non-Profit Organizations With Credit Available Elsewhere	2.500
Non-Profit Organizations Without Credit Available Elsewhere	2.500
For Economic Injury:	
Businesses & Small Agricultural Cooperatives Without Credit Available Elsewhere	3.125
Non-Profit Organizations Without Credit Available Elsewhere	2.500

The number assigned to this disaster for physical damage is 15035 C and for economic injury is 15036 0.

The States which received an EIDL Declaration # is Tennessee.

(Catalog of Federal Domestic Assistance Number 59008)

Dated: February 1, 2017.

Joseph P. Loddo,

Acting Administrator.

[FR Doc. 2017–02566 Filed 2–7–17; 8:45 am]

BILLING CODE 8025–01–P

DEPARTMENT OF STATE

[Public Notice 9875]

60-Day Notice of Proposed Information Collection: Annual Report—J–NONIMMIGRANT Exchange Visitor Program

ACTION: Notice of request for public comment.

SUMMARY: The Department of State is seeking Office of Management and Budget (OMB) approval for the information collection described below. In accordance with the Paperwork Reduction Act of 1995, we are requesting comments on this collection from all interested individuals and organizations. The purpose of this notice is to allow 60 days for public comment preceding submission of the collection to OMB.

DATES: The Department will accept comments from the public up to April 10, 2017.

ADDRESSES: Include any address that the public needs to know, such as: Attending a public hearing or meeting, examining any material available for public inspection. For public comments, use the following text:

You may submit comments by any of the following methods:

- *Web:* Persons with access to the Internet may comment on this notice by going to *www.Regulations.gov*. You can search for the document by entering ''Docket Number: DOS–2017–0004'' in the Search field. Then click the ''Comment Now'' button and complete the comment form.
- *Email: JExchanges@State.gov.*
- *Regular Mail:* Send written comments to: U.S. Department of State, ECA/EC, SA–5, Floor 5, 2200 C Street NW., Washington, DC 20522–0505, ATTN: Federal Register Notice Response.

You must include the DS form number (if applicable), information collection title, and the OMB control number in any correspondence.

FOR FURTHER INFORMATION CONTACT: Direct requests for additional information regarding the collection listed in this notice, including requests for copies of the proposed collection instrument and supporting documents, to G. Kevin Saba, Acting Deputy Assistant Secretary for Private Sector Exchange, ECA/EC, SA–5, Floor 5, Department of State, 2200 C Street NW., Washington, DC 20522–0505, who may be reached via *JExchanges@state.gov.*

SUPPLEMENTARY INFORMATION:

- *Title of Information Collection:* Annual Report—J–NONIMMIGRANT Exchange Visitor Program.
- *OMB Control Number:* 1405–0151.
- *Type of Request:* Revision of a Currently Approved Collection.
- *Originating Office:* Bureau of Educational and Cultural Affairs, Office of Private Sector Exchange, ECA/EC.
- *Form Number:* DS–3097.
- *Respondents:* Designated J–NONIMMIGRANT program sponsors.
- *Estimated Number of Respondents:* 1,400.
- *Estimated Number of Responses:* 1,400.
- *Average Time per Response:* 2 hours.
- *Total Estimated Burden Time:* 2,800 hours.
- *Frequency:* Annually.
- *Obligation to Respond:* Required to Obtain or Retain Benefits.

We are soliciting public comments to permit the Department to:

- Evaluate whether the proposed information collection is necessary for the proper functions of the Department.
- Evaluate the accuracy of our estimate of the time and cost burden for this proposed collection, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the reporting burden on those who are to respond, including the use of automated collection techniques or other forms of information technology.

Please note that comments submitted in response to this Notice are public record. Before including any detailed personal information, you should be aware that your comments as submitted, including your personal information, will be available for public review.

Abstract of Proposed Collection

Annual reports from designated program sponsors assist the Department in oversight and administration of the J–NONIMMIGRANT visa program. The reports provide qualitative data on the number of exchange participants an organization sponsored annually per category of exchange. The reports also provide a summary of the activities in which exchange visitors were engaged and indicate information about program effectiveness. Program sponsors include government agencies, academic institutions, and private sector not-for-profit and for-profit entities. Annual reports are completed through the Student and Exchange Visitor Information System (SEVIS) and then printed and signed by a sponsor official, and sent to the Department by email or postal mail.

G. Kevin Saba,

Acting Deputy Assistant Secretary for Private Sector Exchange, Bureau of Educational and Cultural Affairs, U.S. Department of State.

[FR Doc. 2017–02588 Filed 2–7–17; 8:45 am]

BILLING CODE 4710–05–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2017–0013]

Requested Administrative Waiver of the Coastwise Trade Laws: Vessel SOUTHERN SPORT; Invitation for Public Comments

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Notice.

SUMMARY: The Secretary of Transportation, as represented by the Maritime Administration (MARAD), is authorized to grant waivers of the U.S.-build requirement of the coastwise laws under certain circumstances. A request for such a waiver has been received by MARAD. The vessel, and a brief description of the proposed service, is listed below.

DATES: Submit comments on or before March 10, 2017.

ADDRESSES: Comments should refer to docket number MARAD–2017–0013. Written comments may be submitted by hand or by mail to the Docket Clerk, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590. You may also send comments electronically via the Internet at *http://www.regulations.gov.* All comments will become part of this docket and will be available for inspection and copying at the above address between 10:00 a.m. and 5:00 p.m., Monday through Friday, except federal holidays. An electronic version of this document and all documents entered into this docket is available at *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Bianca Carr, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE., Room W23–453, Washington, DC 20590. Telephone 202–366–9309, Email *Bianca.carr@dot.gov.*

SUPPLEMENTARY INFORMATION: As described by the applicant the intended service of the vessel SOUTHERN SPORT is:

—*Intended Commercial Use of Vessel:* ''Sport Fishing excursions with small parties (6 or fewer passengers)''

—*Geographic Region:* ''Mississippi and Louisiana''

The complete application is given in DOT docket MARAD–2017–0013 at *http://www.regulations.gov.* Interested parties may comment on the effect this action may have on U.S. vessel builders or businesses in the U.S. that use U.S.-flag vessels. If MARAD determines, in accordance with 46 U.S.C. 12121 and MARAD's regulations at 46 CFR part 388, that the issuance of the waiver will have an unduly adverse effect on a U.S.-vessel builder or a business that uses U.S.-flag vessels in that business, a waiver will not be granted. Comments should refer to the docket number of this notice and the vessel name in order for MARAD to properly consider the comments. Comments should also state the commenter's interest in the waiver application, and address the waiver criteria given in § 388.4 of MARAD's regulations at 46 CFR part 388.

