

### 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 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)(iii) of the Act<sup>16</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>17</sup> The Exchange has requested that the Commission waive the thirty-day operative delay so that the proposal may become operative immediately. The Commission believes that waiving the thirty-day operative delay is consistent with the protection of investors and the public interest. The Exchange proposes to change a setting in an existing risk protection feature to enhance market makers' ability to protect against excessive risk arising from multiple executions across multiple options series of a single underlying security. The Commission notes that another options exchange currently has a similar setting for a like risk protection feature for market makers. Therefore, the Commission hereby waives the thirty-day operative delay and designates the proposal effective upon filing.<sup>18</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

#### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2016-67 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-Phlx-2016-67. 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-2016-67, and should be submitted on or before July 19, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Brent J. Fields,**

*Secretary.*

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<sup>19</sup> 17 CFR 200.30-3(a)(12).

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78121; File No. SR-BatsEDGA-2016-12]

#### Self-Regulatory Organizations; Bats EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees

June 22, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 8, 2016, Bats EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to EDGA Rules 15.1(a) and (c) ("Fee Schedule") to: (i) Add fee codes NA and NB; (ii) add new Volume Tier 3; and (iii) delete the MidPoint Discretionary Order Add Volume Tier.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.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

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

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

<sup>17</sup> 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.

<sup>18</sup> For purposes of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 the Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The Exchange proposes to amend its Fee Schedule to: (i) Add fee codes NA and NB; (ii) add new Volume Tier 3; and (iii) delete the MidPoint Discretionary Order Add Volume Tier.

#### Fee Codes NA and NB

The Exchange previously filed a proposed rule change with the Commission to include a Non-Displayed<sup>6</sup> instruction on orders routed to an away Trading Center.<sup>7</sup> The Exchange intends to implement this functionality on June 1, 2016.<sup>8</sup> Because other Trading Centers typically provide different rebates or fees with respect to non-displayed liquidity the Exchange proposes to amend its Fee Schedule to add fee codes NA and NB, which would apply to orders routed with a Non-Displayed instruction. Proposed fee code NA would be applied to orders that include a Non-Displayed instruction that are routed to and add liquidity on Bats EDGX Exchange, Inc. ("EDGX"), Bats BZX Exchange, Inc. ("BZX"), the New York Stock Exchange, Inc. ("NYSE"), NYSE Arca, Inc. ("NYSE Arca"), NYSE MKT LLC ("NYSE MKT"), or the Nasdaq Stock Market LLC ("Nasdaq").<sup>9</sup> Orders that yield fee code

NA would not be charged a fee nor receive a rebate in both securities priced at or above \$1.00 or below \$1.00.

Proposed fee code NB would be applied to orders that include a Non-Displayed instruction and are routed to and add liquidity on any exchange not listed in proposed fee code NA. Orders that yield fee code NB would be charged a fee of \$0.0030 per share in securities priced at or above \$1.00 and 0.30% of the trade's total dollar value in securities priced below \$1.00.

#### Proposed Volume Tier 3

The Exchange determines the liquidity adding reduced fee that it will charge Members using a tiered pricing structure. Currently, the Exchange charges reduced fee of \$0.0003 per share under two Volume Tiers described in footnote 4 of the Fee Schedule. To receive Volume Tier 1's reduced fee, a Member must add an ADV<sup>10</sup> of at least 1% of the TCV,<sup>11</sup> including orders with a Non-Displayed instruction that add liquidity. To receive Volume Tier 2's reduced fee, a Members must add an ADV of at least 0.25% of the TCV, including orders with a Non-Displayed instruction that add liquidity; and removes an ADV of at least 0.25% of the TCV. The Exchange now propose to add Volume Tier 3 under which a Member would be charged a reduced fee of \$0.0003 per share where that Member adds an ADV of at least 0.15% of TCV, including non-displayed orders that add liquidity; and has an "added liquidity" as a percentage of "added plus removed liquidity" of at least 85%.

