

special advantages to market makers. Although an exchange may reward such participants for the benefits they provide to the exchange's market, such rewards must not be disproportionate to the services provided."¹³ In 2015, when the Commission approved the NYSE's proposal to make the New Market Model permanent,¹⁴ the Commission noted the Rule 104(g)(i)(A)(III) Prohibition,¹⁵ among many aspects of the New Market Model, and reiterated that the pilot program had been conducted, among other reasons, to seek "further evidence that the benefits proposed for DMMs are not disproportionate to their obligations."¹⁶

Under the proposal, the Exchange seeks to eliminate the Rule 104(g)(i)(A)(III) Prohibition—an obligation imposed on DMMs—thereby altering the existing set of obligations and benefits of DMM status. Accordingly, the Commission seeks public comment on whether the Exchange's proposal would maintain an appropriate balance between the benefits and obligations of being a DMM on the Exchange and whether the obligations of DMMs under remaining Exchange rules are reasonably designed to prevent DMMs from inappropriately influencing or manipulating the close in light of DMMs' special responsibility for closing auctions under Exchange rules.

IV. Solicitation of Comments

The Commission requests that interested persons provide written submissions of their views, data and arguments with respect to the concerns identified above, as well as any others they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is inconsistent with Section 6(b)(5) or any other provision of the Act, or the rules and regulation thereunder. Although there do not appear to be any issues relevant to approval or disapproval which would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.¹⁷

Interested persons are invited to submit written data, views and arguments regarding whether the proposal should be disapproved by March 15, 2017. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by March 29, 2017.

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-NYSE-2016-71 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 Numbers SR-NYSE-2016-71. The 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 proposal that are filed with the Commission, and all written communications relating to the proposal 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 filings also will be available for inspection and copying at the principal office of the Exchanges. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2016-71 and should be submitted on or before March 15, 2017. Rebuttal comments should be submitted by March 29, 2017.

organization. See Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80045; File No. SR-NASDAQ-2017-013]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the Implementation Date of Its Functionality Relating to Post-Only Orders and Orders With Midpoint PEGGING, and Its Trade-Now Functionality

February 15, 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 February 3, 2017, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the 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 proposes to extend the implementation date of its functionality relating to Post-Only Orders and Orders with Midpoint PEGGING, and its Trade-Now functionality.

There is no rule text for 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 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

¹³ See *id.* at 64388.

¹⁴ See Securities Exchange Act Release No. 75578 (Jul. 31, 2015), 80 FR 47008 (Aug. 6, 2015) (SR-NYSE-2015-26) ("NMM Approval Order").

¹⁵ See NMM Approval Order, 80 FR at 47010.

¹⁶ See *id.* at 47013.

¹⁷ Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Public Law 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory

¹⁸ 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

Nasdaq is filing this proposal to extend the implementation date of its functionality relating to Post-Only Orders and Orders with Midpoint Pegging, and its Trade-Now functionality. The functionality relating to Post-Only Orders and Orders with Midpoint Pegging was approved by the SEC on November 10, 2016,³ and the Trade-Now functionality was submitted on an immediately effective basis on November 8, 2016.⁴

Under the new Post-Only functionality, the behavior of Post-Only orders would be altered when the adjusted price of such orders lock or cross a non-displayed price on the Exchange's Book. Specifically, if the adjusted price of the Post-Only Order would lock or cross a non-displayed price on the Exchange's Book, the Post-Only order would be posted in the same manner as a Price to Comply Order. However, the Post-Only Order would execute if (i) it is priced below \$1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at \$1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds \$0.01 per share.⁵

Additionally, if the Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a Non-Displayed Order on the Exchange's Book, the Post-Only Order would be posted, ranked, and displayed at its limit price. The Post-Only Order would execute if (i) it is priced below \$1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or

exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at \$1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds \$0.01 per share.⁶

Nasdaq also proposed to change its Midpoint Peg Post-Only Order, so that, if the NBBO is crossed, any existing Midpoint Peg Post-Only Order would be cancelled and any new Midpoint Peg Post-Only Order would be rejected. Similarly, if the Inside Bid and Inside Offer are crossed, any existing Order with Midpoint Pegging would be rejected and any new Order with Midpoint Pegging would be cancelled.⁷

Under Nasdaq's Trade-Now functionality, participants could enter an instruction to have a locked resting buy (sell) order execute against the locking sell (buy) order. Nasdaq proposed to offer the functionality on its OUCH, RASH, FLITE and FIX protocols. Depending on the protocol used by the participant to access the Nasdaq system, the participant could either specify that the order execute against locking interest automatically, or the participant would be required to send a Trade Now instruction to the Exchange once the order has become locked. Nasdaq proposed to offer the Trade Now instruction for all orders that may be sent to the continuous Nasdaq book, and did not offer the instruction for orders that do not execute on the continuous book.⁸