Privacy Act

In accordance with 5 U.S.C. 553(c), DOT/MARAD solicits comments from the public to better inform its rulemaking process. DOT/MARAD posts these comments, without edit, to *www.regulations.gov,* as described in the system of records notice, DOT/ALL–14 FDMS, accessible through *www.dot.gov/privacy.* In order to facilitate comment tracking and response, we encourage commenters to provide their name, or the name of their organization; however, submission of names is completely optional. Whether or not commenters identify themselves, all timely comments will be fully considered. If you wish to provide comments containing proprietary or confidential information, please contact the agency for alternate submission instructions.

Authority: 49 CFR 1.93(a), 46 U.S.C. 55103, 46 U.S.C. 12121.

By Order of the Maritime Administrator.

Date: February 2, 2017.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2017–02502 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2017–0011]

Requested Administrative Waiver of the Coastwise Trade Laws: Vessel ONE; Invitation for Public Comments

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Notice.

SUMMARY: The Secretary of Transportation, as represented by the Maritime Administration (MARAD), is authorized to grant waivers of the U.S.-build requirement of the coastwise laws under certain circumstances. A request for such a waiver has been received by MARAD. The vessel, and a brief description of the proposed service, is listed below.

DATES: Submit comments on or before March 10, 2017.

ADDRESSES: Comments should refer to docket number MARAD–2017–0011. Written comments may be submitted by hand or by mail to the Docket Clerk, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590. You may also send comments electronically via the Internet at *http://www.regulations.gov.* All comments will become part of this docket and will be available for inspection and copying at the above address between 10:00 a.m. and 5:00 p.m., Monday through Friday, except federal holidays. An electronic version of this document and all documents entered into this docket is available at *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Bianca Carr, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE., Room W23–453, Washington, DC 20590. Telephone 202–366–9309, Email *Bianca.carr@dot.gov.*

SUPPLEMENTARY INFORMATION: As described by the applicant the intended service of the vessel ONE is:

—*Intended Commercial Use of Vessel:* Operation in Biscayne Bay to look at houses and sandbar

—*Geographic Region:* ''Florida''

The complete application is given in DOT docket MARAD–2017–0011 at *http://www.regulations.gov.* Interested parties may comment on the effect this action may have on U.S. vessel builders or businesses in the U.S. that use U.S.-flag vessels. If MARAD determines, in accordance with 46 U.S.C. 12121 and MARAD's regulations at 46 CFR part 388, that the issuance of the waiver will have an unduly adverse effect on a U.S.-vessel builder or a business that uses U.S.-flag vessels in that business, a waiver will not be granted. Comments should refer to the docket number of this notice and the vessel name in order for MARAD to properly consider the comments. Comments should also state the commenter's interest in the waiver application, and address the waiver criteria given in § 388.4 of MARAD's regulations at 46 CFR part 388.

Privacy Act

In accordance with 5 U.S.C. 553(c), DOT/MARAD solicits comments from the public to better inform its rulemaking process. DOT/MARAD posts these comments, without edit, to *www.regulations.gov,* as described in the system of records notice, DOT/ALL–14 FDMS, accessible through *www.dot.gov/privacy.* In order to facilitate comment tracking and response, we encourage commenters to provide their name, or the name of their organization; however, submission of names is completely optional. Whether or not commenters identify themselves, all timely comments will be fully considered. If you wish to provide comments containing proprietary or confidential information, please contact the agency for alternate submission instructions.

Authority: 49 CFR 1.93(a), 46 U.S.C. 55103, 46 U.S.C. 12121

By Order of the Maritime Administrator.

Dated: February 2, 2017.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2017–02501 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2017–0012]

Requested Administrative Waiver of the Coastwise Trade Laws: Vessel MAKARA; Invitation for Public Comments

AGENCY: Maritime Administration

ACTION: Notice.

SUMMARY: The Secretary of Transportation, as represented by the Maritime Administration (MARAD), is authorized to grant waivers of the U.S.-build requirement of the coastwise laws under certain circumstances. A request for such a waiver has been received by MARAD. The vessel, and a brief description of the proposed service, is listed below.

DATES: Submit comments on or before March 10, 2017.

ADDRESSES: Comments should refer to docket number MARAD–2017–0012. Written comments may be submitted by hand or by mail to the Docket Clerk, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590. You may also send comments electronically via the Internet at *http://www.regulations.gov.* All comments will become part of this docket and will be available for inspection and copying at the above address between 10:00 a.m. and 5:00 p.m., Monday through Friday, except federal holidays. An electronic version of this document and all documents entered into this docket is available at *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Bianca Carr, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE., Room W23–453, Washington, DC 20590. Telephone 202–366–9309, Email *Bianca.carr@dot.gov.*

SUPPLEMENTARY INFORMATION: As described by the applicant the intended service of the vessel MAKARA is:

—*Intended Commercial Use of Vessel:* ''The vessel's intended use is to carry passengers only for purposes of local sailing charters.''

—*Geographic Region:* ''Florida''

The complete application is given in DOT docket MARAD–2017–0012 at *http://www.regulations.gov.* Interested parties may comment on the effect this action may have on U.S. vessel builders or businesses in the U.S. that use U.S.-flag vessels. If MARAD determines, in accordance with 46 U.S.C. 12121 and MARAD's regulations at 46 CFR part 388, that the issuance of the waiver will have an unduly adverse effect on a U.S.-vessel builder or a business that uses U.S.-flag vessels in that business, a waiver will not be granted. Comments should refer to the docket number of this notice and the vessel name in order for MARAD to properly consider the comments. Comments should also state the commenter's interest in the waiver application, and address the waiver criteria given in § 388.4 of MARAD's regulations at 46 CFR part 388.

