

records (collectively “records”) made or received by it in connection with proposed rule changes filed with the Commission or in connection with its index CDS clearance and settlement services as required to be maintained under Rule 17a-1(a) and (b).<sup>14</sup> In the Written Request, CME further represents that it will produce such records and furnish such information at the request of any representative of the Commission, and will maintain such records for a period of 5 years from the effective date of the withdrawal of CME’s registration as a clearing agency.<sup>15</sup> As noted above, no comments were received in response to the published notice of CME’s Written Request to withdraw from registration as a clearing agency, which included CME’s representations regarding maintenance of records and record production, as well as CME’s representations regarding any potential for claims associated with its clearing agency registration.

### III. Conclusion

It is therefore ordered, pursuant to Section 19(a)(3) of the Exchange Act,<sup>16</sup> that:

(1) Effective December 17, 2015, CME’s registration as a clearing agency under Section 17A of the Exchange Act is withdrawn and

(2) For a period of 5 years from the effective date of withdrawal of registration as a clearing agency, CME will maintain all the records required to be maintained pursuant to Rule 17A-1(a) and (b) which are in CME’s possession and will produce such records upon the request of any representative of the Commission.

By the Commission.

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76672; File No. SR-CBOE-2015-113]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Technical Disconnect Mechanism

December 17, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on December 8, 2015, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 6.23C related to the Exchange’s Technical Disconnect Mechanism. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

\* \* \* \* \*

Chicago Board Options Exchange, Incorporated Rules

\* \* \* \* \*

Rule 6.23C Technical Disconnect

(a) When a CBOE Application Server (“CAS”) loses communication with a Client Application such that a CAS does not receive an appropriate response to a Heartbeat Request within “x” period of time, the Technical Disconnect Mechanism will automatically logoff the Trading Permit Holder’s affected Client Application and automatically cancel all the Trading Permit Holder’s Market-Maker quotes, if applicable, and open orders with a time-in-force of “day” *resting in the Book (which excludes orders resting on a PAR workstation or order management terminal)* (“day orders”), if the Trading Permit Holder enables that optional service, posted through the affected Client Application. The following describes how the Technical Disconnect Mechanism works for each of the Exchange’s application programming interfaces (“APIs”):

(i)–(ii) No change.

(b)–(c) No change.

. . . *Interpretations and Policies:*

.01 No change.

\* \* \* \* \*

The text of the proposed rule change is also 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

Rule 6.23C(a) provides that when a CBOE Application Server (“CAS”)<sup>3</sup> loses communication with a Client Application<sup>4</sup> such that a CAS does not receive an appropriate response to a Heartbeat Request<sup>5</sup> within “x” period of time, the Technical Disconnect Mechanism will automatically logoff the Trading Permit Holder’s (“TPH”) affected Client Application. If that occurs, the current rule provides that the Technical Disconnect Mechanism, if applicable, will automatically cancel all the TPH’s Market-Maker quotes posted through the affected Client

<sup>3</sup> CBOE currently has numerous CASs serving TPHs.

<sup>4</sup> For relevant purposes, a “Client Application” is the system component, such as a CBOE-supported workstation or a TPH’s custom trading application, through which a TPH communicates its quotes and/or orders to a CAS. Messages are passed between a Client Application and a CAS. A Market-Maker may send quotes to the Exchange from one or more Client Applications, and a TPH may send orders to the Exchange from one or more Client Applications.

<sup>5</sup> A “Heartbeat Request” refers to a message from a CAS to a Client Application to check connectivity and which requires a response from the Client Application in order to avoid logoff. The Heartbeat Request acts as a virtual pulse between a CAS and a Client Application and allows a CAS to continually monitor its connection with a Client Application. Failure to receive a response to a Heartbeat Request within the Heartbeat Response Time is indicative of a technical or system issue.

<sup>14</sup> See Written Request at 5, note 15. See also 17 CFR 240.17a-1(a) and (b).

<sup>15</sup> See Written Request at 5, note 15.

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

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

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

Application.<sup>6</sup> The Technical Disconnect Mechanism is intended to help mitigate the potential risks associated with a loss of communication with a Client Application, such as erroneous or unintended executions for stale quotes that are resting in the CBOE book. This mechanism serves to assist a TPH when a technical or system issue occurs, as well as assist the Exchange in maintaining a fair and orderly market.

Recently, the Exchange amended Rule 6.23C related to the Technical Disconnect Mechanism to provide TPHs with an optional service that, if enabled by a TPH, will cause the Technical Disconnect Mechanism to also automatically cancel all the TPH's open orders with a time-in-force of "day" ("day orders") posted through the affected Client Application if the CAS loses communication with the Client Application.<sup>7</sup> This optional service is an additional preventative risk control measure that CBOE is making available to TPHs. It is intended to help further mitigate the potential risks associated with a loss of communication with a TPH's Client Application. If a TPH's Client Application is disconnected for any period of time, it is possible that market conditions upon which it based its day orders may change during that time and make those orders stale. Consequently, any resulting executions of those orders may be erroneous or unintended.

