

Rule 203A-2(e), SEC File No. 270-501, OMB Control No. 3235-0559.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (“PRA”), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for extension and approval of the previously approved collection of information discussed below.

Rule 203A-2(e),<sup>1</sup> which is entitled “Internet Investment Advisers,” exempts from the prohibition on Commission registration an Internet investment adviser who provides investment advice to all of its clients exclusively through computer software-based models or applications termed under the rule as “interactive Web sites.”<sup>2</sup> These advisers generally would not meet the statutory thresholds currently set out in section 203A of the Advisers Act<sup>3</sup>—they do not manage \$25 million or more in assets and do not advise registered investment companies, or they manage between \$25 million and \$100 million in assets, do not advise registered investment companies or business development companies, and are required to be registered as investment advisers with the states in which they maintain their principal offices and places of business and are subject to examination as an adviser by such states.<sup>4</sup> Eligibility under rule 203A-2(e) is conditioned on an adviser maintaining in an easily accessible place, for a period of not less than five years from the filing of Form ADV,<sup>5</sup> a record demonstrating that the adviser’s advisory business has been conducted through an interactive Web site in accordance with the rule.<sup>6</sup>

This record maintenance requirement is a “collection of information” for PRA purposes. The Commission believes that approximately 144 advisers are registered with the Commission under rule 203A-2(e), which involves a recordkeeping requirement of

approximately four burden hours per year per adviser and results in an estimated 576 of total burden hours (4 × 144) for all advisers.

This collection of information is mandatory, as it is used by Commission staff in its examination and oversight program in order to determine continued Commission registration eligibility of advisers registered under this rule. Responses generally are kept confidential pursuant to section 210(b) of the Advisers Act.<sup>7</sup> 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 control number.

The public may view the background documentation for this information collection at the following Web site, [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Shagufta.Ahmed@omb.eop.gov](mailto:Shagufta.Ahmed@omb.eop.gov); and (ii) 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](mailto:PRA.Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: May 5, 2017.

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80616; File No. SR-NYSEMKT-2017-13]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, Amending Rule 968NY To Make Permanent a Program That Allows Cabinet Trade Transactions To Take Place at a Price Below \$1 Per Option Contract

May 5, 2017.

#### I. Introduction

On March 2, 2017, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (“Commission”), pursuant

to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change amending the Exchange’s rules to make permanent a program that allows transactions to take place in open outcry trading at prices of at least \$0 but less than \$1 per option contract (“sub-dollar cabinet trades”). The proposed rule change was published for comment in the **Federal Register** on March 23, 2017.<sup>3</sup> On April 25, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission received no comment letters on the proposed rule change. This order provides notice of filing of Amendment No. 1 and approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

#### II. Description of the Proposed Rule Change

Prior to 2010, Exchange Rule 968NY (Cabinet Trades (Accommodation Transactions)) allowed cabinet trade transactions at a price of \$1 per option contract to occur in open outcry trading for certain classes.<sup>5</sup> In 2010, the Exchange amended Rule 968NY on a pilot basis to allow sub-dollar cabinet trades to take place at prices of at least \$0 but less than \$1 per option contract.<sup>6</sup> The Exchange now proposes to amend Rule 968NY to make permanent its sub-dollar cabinet trade pilot program, which currently is scheduled to expire on July 5, 2017.<sup>7</sup>

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

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

<sup>3</sup> See Securities Exchange Act Release No. 80272 (March 17, 2017), 82 FR 14936 (March 23, 2017) (“Notice”).

<sup>4</sup> In Amendment No. 1, the Exchange provided supplemental background detail on its proposal, including a summary of why it initially put the program on a pilot, a description of the systems enhancements it made to be able to process cabinet trades in the regular course, an example of how a cabinet trade is done on the trading floor, and a representation that, to its knowledge, neither the Options Clearing Corporation (“OCC”) nor the Exchange’s members have reported any operational issues in connection with cabinet trades. To promote transparency of its proposed amendment, when NYSE MKT filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 as a comment letter to the file, which the Commission posted on its Web site and placed in the public comment file for SR-NYSEMKT-2017-13 (available at <https://www.sec.gov/comments/sr-nysemkt-2017-13/nysemkt201713.htm>). The Exchange also posted a copy of its Amendment No. 1 on its Web site (<https://www.nyse.com/regulation/rule-filings>) when it filed it with the Commission.

<sup>5</sup> See Rule 968NY. See also Notice, *supra* note 3, at 14936 (discussing Rule 968NY).