Privacy Act

In accordance with 5 U.S.C. 553(c), DOT/MARAD solicits comments from the public to better inform its rulemaking process. DOT/MARAD posts these comments, without edit, to *www.regulations.gov,* as described in the system of records notice, DOT/ALL–14 FDMS, accessible through *www.dot.gov/privacy.* In order to facilitate comment tracking and response, we encourage commenters to provide their name, or the name of their organization; however, submission of names is completely optional. Whether or not commenters identify themselves, all timely comments will be fully considered. If you wish to provide comments containing proprietary or confidential information, please contact the agency for alternate submission instructions.

Authority: 49 CFR 1.93(a), 46 U.S.C. 55103, 46 U.S.C. 12121.

By Order of the Maritime Administrator.

Dated: February 2, 2017.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2017–02499 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF TRANSPORTATION

Maritime Administration

[Docket No. MARAD–2017–0014]

Requested Administrative Waiver of the Coastwise Trade Laws: Vessel MASCALZONE; Invitation for Public Comments

AGENCY: Maritime Administration, Department of Transportation.

ACTION: Notice.

SUMMARY: The Secretary of Transportation, as represented by the Maritime Administration (MARAD), is authorized to grant waivers of the U.S.-build requirement of the coastwise laws under certain circumstances. A request for such a waiver has been received by MARAD. The vessel, and a brief description of the proposed service, is listed below.

DATES: Submit comments on or before March 10, 2017.

ADDRESSES: Comments should refer to docket number MARAD–2017–0014. Written comments may be submitted by hand or by mail to the Docket Clerk, U.S. Department of Transportation, Docket Operations, M–30, West Building Ground Floor, Room W12–140, 1200 New Jersey Avenue SE., Washington, DC 20590. You may also send comments electronically via the Internet at *http://www.regulations.gov.* All comments will become part of this docket and will be available for inspection and copying at the above address between 10:00 a.m. and 5:00 p.m., Monday through Friday, except federal holidays. An electronic version of this document and all documents entered into this docket is available at *http://www.regulations.gov.*

FOR FURTHER INFORMATION CONTACT: Bianca Carr, U.S. Department of Transportation, Maritime Administration, 1200 New Jersey Avenue SE., Room W23–453, Washington, DC 20590. Telephone 202–366–9309, Email *Bianca.carr@dot.gov.*

SUPPLEMENTARY INFORMATION: As described by the applicant the intended service of the vessel MASCALZONE is:

—*Intended Commercial Use of Vessel:* ''The boat has been placed in a fleet at a rental/charter company in San Diego.''

—*Geographic Region:* ''California''

The complete application is given in DOT docket MARAD–2017–0014 at *http://www.regulations.gov.* Interested parties may comment on the effect this action may have on U.S. vessel builders or businesses in the U.S. that use U.S.-flag vessels. If MARAD determines, in accordance with 46 U.S.C. 12121 and MARAD's regulations at 46 CFR part 388, that the issuance of the waiver will have an unduly adverse effect on a U.S.-vessel builder or a business that uses U.S.-flag vessels in that business, a waiver will not be granted. Comments should refer to the docket number of this notice and the vessel name in order for MARAD to properly consider the comments. Comments should also state the commenter's interest in the waiver application, and address the waiver

criteria given in § 388.4 of MARAD's regulations at 46 CFR part 388.

Privacy Act

In accordance with 5 U.S.C. 553(c), DOT/MARAD solicits comments from the public to better inform its rulemaking process. DOT/MARAD posts these comments, without edit, to *www.regulations.gov,* as described in the system of records notice, DOT/ALL–14 FDMS, accessible through *www.dot.gov/privacy.* In order to facilitate comment tracking and response, we encourage commenters to provide their name, or the name of their organization; however, submission of names is completely optional. Whether or not commenters identify themselves, all timely comments will be fully considered. If you wish to provide comments containing proprietary or confidential information, please contact the agency for alternate submission instructions.

Authority: 49 CFR 1.93(a), 46 U.S.C. 55103, 46 U.S.C. 12121

By Order of the Maritime Administrator,

Dated: February 2, 2017.

T. Mitchell Hudson, Jr.,

Secretary, Maritime Administration.

[FR Doc. 2017–02500 Filed 2–7–17; 8:45 am]

BILLING CODE 4910–81–P

DEPARTMENT OF THE TREASURY

Office of the Comptroller of the Currency

Agency Information Collection Activities: Information Collection Renewal; Comment Request; Capital Adequacy Standards

AGENCY: Office of the Comptroller of the Currency (OCC), Treasury.

ACTION: Notice and request for comment.

SUMMARY: The OCC, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on a continuing information collection as required by the Paperwork Reduction Act of 1995 (PRA).

In accordance with the requirements of the PRA, the OCC may not conduct or sponsor, and the respondent is not required to respond to, an information collection unless it displays a currently valid Office of Management and Budget (OMB) control number.

The OCC is soliciting comment concerning renewal of its information collection titled ''Capital Adequacy Standards.''

DATES: Comments must be submitted on or before April 10, 2017.

ADDRESSES: Because paper mail in the Washington, DC area and at the OCC is subject to delay, commenters are encouraged to submit comments by email, if possible. Comments may be sent to: Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, Attention: 1557–0318, 400 7th Street SW., Suite 3E–218, mail stop 9W–11, Washington, DC 20219. In addition, comments may be sent by fax to (571) 465–4326 or by electronic mail to *prainfo@occ.treas.gov.* You may personally inspect and photocopy comments at the OCC, 400 7th Street SW., Washington, DC 20219. For security reasons, the OCC requires that visitors make an appointment to inspect comments. You may do so by calling (202) 649–6700 or, for persons who are deaf or hard of hearing, TTY, (202) 649–5597. Upon arrival, visitors will be required to present valid government-issued photo identification and submit to security screening in order to inspect and photocopy comments.