#### Deletion of MidPoint Discretionary Order Add Volume Tier

The Exchange currently offers the MidPoint Discretionary Order Add Volume Tier under which a Member is charged a reduced fee of \$0.0003 per share where they add an ADV of at least 0.15% of the TCV including non-displayed orders that add liquidity; and add or remove an ADV of at least 500,000 shares yielding fee codes DM or DT.<sup>12</sup> The Exchange now proposes to

per share for orders routed to EDGX or BZX. See the Exchange's Fee Schedule available at [http://batstrading.com/support/fee\\_schedule/edgx/](http://batstrading.com/support/fee_schedule/edgx/). These rates generally represent a pass through of the rate that Bats Trading, Inc. ("Bats Trading"), the Exchange's affiliated routing broker-dealer, is provided for adding displayed liquidity at NYSE, NYSE Arca, NYSE MKT, Nasdaq, EDGX, or BZX when it does not qualify for a volume tiered reduced fee or enhanced rebate.

<sup>10</sup> As defined in the Exchange's Fee Schedule.

<sup>11</sup> *Id.*

<sup>12</sup> Fee code DM is appended to MidPoint Discretionary Orders with a Non-Displayed instruction that add liquidity. *Id.* Fee code DT is appended to MidPoint Discretionary Orders with a Non-Displayed instruction that remove liquidity. *Id.*

delete the MidPoint Discretionary Order Add Volume Tier. The Exchange notes that Members that previously qualified for the MidPoint Discretionary Order Add Volume Tier may achieve the same reduced fee by satisfying what the Exchange believes to be substantially similar criteria as the proposed Volume Tier 3 discussed above, or the existing tiers under footnote 4 of the Fee Schedule.

#### Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule effective immediately.<sup>13</sup>

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>14</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>15</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule changes reflect a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed fee codes are equitable and non-discriminatory in they would apply uniformly to all Members. The Exchange believes the rates remains competitive with those charged by other venues and, therefore, reasonable and equitably allocated to Members.

In particular, the Exchange believes that the proposed fee codes represent an equitable allocation of reasonable dues, fees, and other charges. The proposed fees are similar to and based on the fees and rebates assessed or provided to Bats Trading when routing to away Trading Centers. For instance, like proposed fee code NA, the NYSE, NYSE Arca, and Nasdaq charge no fee nor provide a rebate for non-displayed orders that add liquidity.<sup>16</sup> In addition, the exchanges

<sup>13</sup> The Exchange initially filed the proposed fee change on May 31, 2016 (SR-BatsEDGA-2016-11). On June 8, 2016, the Exchange withdrew SR-BatsEDGA-2016-11 and submitted this filing.

<sup>14</sup> 15 U.S.C. 78f.

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

<sup>16</sup> See the NYSE fee schedule available at [https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE\\_Price\\_List.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf) (dated May 23, 2016); the NYSE Arca fee schedule available at [https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE\\_Arca\\_Marketplace\\_Fees.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/NYSE_Arca_Marketplace_Fees.pdf) (dated May 23, 2016); and the Nasdaq fee schedule available at <http://www.nasdaqtrader.com/>

<sup>6</sup> See Exchange Rule 11.6(e)(2).

<sup>7</sup> The Exchange notes that the Exchange also amended its rules to route orders with a Reserve Quantity (as defined in Rule 11.6(m)) as such to other Trading Centers. See Securities Exchange Act 77189 (February 19, 2016), 81 FR 9571 (February 25, 2016) (SR-EDGX-2016-08). Orders to be routed with a Non-Displayed instruction or a Reserve Quantity would be handled in accordance with the rules of the Trading Center to which they are routed. *Id.* This proposal does not impact orders routed with a Reserve Quantity.

<sup>8</sup> See Bats Announces Support for Hidden Post-to-Away Routed Orders, available at [http://cdn.batstrading.com/resources/release\\_notes/2016/Bats-Announces-Support-for-Hidden-Post-to-Away-Routed-Orders.pdf](http://cdn.batstrading.com/resources/release_notes/2016/Bats-Announces-Support-for-Hidden-Post-to-Away-Routed-Orders.pdf).