<sup>6</sup> See Securities Exchange Act Release No. 63475 (December 8, 2010), 75 FR 77932 (December 14, 2010) (SR-NYSEAmex-2010-114).

<sup>7</sup> See Commentary .01 to Rule 968NY. See also Securities Exchange Act Release No. 79564 (December 15, 2016), 81 FR 93716 (December 21, 2016) (SR-NYSEMKT-2016-116).

<sup>1</sup> 17 CFR 275.203A-2(e).

<sup>2</sup> Included in rule 203A-2(e) is a limited exception to the interactive Web site requirement which allows these advisers to provide investment advice to fewer than 15 clients through other means on an annual basis. 17 CFR 275.203A-2(e)(1)(i). The rule also precludes advisers in a control relationship with an SEC-registered Internet adviser from registering with the Commission under the common control exemption provided by rule 203A-2(b) (17 CFR 275.203A-2(b)). 17 CFR 275.203A-2(e)(1)(iii).

<sup>3</sup> 15 U.S.C. 80b-3a(a).

<sup>4</sup> *Id.*

<sup>5</sup> The five-year record retention period is a similar recordkeeping retention period as imposed on all advisers under rule 204-2 of the Advisers Act. See rule 204-2 (17 CFR 275.204-2).

<sup>6</sup> 17 CFR 275.203A-2(e)(1)(ii).

<sup>7</sup> 15 U.S.C. 80b-10(b).

The Exchange permits sub-dollar cabinet trade transactions to be traded pursuant to the same procedures applicable to \$1 cabinet trades, except that for sub-dollar cabinet trades (i) bids and offers for opening transactions are permitted only to accommodate closing transactions, and (ii) transactions in option classes participating in the Penny Pilot Program are permitted.<sup>8</sup> As it explained in the Notice, the Exchange believes that “allowing trading at a price of at least \$0 but less than \$1 better accommodates the closing of options positions in series that are worthless or not actively traded, particularly when there has been a significant move in the price of the underlying security, resulting in a large number of series being out-of-the-money.”<sup>9</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act<sup>10</sup> and the rules and regulations thereunder applicable to a national securities exchange.<sup>11</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>12</sup> which requires, among other things, that the rules of a national securities 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.

In the Notice, as amended, the Exchange explains that it initially put the sub-dollar cabinet trade rule on a pilot so that it could “evaluate the efficacy of the change and to address any operational issues that might arise in processing [c]abinet trades.”<sup>13</sup> During the course of the pilot, the Exchange made enhancements to its system to accommodate cabinet trades at a price as small as \$0.00000001.<sup>14</sup>

With that systems change, and based on its experience with these types of trades, the Exchange notes that its systems now “allow it to process [c]abinet trades in a manner similar to how all other trades are processed by the Exchange.”<sup>15</sup>

In support of making the pilot program permanent, the Exchange represents that “there are no operational issues in processing and clearing [c]abinet trades in penny and sub-penny increments.”<sup>16</sup> The Exchange also represents that “ATP Holders have not raised any concerns with the current method of processing of [c]abinet trades.”<sup>17</sup> Finally, the Exchange represents that it is “not aware of the Options Clearing Corporation (“OCC”) having operational issues with processing [c]abinet trades submitted by the Exchange.”<sup>18</sup>

Based on the representations of the Exchange, the Commission believes that permanent approval of the sub-dollar cabinet trade pilot is consistent with the Act. In particular, the Commission notes that the Exchange has made the necessary systems changes to accommodate sub-dollar cabinet trades into its regular trading infrastructure, and thus is able to process such trades in the normal course. Further, the Exchange has not observed any issues or concerns with sub-dollar cabinet trades at the Exchange level or with and among its members or in processing the trades through OCC. Accordingly, the Exchange’s rule appears reasonably designed to remove impediments, prevent fraudulent and manipulative acts and practices, and foster cooperation and coordination with persons engaged in facilitating transactions in securities. Further, permanent approval will continue to provide investors with choice when considering a cabinet trade, including the ability to price such trades below \$1 per contract.

### IV. Solicitation of Comments on Amendment No. 1 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 to 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–NYSEMKT–2017–13 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–NYSEMKT–2017–13. 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–NYSEMKT–2017–13, and should be submitted on or before June 1, 2017.

### V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of the amended proposal in the **Federal Register**. In Amendment No. 1, NYSE MKT provided supplemental background detail on why the sub-dollar cabinet

<sup>8</sup> See Commentary .01 to Rule 968NY. See also Notice, *supra* note 3, at 14937 (discussing the pilot).

<sup>9</sup> Notice, *supra* note 3, at 14937.

<sup>10</sup> 15 U.S.C. 78f.