All comments received, including attachments and other supporting materials, are part of the public record and subject to public disclosure. Do not include any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Shaquita Merritt, OCC Clearance Officer, (202) 649–5490 or, for persons who are deaf or hard of hearing, TTY, (202) 649–5597, Legislative and Regulatory Activities Division, Office of the Comptroller of the Currency, 400 7th Street SW., Washington, DC 20219.

SUPPLEMENTARY INFORMATION: Under the PRA (44 U.S.C. 3501–3520), Federal agencies must obtain approval from OMB for each collection of information that they conduct or sponsor. ''Collection of information'' is defined in 44 U.S.C. 3502(3) and 5 CFR 1320.3(c) to include agency requests or requirements that members of the public submit reports, keep records, or provide information to a third party. Section 3506(c)(2)(A) of title 44 requires Federal agencies to provide a 60-day notice in the **Federal Register** concerning each proposed collection of information, including each proposed extension of an existing collection of information, before submitting the collection to OMB for approval. To comply with this requirement, the OCC is publishing notice of the renewal of the collection of information set forth in this document.

Title: Capital Adequacy Standards.

OMB Control No.: 1557–0318.

Frequency of Response: On occasion.

Affected Public: Business or other for-profit.

Section-by-Section-Analysis

Twelve CFR part 3 sets forth the OCC's minimum capital requirements and overall capital adequacy standards for national banks and Federal savings associations (institutions).

Section 3.3(c) allows for the recognition of netting across multiple types of transactions or agreements if an institution obtains a written legal opinion verifying the validity and enforceability of the agreement under certain circumstances and maintains sufficient written documentation of this legal review.

Section 3.22(h)(2)(iii)(A) permits the use of a conservative estimate of the amount of an institution's investment in its own capital or the capital of unconsolidated financial institutions held through the index security with prior approval by the OCC.

Section 3.35(b)(3)(i)(A) requires, for a cleared transaction with a qualified central counterparty (QCCP), that a client bank apply a risk weight of two percent, provided that the collateral posted by the bank to the QCCP is subject to certain arrangements and the client bank has conducted a sufficient legal review (and maintains sufficient written documentation of the legal review) to conclude with a well-founded basis that the arrangements, in the event of a legal challenge, would be found to be legal, valid, binding, and enforceable under the law of the relevant jurisdictions.

Section 3.37(c)(4)(i)(E), regarding collateralized transactions, requires that an institution have policies and procedures in place describing how it determines the period of significant financial stress used to calculate its own internal estimates for haircuts and be able to provide empirical support for the period used.

Section 3.41(b)(3) which sets forth operational requirements for securitization exposures, allows an institution to recognize for risk-based capital purposes, in the case of synthetic securitizations, a credit risk mitigant to hedge underlying exposures if certain conditions are met, including a requirement that the institution obtain a well-reasoned opinion from legal counsel that confirms the enforceability of the credit risk mitigant in all relevant jurisdictions.

Section 3.41(c)(2)(i) requires that an institution demonstrate its comprehensive understanding of a

securitization exposure by conducting and documenting an analysis of the risk characteristics of each securitization exposure prior to its acquisition, taking into account a number of specified considerations.

If an institution provides non-contractual support to a securitization, § 3.42(e)(2) requires the institution to publicly disclose that it has provided implicit support to a securitization and the risk-based capital impact to the bank of providing such implicit support.

Section 3.62 sets forth disclosure requirements related to the capital requirements of an institution. These requirements apply to an institution with total consolidated assets of $50 billion or more that is not a consolidated subsidiary of an entity that is itself subject to Basel III disclosures. Section 3.62(a) requires quarterly disclosure of information in the applicable tables in section 3.63 and, if a significant change occurs, such that the most recent reported amounts are no longer reflective of the institution's capital adequacy and risk profile, § 3.62(a) requires the institution to disclose as soon as practicable thereafter, a brief discussion of the change and its likely impact. Section 3.62(a) permits annual disclosure of qualitative information that typically does not change each quarter, provided that any significant changes are disclosed in the interim. Section 3.62(b) requires that an institution have a formal disclosure policy approved by the board of directors that addresses its approach for determining the disclosures it makes. The policy must address the associated internal controls and disclosure controls and procedures. Section 3.62(c) permits an institution to disclose more general information about certain subjects if the institution concludes that the specific commercial or financial information required to be disclosed under § 3.62 is exempt from disclosure under the Freedom of Information Act (5 U.S.C. 552), and the institution provides the reason the specific items of information have not been disclosed.

Section 3.63 sets forth the specific disclosure requirements for a non-advanced approaches institution with total consolidated assets of $50 billion or more that is not a consolidated subsidiary of an entity that is itself subject to Basel III disclosure requirements. Section 3.63(a) requires those institutions to make the disclosures in Tables 1 through 10 to § 3.63 and in § 3.63(b) for each of the last three years beginning on the effective date of the rule. Section 3.63(b) requires quarterly disclosure of an institution's common equity tier 1 capital, additional tier 1 capital, tier 2 capital, tier 1 and total capital ratios, including the regulatory capital elements and all the regulatory adjustments and deductions needed to calculate the numerator of such ratios; total risk-weighted assets, including the different regulatory adjustments and deductions needed to calculate total risk-weighted assets; regulatory capital ratios during any transition periods, including a description of all the regulatory capital elements and all regulatory adjustments and deductions needed to calculate the numerator and denominator of each capital ratio during any transition period; and a reconciliation of regulatory capital elements as they relate to its balance sheet in any audited consolidated financial statements. Tables 1 through 10 to § 3.63 set forth qualitative and/or quantitative requirements for scope of application, capital structure, capital adequacy, capital conservation buffer, credit risk, counterparty credit risk-related exposures, credit risk mitigation, securitizations, equities not subject to Subpart F (Market Risk requirements) of the rule, and interest rate risk for non-trading activities.