<sup>9</sup> Today, all orders that are routed to post to an away market are routed for display on such market and receive the following rates: (i) Rebate of \$0.0015 per share for orders routed to the NYSE; (ii) rebate of \$0.0021 per share for Tapes A and C securities and a rebate of \$0.0022 per share for Tape B securities for orders routed to NYSE Arca; (iii) rebate of \$0.0015 per share for orders routed to NYSE MKT; (iv) rebate of \$0.0015 per share for orders routed to Nasdaq; and (v) a rebate of \$0.0020

that would be covered by proposed fee code NB charge a fee of up to \$0.0030 per share to add liquidity.<sup>17</sup> In addition, the proposed rate for fee code NB is equal to or greater than similar routing fees charged by other exchanges. For example, the NYSE, NYSE MKT, Nasdaq, and BZX charge a fee of \$0.0030 per share and NYSE Arca charges a fee of \$0.0035 per share regardless of which destination the order is routed.<sup>18</sup>

The Exchange notes that routing through Bats Trading is voluntary. The Exchange is providing a service to allow Members to post orders with a Non-Displayed instruction to these destinations and that those Members seeking to post such orders to away destinations may connect to those destinations directly and be charged the fee or provided the rebate from that destination. Therefore, the Exchange believes the rates for proposed fee codes NA and NB are equitable and reasonable because they are related to the rates provided by the away exchange and reasonably account for the routing service provided for by the Exchange. Lastly, the Exchange believes that the proposed amendments are non-discriminatory because it applies uniformly to all Members and that the proposed rates are directly related to rates provided by the destinations to which the orders may be routed.

In addition, volume-based rebates such as that proposed herein have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to: (i) The value to an exchange's market quality; (ii) associated higher levels of market activity, such as higher levels of liquidity provision and/or

growth patterns; and (iii) the introduction of higher volumes of orders into the price and volume discovery processes. The Exchange believes that the proposed tier is a reasonable, fair and equitable, and not an unfairly discriminatory allocation of fees and rebates, because it will provide Members with an additional incentive to reach certain thresholds on the Exchange.

In particular, the Exchange believes the addition of the Volume Tier 3 is a reasonable means to encourage Members to increase their liquidity on the Exchange. The Exchange further believes that the proposed tier represents an equitable allocation of reasonable dues, fees, and other charges because the thresholds necessary to achieve the tier encourages Members to add liquidity to the EDGA Book<sup>19</sup> each month. The Exchange also notes that the criteria and reduced rate under Volume Tier 3 is equitable and reasonable as compared to other tiers offered by the Exchange. For example, under the Volume Tier 1, Members may receive a reduced fee of \$0.0003 per share where they add an ADV of at least 1% of the TCv, including orders with a Non-Displayed instruction that add liquidity. To receive the same reduced fee under Volume Tier 2, a Member must add an ADV of at least 0.25% of the TCv, including orders with a Non-Displayed instruction that add liquidity; and removes an ADV of at least 0.25% of the TCv. Under the proposed Volume Tier 3, while the Member must satisfy a lower ADV as a percentage of TCv threshold, the Member must have an "added liquidity" as a percentage of "added plus removed liquidity" of at least 85%, which the Exchange believes is a reasonable standard by which to award the reduced rate in relation to current Volume Tiers 1 and 2. Therefore, the Exchange believes the proposed Volume Tier 3 is consistent with Section 6(b)(4)<sup>20</sup> of the Act as the more stringent criteria correlates with the tier's reduced rate.

Lastly, the Exchange believe removing the MidPoint Discretionary Order Add Volume Tier is also equitable, reasonable and not unfairly discriminatory because Members that previously qualified for the MidPoint Discretionary Order Add Volume Tier may achieve the same reduced fee by satisfying what the Exchange believes to be substantially similar criteria as the proposed Volume Tier 3 discussed above, or the existing tiers under footnote 4 of the Fee Schedule.

### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe its proposed amendment to its Fee Schedule would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed changes represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. For example, routing through Bats Trading is voluntary and Members seeking to post such orders to away destinations may connect to those destinations directly and be charged the fee or provide the rebate from that destination. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

The Exchange does not believe that the proposed new tier would burden competition, but instead, enhances competition, as it is intended to increase the competitiveness of and draw additional volume to the Exchange. As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The proposed change is generally intended to enhance the reduced fees for liquidity added to the Exchange, which is intended to draw additional liquidity to the Exchange. The Exchange does not believe the proposed tier would burden intramarket competition as it would apply to all Members uniformly.

Lastly, the Exchange does not believe removing the MidPoint Discretionary Order Add Volume Tier would burden competition because Members that previously qualified for the MidPoint Discretionary Order Add Volume Tier may achieve the same reduced fee by satisfying what the Exchange believes to be substantially similar criteria as the proposed Volume Tier 3 discussed above, or the existing tiers under footnote 4 of the Fee Schedule.

*Trader.aspx?id=PriceListTrading2*. The Exchange notes that NYSE MKT, EDGX, and BZX provide a rebate of \$0.0016, \$0.0015, and \$0.0017 per share respectively for non-displayed orders that add liquidity. See the NYSE MKT fee schedule available at [https://www.nyse.com/publicdocs/nyse/markets/nyse-mkt/NYSE\\_MKT\\_Equities\\_Price\\_List.pdf](https://www.nyse.com/publicdocs/nyse/markets/nyse-mkt/NYSE_MKT_Equities_Price_List.pdf) (dated May 23, 2016); the EDGX fee schedule available at [http://batstrading.com/support/fee\\_schedule/edgx/](http://batstrading.com/support/fee_schedule/edgx/); and the BZX fee schedule available at [http://batstrading.com/support/fee\\_schedule/bzx/](http://batstrading.com/support/fee_schedule/bzx/).

<sup>17</sup> See the Bats BYX Exchange Inc. fee schedule available at [http://batstrading.com/support/fee\\_schedule/byx/](http://batstrading.com/support/fee_schedule/byx/); and the Nasdaq BX, Inc. fee schedule available at [http://www.nasdaqtrader.com/Trader.aspx?id=bx\\_pricing](http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing). The Exchange notes that it currently does not provide for routing orders to post on the Chicago Stock Exchange, Inc. or the National Stock Exchange, Inc.

<sup>18</sup> See *supra* note 16. Nasdaq charges a fee of \$0.0035 per share for routed orders that are directed to another market. See the Nasdaq fee schedule at *id.*

<sup>19</sup> See Exchange Rule 1.5(d).

<sup>20</sup> 15 U.S.C. 78f(b)(4).

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>21</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>22</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BatsEDGA-2016-12 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-BatsEDGA-2016-12. 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-BatsEDGA-2016-12, and should be submitted on or before July 19, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**Brent J. Fields,**

*Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-78123; File No. SR-NASDAQ-2016-084]

**Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Elimination of SPY Position Limits**

June 22, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 10, 2016, The NASDAQ Stock Market LLC ("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. 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 proposes to extend for another twelve (12) month time period the pilot program to eliminate position limits for options on the SPDR® S&P

500® exchange-traded fund ("SPY ETF" or "SPY"),<sup>3</sup> which list and trade under the symbol SPY ("SPY Pilot Program").

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**

The purpose of the proposed rule change is to amend the Supplementary Material at the end of Chapter III, Section 7 (Position Limits) to extend the current pilot which expires on July 12, 2016 for an additional twelve (12) month time period to July 12, 2017 ("Extended Pilot"). This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the availability of economically equivalent products and their respective position limits; (2) the liquidity of the option and the underlying security; (3) the market capitalization of the underlying security and the related index; (4) the reporting of large positions and requirements surrounding margin; and (5) the potential for market on close volatility.

With this proposal, the Exchange submits the SPY report to the Commission, which report reflects, during the time period from May 2015 through May 2016, the trading of standardized SPY options with no

<sup>3</sup> "SPDR®," "Standard & Poor's®," "S&P®," "S&P 500®," and "Standard & Poor's 500" are registered trademarks of Standard & Poor's Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f).

<sup>23</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.