<sup>11</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>13</sup> Amendment No. 1, *supra* note 4.

<sup>14</sup> See *id.*

<sup>15</sup> *Id.* See also Notice, *supra* note 3, at 14937 (noting that “in 2016, there were a total of 222 Cabinet trades. Of these, 148 trades comprising 112,257 contracts were executed at a price of \$0.01, while the remaining 74 trades comprising 165,868 contracts were executed for a premium of less than \$0.01”).

<sup>16</sup> Notice, *supra* note 3, at 14937.

<sup>17</sup> Amendment No. 1, *supra* note 4.

<sup>18</sup> *Id.*

trade provision was put on a pilot initially, described the systems changes that the Exchange made to be able to process cabinet trades, and represented its understanding that neither OCC nor the Exchange's members have reported any operational issues in connection with cabinet trades.<sup>19</sup> The additional information contained in Amendment No. 1 provides further support for the Exchange's proposal, is consistent with the proposal as initially filed, and does not introduce any new provisions or novel arguments in support of the proposal. Further, the Commission notes that it did not receive any comment letters on the Exchange's proposal. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>20</sup> to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

## VI. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>21</sup> that the proposed rule change (SR-NYSEMKT-2017-13), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**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 15b6-1 and Form BDW, SEC File No. 270-17, OMB Control No. 3235-0018.

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 existing collection of information provided for in Rule 15b6-1 (17 CFR

240.15b6-1), under the Securities Exchange Act of 1934 (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.

Registered broker-dealers use Form BDW (17 CFR 249.501a) to withdraw from registration with the Commission, the self-regulatory organizations, and the states. On average, the Commission estimates that it would take a broker-dealer approximately one hour to complete and file a Form BDW to withdraw from Commission registration as required by Rule 15b6-1. The Commission estimates that approximately 380 broker-dealers withdraw from Commission registration annually<sup>1</sup> and, therefore, file a Form BDW via the internet with the Central Registration Depository, a computer system operated by the Financial Industry Regulatory Authority, Inc. that maintains information regarding registered broker-dealers and their registered personnel. The 380 broker-dealers that withdraw from registration by filing Form BDW would incur an aggregate annual reporting burden of approximately 380 hours.<sup>2</sup>

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.

<sup>1</sup> This estimate is based on Form BDW data collected over the past three years for fully registered broker-dealers. This estimate is based on the numbers of forms filed; therefore, the number may include multiple forms per broker-dealer if the broker-dealer's initial filing was incomplete. In fiscal year (from 10/1 through 9/30) 2014, 454 broker-dealers withdrew from registration. In fiscal year 2015, 327 broker-dealers withdrew from registration. In fiscal year 2016, 360 broker-dealers withdrew from registration.  $(454 + 327 + 360) / 3 = 380$ .

<sup>2</sup>  $(380 \times 1 \text{ hour}) = 380 \text{ hours}$ .

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](mailto:PRA_Mailbox@sec.gov).

Dated: May 8, 2017.

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

[FR Doc. 2017-09583 Filed 5-10-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80609; File No. SR-CBOE-2017-019]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change Related to Complex Orders

May 5, 2017.

On March 7, 2017, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend its rules with respect to orders in open outcry to modify the ratios a complex order must meet to be considered eligible for complex order priority and permitted to be expressed in any net price increment that is not less than \$0.01. The Exchange also proposes to amend its rules to provide that if a complex order would trade in open outcry at the same net debit or credit price as another complex order, priority would go first to public customer orders in the Exchange's complex order book ("COB"), then to complex order bids and offers represented in the trading crowd, and then to all other orders and quotes in the COB.<sup>3</sup> Finally, the Exchange proposes to simplify the definitions of the complex order types that may be made available on a class-by-class basis and remove references to certain specific complex order types that will no longer be defined. The proposed rule change was published for comment in

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

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

<sup>3</sup> The Exchange has represented that this methodology for prioritizing multiple complex orders for open outcry trading is consistent with the methodology applicable for prioritizing multiple simple orders for open outcry trading and how the Exchange has interpreted and applied complex order priority. See Notice, *infra* note 4, at 15087.

<sup>19</sup> See Amendment No. 1, *supra* note 4. See also *supra* note 4 (noting that the Exchange submitted Amendment No. 1 as a comment letter to the file, which the Commission posted on its Web site and placed in the public comment file).

<sup>20</sup> 15 U.S.C. 78s(b)(2).

<sup>21</sup> 15 U.S.C. 78s(b)(2).

<sup>22</sup> 17 CFR 200.30-3(a)(12).