Section 3.121 requires an institution subject to the advanced approaches risk-based capital requirements to adopt a written implementation plan to address how it will comply with the advanced capital adequacy framework's qualification requirements and also develop and maintain a comprehensive and sound planning and governance process to oversee the implementation efforts described in the plan. Section 3.122 further requires these institutions to: Develop processes for assessing capital adequacy in relation to an organization's risk profile; establish and maintain internal risk rating and segmentation systems for wholesale and retail risk exposures, including comprehensive risk parameter quantification processes and processes for annual reviews and analyses of reference data to determine their relevance; document their processes for identifying, measuring, monitoring, controlling, and internally reporting operational risk; verify the accurate and timely reporting of risk-based capital requirements; and monitor, validate, and refine their advanced systems.

Section 3.123 sets forth ongoing qualification requirements that require an institution to notify the OCC of any material change to an advance system and to establish and submit to the OCC a plan for returning to compliance with the qualification requirements.

Section 3.124 requires an institution to submit to the OCC, within 90 days of consummating a merger or acquisition, an implementation plan for using its advanced systems for the merged or acquired company.

Section 3.132(b)(2)(iii)(A) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and over-the-counter (OTC) derivative contracts, and internal estimates for haircuts. With the prior written approval of the OCC, an institution may calculate haircuts using its own internal estimates of the volatilities of market prices and foreign exchange rates. The section requires institutions to satisfy certain minimum quantitative standards in order to receive OCC approval to use its own internal estimates.

Section 3.132(b)(3) covers counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, and simple Value-at-Risk (VaR) methodology. With the prior written approval of the OCC, an institution may estimate exposure at default (EAD) for a netting set using a VaR model that meets certain requirements.

Section 3.132(d)(1) permits the use of the internal models methodology (IMM) to determine EAD for counterparty credit risk for derivative contracts with prior written approval from the OCC. Section 3.132(d)(1)(iii) permits the use of the internal models methodology for derivative contracts, eligible margin loans, and repo-style transactions subject to a qualifying cross-product netting agreement with prior written approval from the OCC.

Section 3.132(d)(2)(iv) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, and risk-weighted assets using IMM. Under the IMM, an institution uses an internal model to estimate the expected exposure (EE) for a netting set and then calculates EAD based on that EE. An institution must calculate two EEs and two EADs (one stressed and one unstressed) for each netting as outlined in this section. An institution may use a conservative measure of EAD subject to prior written approval of the OCC.

Section 3.132(d)(3)(vi) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts. To obtain OCC approval to calculate the distributions of exposures upon which the EAD calculation is based, an institution must demonstrate to the satisfaction of the OCC that it has been using for at least one year an internal model that broadly meets the minimum standards, with which the institution

must maintain compliance. The institution must have procedures to identify, monitor, and control wrong-way risk throughout the life of an exposure and they must include stress testing and scenario analysis.

Section 3.132(d)(3)(viii) addresses counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts. When estimating model parameters based on a stress period, an institution must use at least three years of historical data that include a period of stress to the credit default spreads of the institution's counterparties. The institution must review the data set and update the data as necessary, particularly for any material changes in its counterparties. The institution must demonstrate at least quarterly that the stress period coincides with increased credit default swap (CDS) or other credit spreads of the institution's counterparties. The institution must have procedures to evaluate the effectiveness of its stress calibration that include a process for using benchmark portfolios that are vulnerable to the same risk factors as the institution's portfolio. The OCC may require the institution to modify its stress calibration to better reflect actual historic losses of the portfolio.

Section 3.132(d)(3)(ix), regarding counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, requires that an institution must subject its internal model to an initial validation and annual model review process that includes consideration of whether the inputs and risk factors, as well as the model outputs, are appropriate. This section requires institutions to have a backtesting program for its model that includes a process by which unacceptable model performance will be determined and remedied.

Section 3.132(d)(3)(x), regarding counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, provides that an institution must have policies for the measurement, management, and control of collateral and margin amounts.

Section 3.132(d)(3)(xi), concerning counterparty credit risk of repo-style transactions, eligible margin loans, and OTC derivative contracts, states that an institution must have a comprehensive stress testing program that captures all credit exposures to counterparties, and incorporates stress testing of principal market risk factors and creditworthiness of counterparties.

Section 3.141 relates to operational criteria for recognizing the transfer of risk in connection with a securitization. Section 3.141(b)(3) requires an institution to obtain a well-reasoned legal opinion confirming the enforceability of the credit risk mitigant in all relevant jurisdictions in order to recognize the transference of risk in connection with a synthetic securitization. An institution must demonstrate its comprehensive understanding of a securitization exposure under § 3.141(c)(2) for each securitization exposure by conducting an analysis of the risk characteristics of a securitization exposure prior to acquiring the exposure and document such analysis within three business days after acquiring the exposure. Sections 3.141(c)(2)(i) and (ii) require that institutions, on an on-going basis (at least quarterly), evaluate, review, and update as appropriate the analysis required under this section for each securitization exposure.

Section 3.142(h)(2), regarding the capital treatment for securitization exposures, requires an institution to disclose publicly if it has provided implicit support to a securitization and the regulatory capital impact to the institution of providing such implicit support.

Section 3.153(b), outlining the Internal Models Approach (IMA) for calculating risk-weighted assets for equity exposures, specifies that an institution must receive prior written approval from the OCC before it can use IMA.

Section 3.172 specifies that each advanced approaches institution that has completed the parallel run process must publicly disclose its total and tier 1 risk-based capital ratios and their components.

Section 3.173 addresses disclosures by an advanced approaches institution that is not a consolidated subsidiary of an equity that is subject to the Basel III disclosure requirements. An advanced approaches institution that is subject to the disclosure requirements must make the disclosures described in Tables 1 through 12. The institution must make these disclosures publicly available for each of the last three years (that is, twelve quarters) or such shorter period beginning on the effective date of this subpart E.

The tables to § 3.173 require qualitative and quantitative public disclosures for capital structure, capital adequacy, capital conservation and countercyclical buffers, credit risk, securitization, operational risk, equities not subject to the market risk capital requirements, and interest rate risk for non-trading activities.

Burden Estimates:

Estimated Number of Respondents: 1,365.

Estimated Total Annual Burden Hours: 240,711.