Nasdaq initially proposed to implement the new Post-Only, Midpoint Pegging and Trade-Now functionality on November 21, 2016.⁹ However, following testing, Nasdaq has decided to delay the implementation of these new functionalities to provide additional time for systems testing. The new functionality shall be implemented no later than March 31, 2017. Nasdaq will announce the new implementation date by an Equity Trader Alert, which shall be issued prior to the implementation date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the

objectives of Section 6(b)(5) of the Act,¹¹ in particular, in that it is 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. The purpose of this proposal is to inform the SEC and market participants of the new implementation date for the Post-Only, Midpoint Pegging, and Trade Now functionalities. The functionalities themselves were previously proposed in rule filings that were submitted to the SEC, and this proposal does not change the substance of those functionalities.¹² Nasdaq is delaying the implementation date of these functionalities to provide for further systems testing prior to implementing these functionalities.

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. As noted above, the purpose of this proposal is to extend the implementation date for Post-Only, Midpoint Pegging and Trade-Now functionalities so that Nasdaq may perform additional systems testing prior to implementing these functionalities.

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

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) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴

¹¹ 15 U.S.C. 78f(b)(5).

¹² Nasdaq notes that the Trade-Now functionality was submitted to the SEC as an immediately effective filing, while the Post-Only and Midpoint Pegging functionalities were the subject of an SEC approval order. See *supra* notes 3 and 4.

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date

³ See Securities Exchange Act Release No. 79290 (November 10, 2016), 81 FR 81184 (November 17, 2016) (SR-NASDAQ-2016-111) ("Post-Only Approval Order").

⁴ See Securities Exchange Act Release No. 79282 (November 10, 2016), 81 FR 81219 (November 17, 2016) (SR-NASDAQ-2016-156).

⁵ See Post-Only Approval Order, *supra* note 3.

⁶ *Id.*

⁷ *Id.*

⁸ See Securities Exchange Act Release No. 79282 (November 10, 2016), 81 FR 81219 (November 17, 2016) (SR-NASDAQ-2016-156).

⁹ See Equity Trader Alert #2016-291.

¹⁰ 15 U.S.C. 78f(b).

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. Please include File Number SR-NASDAQ-2017-013 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-2017-013. 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

of filing of the proposed rule change, or such shorter time as designated by the Commission.

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-2017-013 and should be submitted on or before March 15, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

Extension:

Rule 17a-22; SEC File No. 270-202, OMB Control No. 3235-0196.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information provided for in Rule 17a-22 (17 CFR 240.17a-22) under the Securities Exchange Act of 1934 ("Exchange Act") (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 17a-22 requires all registered clearing agencies to file with the Commission three copies of all materials they issue or make generally available to their participants or other entities with whom they have a significant relationship. The filings with the Commission must be made within ten days after the materials are issued or made generally available. When the Commission is not the clearing agency's appropriate regulatory agency, the clearing agency must file one copy of the material with its appropriate regulatory agency.

The Commission is responsible for overseeing clearing agencies and uses the information filed pursuant to Rule 17a-22 to determine whether a clearing agency is implementing procedural or policy changes. The information filed

aides the Commission in determining whether such changes are consistent with the purposes of Section 17A of the Exchange Act. Also, the Commission uses the information to determine whether a clearing agency has changed its rules without reporting the actual or prospective change to the Commission as required under Section 19(b) of the Exchange Act.

The respondents to Rule 17a-22 are registered clearing agencies. The frequency of filings made by clearing agencies pursuant to Rule 17a-22 varies but on average there are approximately 200 filings per year per active clearing agency. There are seven active registered clearing agencies. The Commission staff estimates that each response requires approximately .25 hours (fifteen minutes), which represents the time it takes for a staff person at the clearing agency to properly identify a document subject to the rule, print and makes copies, and mail that document to the Commission. Thus, the total annual burden for all active clearing agencies is 350 hours (7 clearing agencies multiplied by 200 filings per clearing agency multiplied by .25 hours) and a total of 50 hours (1400 responses multiplied by .25 hours, divided by 7 active clearing agencies) per year are expended by each respondent to comply with the rule.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden 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. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or send an email to: PRA_Mailbox@sec.gov.

¹⁵ 17 CFR 200.30-3(a)(12).