The proposed rule change provides that this optional service will automatically cancel open orders with a time-in-force of day that are resting on the book, but not resting on a PAR workstation or order management terminal ("OMT").<sup>8</sup> A TPH's day orders resting in the book may automatically execute against incoming quotes or orders and are thus subject to the risk of potential erroneous or unintended executions if the CAS loses communication with the TPH's Client Application, which risk the optional service is intended to mitigate. However, the TPH's day orders resting on a PAR workstation or OMT are subject to manual handling by a broker,

agent or PAR official, as applicable, and are not subject to automatic execution against incoming quotes or orders. This manual handling mitigates the risk of potential erroneous or unintended executions of those orders, even during a time when the TPH is disconnected from the CAS, as an individual can determine how to handle the orders in accordance with CBOE's rules. The Exchange believes it is appropriate to have the Technical Disconnect Mechanism cancel only day orders resting on the book but not day orders resting on a PAR workstation or OMT terminal, since manual handling of those orders has already mitigated the applicable risk.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>9</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> 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)<sup>11</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change helps maintain a fair and orderly market, promotes efficiency and protects investors. While the optional service to have the Technical Disconnect Mechanism cancel a TPH's day orders mitigates the risks of potential erroneous or unintended executions of those orders associated with a loss in communication with a Client Application, those risks have already been mitigated for day orders resting on a PAR workstation or OMT that are subject to manual handling. Thus, the Exchange believes it is reasonable to not have the Technical

Disconnect Mechanism cancel those orders and instead allow the broker, agent or PAR Official, as applicable, to handle those orders as the individual deems appropriate in accordance with CBOE's rules. The Exchange also believes that the proposed rule change is designed to not permit unfair discrimination among market participants, as it applies to all TPHs in the same manner. The Exchange believes it is appropriate to apply this optional cancellation functionality to day orders only resting on the book and not day orders resting on a PAR workstation or OMT, because the latter orders are not subject to the same risks of potential erroneous or unintended executions as the former orders.

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

CBOE 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. Specifically, the Exchange does not believe the proposed rule change will cause any burden on intramarket competition because the proposed rule change applies to all TPHs in the same manner. Use of the service to cancel day orders resting on the book in the event the CAS loses communication with a Client Application is voluntary. Additionally, whether a TPH enables the optional service or not, the TPH's day orders resting on a PAR workstation or OMT will continue to be manually handled as they are today, even if the CAS loses communication with a TPH's Client Application. The Exchange believes it is appropriate to apply this optional cancellation functionality to day orders resting only on the book and not on a PAR workstation or OMT, because, as discussed above, those orders are not subject to the same risks of potential erroneous or unintended executions as the orders resting on the book. Further, the Exchange does not believe that such change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change modifies a mechanism available on CBOE's system and applies only to orders resting in CBOE's book.

## 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.

<sup>6</sup> See Rule 6.23C and Securities Exchange Act Release No. 34-70039 (July 25, 2013), 78 FR 46395 (July 31, 2013) (SR-CBOE-2013-071) for further information regarding the Technical Disconnect Mechanism.

<sup>7</sup> See Securities Exchange Act Release No. 34-76489 (November 20, 2015), 80 FR 74149 (November 27, 2015) (SR-CBOE-2015-103). The Exchange has not yet implemented this optional service and will announce the implementation date of the service, including the proposed rule change, by Regulatory Circular.

<sup>8</sup> See Rule 6.12 regarding CBOE's hybrid order handling system, including when orders may be routed to a PAR workstation or OMT via the order handling system.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(5).

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

### 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>12</sup> and paragraph (f) of Rule 19b-4<sup>13</sup> thereunder. 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 will institute proceedings to determine whether the proposed rule change 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-CBOE-2015-113 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-2015-113. 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-2015-113 and should be submitted on or before January 13, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Robert W. Errett,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76674; File No. SR-MIAX-2015-70]

### Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule

December 17, 2015.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 4, 2015, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the "Fee Schedule").

The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, and at the Commission's Public Reference Room.

<sup>14</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.

#### 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 Exchange proposes to amend its Fee Schedule to: (i) Increase the transaction fees for transactions in standard options in non-Penny Pilot classes for Public Customers<sup>3</sup> that are not a Priority Customer,<sup>4</sup> Non-MIAX Market Makers, Non-Member Broker-Dealers, and Firms,<sup>5</sup> and (ii) increase the transaction fees for transactions in standard options in Penny Pilot classes for Firms. The Exchange also proposes to modify the transaction fees for transactions for Public Customers that are not a Priority Customer, Non-MIAX Market Makers, Non-Member Broker-Dealers and Firms that achieve certain Priority Customer Rebate Program<sup>6</sup> volume tiers. The proposed changes are based on the similar fees of other competing options exchanges.<sup>7</sup>

The Exchange is also proposing proportional fee changes applicable to Mini-Options in non-Penny Pilot classes, except that such fees applicable to Firms will be increased from \$0.04 to \$0.07 per contract, as described below. The Mini-Options transaction fee in

<sup>3</sup> The term "Public Customer" means a person that is not a broker or dealer in securities. See Exchange Rule 100.

<sup>4</sup> The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial accounts(s).

<sup>5</sup> This fee is assessed to an Electronic Exchange Member ("EEM") that enters an order that is executed for an account identified by the EEM for clearing in the OCC "Firm" range. See Fee Schedule, Section 1(a)ii). The term "Electronic Exchange Member" means the holder of a Trading Permit who is not a Market Maker. Electronic Exchange Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>6</sup> See Fee Schedule, Section 1(a)iii).

<sup>7</sup> See NASDAQ OMX PHLX LLC Pricing Schedule, Section II; and Chicago Board Options Exchange, Incorporated, Fees Schedule, p. 1.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f).