Comments submitted in response to this notice will be summarized and included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on:

(a) Whether the collections of information are necessary for the proper performance of the OCC's functions, including whether the information has practical utility;

(b) The accuracy of the OCC's estimates of the burden of the information collections, including the validity of the methodology and assumptions used;

(c) Ways to enhance the quality, utility, and clarity of the information to be collected; and

(d) Ways to minimize the burden of information collections on respondents, including through the use of automated collection techniques or other forms of information technology.

Dated: February 1, 2017.

Karen Solomon,

Deputy Chief Counsel, Office of the Comptroller of the Currency.

[FR Doc. 2017–02583 Filed 2–7–17; 8:45 am]

BILLING CODE 4810–33–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Sanctions Actions Pursuant to Executive Orders 13382

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of nine individuals and eight entities whose property and interests in property are blocked pursuant to Executive Order (E.O.) 13382.

DATES: OFAC's actions described in this notice were effective on February 3, 2017, as further specified below.

FOR FURTHER INFORMATION CONTACT: The Department of the Treasury's Office of Foreign Assets Control: Assistant Director for Licensing, tel.: 202–622–2480, Assistant Director for Regulatory Affairs, tel.: 202–622–4855, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202–622–2490; or the Department of the Treasury's Office of the Chief Counsel (Foreign Assets Control), Office of the General Counsel, tel.: 202–622–2410.

SUPPLEMENTARY INFORMATION:

Electronic Availability

The Specially Designated Nationals and Blocked Persons List and additional information concerning OFAC sanctions programs are available on OFAC's Web site (*www.treas.gov/ofac*).

Notice of OFAC Actions

On February 3, 2017, OFAC blocked the property and interests in property of the following nine persons pursuant to E.O. 13382, ''Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters'':

Individuals

1. ASGHARZADEH, Abdollah; DOB 16 Sep 1968; Additional Sanctions Information—Subject to Secondary Sanctions (individual) [NPWMD] [IFSR].
2. DARIAN, Tenny (a.k.a. SHAKHDARIAN, Tenny); DOB 06 Sep 1979; POB Tehran, Iran; citizen Iran; Additional Sanctions Information—Subject to Secondary Sanctions; Passport B23545963 expires 05 Mar 2017 (individual) [NPWMD] [IFSR].
3. XIANHUA, Qin (a.k.a. QIN, Jack; a.k.a. XIANHUA, Jack); DOB 08 Jan 1979; citizen China; Additional Sanctions Information—Subject to Secondary Sanctions; Passport E31457650 expires 21 Oct 2023 (individual) [NPWMD] [IFSR].
4. YUE, Richard (a.k.a. YAODONG, Yue); DOB 22 May 1974; Additional Sanctions Information—Subject to Secondary Sanctions (individual) [NPWMD] [IFSR].
5. ZHOU, Carol; DOB 30 Oct 1982; Additional Sanctions Information—Subject to Secondary Sanctions (individual) [NPWMD] [IFSR].
6. MAGHAM, Mohammad; DOB 16 Sep 1970; nationality Iran; Additional Sanctions Information—Subject to Secondary Sanctions; Passport H22452336 (Iran) (individual) [NPWMD] [IFSR].
7. ZAHEDI, Mostafa (a.k.a. KHAZE, Karim; a.k.a. LIU, Jhon; a.k.a. OMAR, Asem; a.k.a. ''IBRAHIM, Mohammad''; a.k.a. ''IBRAHIM, Mohammed''); DOB 29 Jun 1978; Additional Sanctions Information—Subject to Secondary Sanctions (individual) [NPWMD] [IFSR].
8. ZARGARI, Ghodrat (a.k.a. ZARGARI, Ghodratollah); DOB 1944; Additional Sanctions Information—Subject to Secondary Sanctions (individual) [NPWMD] [IFSR].
9. ROSTAMIAN, Kambiz, Villa No. 13, Cluster 31 Juemierah Islands, Dubai, United Arab Emirates; DOB 27 Aug 1960; Additional Sanctions Information—Subject to Secondary Sanctions; Passport RE0003026 (Saint Kitts and Nevis); alt. Passport I17217816 (Iran) (individual) [NPWMD] [IFSR].

On February 3, 2017, OFAC blocked the property and interests in property of the following eight entities pursuant to E.O. 13382, ''Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters'':

Entities

1. COSAILING BUSINESS TRADING COMPANY LIMITED, 2808 Number 1 Building, 98 Nanjing Road, Shinan District, Qingdao, China; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
2. EAST STAR COMPANY (a.k.a. SATEREH SHARGH MOBIN CO.; a.k.a. SATEREH SHARGH SAMIN CO., LTD.; a.k.a. SETAREH SHARGH CO.), Unit 5, Third Floor, 15th Street, Bokharest Avenue, Tehran, Iran; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
3. NINGBO NEW CENTURY IMPORT AND EXPORT COMPANY, LTD. (a.k.a. NEW CENTURY IMPORT AND EXPORT CO. LTD), 5 Hongtang South Road, Jiangbei, Ningbo 315033, China; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
4. OFOG SABZE DARYA COMPANY, Unit Seven, Fourth Floor, Number 18, 15th Street, Khaled Eslamboli Street, Beheshti Avenue, Tehran, Iran; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
5. ERVIN DANESH ARYAN COMPANY (a.k.a. ERVIN DANESH), 5th Floor, No. 78, Forsat Shirazi Street, North Kargar Street, Tehran, Iran; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
6. ZIST TAJHIZ POOYESH COMPANY (a.k.a. POOYESH ENVIRONMENTAL INSTRUMENTS; a.k.a. ZIEST TAJHIEZ POOYESH), 16, Afshar Alley, Fajr Street, Motahari Avenue, Tehran, Iran; Web site *www.pooyeshenviro.ir;* Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
7. MKS INTERNATIONAL CO. LTD. (a.k.a. MKS INTERNATIONAL; a.k.a. MKS INTERNATIONAL GROUP), Office No. 4, Babataher Street, Dr Fatemi Avenue, Tehran, Iran; P.O. BOX 14155–4618, Tehran, Iran; Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].
8. ROYAL PEARL GENERAL T.R.D. (a.k.a. ROYAL PEARL CHEMICAL; a.k.a. ROYAL PEARLS; a.k.a. ROYAL PEARLS GENERAL TRADING), P.O. Box 74382, Dubai, United Arab Emirates; Office No. 8, Near Regal International, Sheikh Zayed Road, Dubai 74382, United Arab Emirates; Web site *www.royalpearlchem.com;* Additional Sanctions Information—Subject to Secondary Sanctions [NPWMD] [IFSR].

Dated: February 3, 2017.

Andrea M. Gacki,

Acting Director, Office of Foreign Assets Control.

[FR Doc. 2017–02568 Filed 2–7–17; 8:45 am]

BILLING CODE 4810–AL–P

DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

Sanctions Actions Pursuant to Executive Order 13224

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Notice.

SUMMARY: The Department of the Treasury's Office of Foreign Assets Control (OFAC) is publishing the names of 4 individuals and 4 entities whose property and interests in property are blocked pursuant to Executive Order 13224 of September 23, 2001, ''Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism.''

DATES: OFAC's actions described in this notice were effective on February 3, 2017.

FOR FURTHER INFORMATION CONTACT: Associate Director for Global Targeting, tel.: 202–622–2420, Assistant Director for Sanctions Compliance & Evaluation, tel.: 202–622–2490, Assistant Director for Licensing, tel.: 202–622–2480, Office of Foreign Assets Control, or Chief Counsel (Foreign Assets Control), tel.: 202–622–2410, Office of the General Counsel, Department of the Treasury (not toll free numbers).

SUPPLEMENTARY INFORMATION:

Electronic Availability

The SDN List and additional information concerning OFAC sanctions programs are available from OFAC's Web site (*www.treas.gov/ofac*).

Notice of OFAC Actions

On February 3, 2017, OFAC blocked the property and interests in property of the following 4 individuals and 4 entities pursuant to E.O. 13224, ''Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism'':

Individual(s)

1. AL-HAJJ, Yahya (a.k.a. AL-HAJ, Yahya; a.k.a. AL-HAJ, Yehia Issa Mohamad); DOB 23 May 1959; POB Aramta, Lebanon; Additional Sanctions Information—Subject to Secondary Sanctions; Gender Male; Passport RL 2544590 (Lebanon) issued 07 Jun 2013 expires 07 Jun 2018 (individual) [SDGT] [IRGC] [IFSR].
2. EBRAHIMI, Hasan Dehghan (a.k.a. IBRAHIMI, Hasan Dahqan); DOB 21 Mar 1961; POB Dezfool, Iran; Additional Sanctions Information—Subject to Secondary Sanctions; Gender Male; Passport U19707756 (Iran) issued 12 May 2011 expires 11 May 2016 (individual) [SDGT] [IRGC] [IFSR].
3. FARHAT, Muhammad 'Abd-al-Amir (a.k.a. FARHAT, Mohammad; a.k.a. FARHAT, Mohammad Abdul Amir); DOB 23 Aug 1969; POB Kuwait; Additional Sanctions Information—Subject to Secondary Sanctions; Gender Male; Passport RL 2325452 (Lebanon) expires 31 Jul 2017 (individual) [SDGT] [IRGC] [IFSR].
4. SHARIFI, Ali (a.k.a. SALEHI, Ali); DOB 23 Feb 1966; POB Tehran, Iran; Additional Sanctions Information—Subject to Secondary Sanctions; Gender Male; Passport

M31335740 (Iran); alt. Passport U30608043 (Iran) (individual) [SDGT] [IRGC] [IFSR].

Entities

1. MAHER TRADING AND CONSTRUCTION COMPANY (a.k.a. MAHER TRADING AND ENGINEERING; a.k.a. ''MAHER COMPANY''), Concord building, 7th floor, Verdan, Beirut, Lebanon; Harik Harik, on the street near al-Husnayn Mosque, Malik bin Qazzam, 5th floor, Beirut, Lebanon; Additional Sanctions Information—Subject to Secondary Sanctions [SDGT] [IRGC] [IFSR].

2. MIRAGE FOR ENGINEERING AND TRADING (a.k.a. ''MIRAGE FOR ENGINEERING''), Kalim Bechara Building, 2nd floor, Trabulsi Street, Badaro, Beirut, Lebanon; Additional Sanctions Information—Subject to Secondary Sanctions [SDGT] [IRGC] [IFSR].

3. MIRAGE FOR WASTE MANAGEMENT AND ENVIRONMENTAL SERVICES SARL, P.O. Box 113/6655, Msieleh Main Road, Rabiyeh Building, 2nd floor, Msieheh, Lebanon; Web site *www.miragewm.com;* Additional Sanctions Information—Subject to Secondary Sanctions [SDGT] [IRGC] [IFSR].

4. REEM PHARMACEUTICAL (a.k.a. REEM PHARMACEUTICAL, LLC; a.k.a. REEM PHARMACEUTICAL, S.A.R.L.; a.k.a. REEM PHARMACEUTICAL, SAL), Kalim Bechara Building, 2nd floor, Trabolsi Street, Badaro, Beirut, Lebanon; Web site *www.reempharma.com;* Additional Sanctions Information—Subject to Secondary Sanctions [SDGT] [IRGC] [IFSR].

Dated: February 3, 2017.

Andrea M. Gacki,

Acting Director, Office of Foreign Assets Control.

[FR Doc. 2017–02569 Filed 2–7–17; 8:45 am]

BILLING CODE 4810–AL–P

DEPARTMENT OF THE TREASURY

Open Meeting of the Financial Research Advisory Committee

AGENCY: Office of Financial Research, Department of the Treasury.

ACTION: Notice of open meeting.

SUMMARY: The Financial Research Advisory Committee for the Treasury's Office of Financial Research (OFR) is convening for its ninth meeting on Thursday, February 23, 2017, in the Cash Room, Main Treasury Building, 1500 Pennsylvania Avenue NW., Washington, DC 20220, beginning at 9:15 a.m. Eastern Time. The meeting will be open to the public via live Web cast at *http://www.financialresearch.gov* and limited seating will also be available.

DATES: The meeting will be held on Thursday, February 23, 2017, beginning at 9:15 a.m. Eastern Time.

ADDRESSES: The meeting will be held in the Cash Room, Main Treasury Building, 1500 Pennsylvania Avenue NW., Washington, DC 20220. The meeting will be open to the public via live webcast at *http://www.financialresearch.gov.* A limited number of seats will be available for those interested in attending the meeting in person, and those seats would be on a first-come, first-served basis. Because the meeting will be held in a secured facility, members of the public who plan to attend the meeting *MUST* contact the OFR by email at *OFR_FRAC@ofr.treasury.gov* by 5 p.m. Eastern Time on Monday, February 13, 2017, to inform the OFR of their desire to attend the meeting and to receive further instructions about building clearance.

FOR FURTHER INFORMATION CONTACT: Susan Stiehm, Designated Federal Officer, Office of Financial Research, Department of the Treasury, 1500 Pennsylvania Avenue NW., Washington, DC 20220, (212) 376–9808 (this is not a toll-free number), *OFR_FRAC@ofr.treasury.gov.* Persons who have difficulty hearing or speaking may access this number via TTY by calling the toll-free Federal Relay Service at 800–877–8339.

SUPPLEMENTARY INFORMATION: Notice of this meeting is provided in accordance with the Federal Advisory Committee Act, 5 U.S.C. App. 2, 10(a)(2), through implementing regulations at 41 CFR 102–3.150, *et seq.*

Public Comment: Members of the public wishing to comment on the business of the Financial Research Advisory Committee are invited to submit written statements by any of the following methods:

- *Electronic Statements.* Email the Committee's Designated Federal Officer at *OFR_FRAC@ofr.treasury.gov.*
- *Paper Statements.* Send paper statements in triplicate to the Financial Research Advisory Committee, Attn: Susan Stiehm, Office of Financial Research, Department of the Treasury, 1500 Pennsylvania Avenue NW., Washington, DC 20220.

The OFR will post statements on the Committee's Web site, *http://www.financialresearch.gov,* including any business or personal information provided, such as names, addresses, email addresses, or telephone numbers. The OFR will also make such statements available for public inspection and copying in the Department of the Treasury's library, Annex Room 1020, 1500 Pennsylvania Avenue NW., Washington, DC 20220 on official business days between the hours of 8:30 a.m. and 5:30 p.m. Eastern Time. You may make an appointment to inspect statements by telephoning (202) 622–0990. All statements, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. You should submit only information that you wish to make available publicly.

Tentative Agenda/Topics for Discussion: The Committee provides an opportunity for researchers, industry leaders, and other qualified individuals to offer their advice and recommendations to the OFR, which, among other things, is responsible for collecting and standardizing data on financial institutions and their activities and for supporting the work of Financial Stability Oversight Council.

This is the ninth meeting of the Financial Research Advisory Committee. Topics to be discussed among all members include potential risks to financial stability, as well as updates on the data quality, CCP and Financial Institutions programs. For more information on the OFR and the Committee, please visit the OFR Web site at *http://www.financialresearch.gov.*

Dated: January 31, 2017.

Barbara Shycoff,

Chief of External Affairs.

[FR Doc. 2017–02503 Filed 2–7–17; 8:45 am]

BILLING CODE 4810–35–P

FEDERAL REGISTER

Vol. 82 Wednesday,
No. 25 February 8, 2017

Part II

The President

Executive Order 13772—Core Principles for Regulating the United States Financial System

Federal Register
Vol. 82, No. 25
Wednesday, February 8, 2017

Presidential Documents

Title 3—

The President

Executive Order 13772 of February 3, 2017

Core Principles for Regulating the United States Financial System

By the power vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. *Policy.* It shall be the policy of my Administration to regulate the United States financial system in a manner consistent with the following principles of regulation, which shall be known as the Core Principles:

(a) empower Americans to make independent financial decisions and informed choices in the marketplace, save for retirement, and build individual wealth;

(b) prevent taxpayer-funded bailouts;

(c) foster economic growth and vibrant financial markets through more rigorous regulatory impact analysis that addresses systemic risk and market failures, such as moral hazard and information asymmetry;

(d) enable American companies to be competitive with foreign firms in domestic and foreign markets;

(e) advance American interests in international financial regulatory negotiations and meetings;

(f) make regulation efficient, effective, and appropriately tailored; and

(g) restore public accountability within Federal financial regulatory agencies and rationalize the Federal financial regulatory framework.

Sec. 2. *Directive to the Secretary of the Treasury.* The Secretary of the Treasury shall consult with the heads of the member agencies of the Financial Stability Oversight Council and shall report to the President within 120 days of the date of this order (and periodically thereafter) on the extent to which existing laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies promote the Core Principles and what actions have been taken, and are currently being taken, to promote and support the Core Principles. That report, and all subsequent reports, shall identify any laws, treaties, regulations, guidance, reporting and recordkeeping requirements, and other Government policies that inhibit Federal regulation of the United States financial system in a manner consistent with the Core Principles.

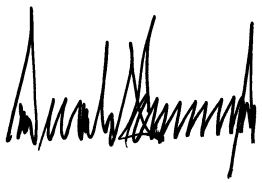
Sec. 3. *General Provisions.* (a) Nothing in this order shall be construed to impair or otherwise affect:

(i) the authority granted by law to an executive department or agency, or the head thereof; or

(ii) the functions of the Director of the Office of Management and Budget relating to budgetary, administrative, or legislative proposals.

(b) This order shall be implemented consistent with applicable law and subject to the availability of appropriations.

(c) This order is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies, or entities, its officers, employees, or agents, or any other person.



THE WHITE HOUSE,
February 3, 2017.

[FR Doc. 2017–02762
Filed 2–7–17; 11:15 am]
Billing code 3295–F7–P

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CFR Checklist. Effective January 1, 2009, the CFR Checklist no longer appears in the Federal Register. This information can be found online at **http://bookstore.gpo.gov/.**

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