

on the part of BDs with order flow, since they may readily reduce costs by directing orders toward the lowest-cost trading venues. A BD that shifted its order flow from one platform to another in response to order execution price differentials would both reduce the value of that platform's market data and reduce its own need to consume data from the disfavored platform. If a platform increases its market data fees, the change will affect the overall cost of doing business with the platform, and affected BDs will assess whether they can lower their trading costs by directing orders elsewhere and thereby lessening the need for the more expensive data.

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

Written comments were neither solicited nor received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>10</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. 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, as amended, 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-NASDAQ-2015-158 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-NASDAQ-2015-158. 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 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2015-158, and should be submitted on or before January 27, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

**[SEC File No. 270-149, OMB Control No. 3235-0130]**

**Submission for OMB Review; 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 17Ad-2(c), (d), and (h).

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 approval of extension of the previously approved collection of information provided for in Rule 17Ad-2(c), (d), and (h), (17 CFR 240.17Ad-2(c), (d), and (h)), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*).

Rule 17Ad-2(c), (d) and (h) enumerates the requirements with which registered transfer agents must comply to inform the Commission or the appropriate regulator of a transfer agent's failure to meet the minimum performance standards set by the Commission rule by filing a notice.

The Commission receives approximately 3 notices a year pursuant to Rule 17Ad-2(c), (d), and (h). The estimated annual time burden of these filings on respondents is minimal in view of: (a) The readily available nature of most of the information required to be included in the notice (since that information must be compiled and retained pursuant to other Commission rules); and (b) the summary fashion in which such information must be presented in the notice (most notices are one page or less in length). In light of the above, and based on the experience of the staff regarding the notices, the Commission staff estimates that, on average, most notices require approximately one-half hour to prepare. Thus, the Commission staff estimates that the industry-wide total time burden is approximately 1.5 hours.

The retention period for the recordkeeping requirement under Rule 17Ad-2(c), (d), and (h) is not less than two years following the date the notice is submitted. The recordkeeping requirement under this rule is mandatory to assist the Commission in monitoring transfer agents who fail to meet the minimum performance standards set by the Commission rule. This rule does not involve the collection of confidential information. A transfer agent is not required to file under the rule unless it does not meet the minimum performance standards for turnaround, processing or forwarding items received for transfer during a month.

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.

The public may view 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,

<sup>10</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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: *Shagufa\_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 by sending an email to: *PRA\_Mailbox@sec.gov*. Comments must be submitted to OMB within 30 days of this notice.

Dated: December 30, 2015.

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76800; File No. SR-Phlx-2015-114]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 1060

December 30, 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 21, 2015, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. 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 update Phlx Rule 1060, as described further below. The text of the proposed rule change is below; proposed deletions are in brackets.

\* \* \* \* \*

#### Rule 1060. Floor Broker Defined

An Options Floor Broker is an individual who is registered with the Exchange for the purpose, while on the Options Floor, of accepting and handling options orders [received from members and member organizations. An

Options Floor Broker shall not accept an order from any other source unless he is the nominee of a member organization qualified to transact business with the public in which event he may accept orders from public customers of the organization].

\* \* \* \* \*

#### 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 proposal is to update Phlx Rule 1060, Floor Broker Defined, which is incorrect in a number of ways. Other than the implementation of the Exchange’s Options Floor Broker Management System,<sup>3</sup> the rule has not been updated since its adoption in 1984.

Currently, the rule provides that Floor Brokers are registered as such for the purpose of accepting and handling options orders received from members and member organizations.<sup>4</sup> In actuality, Floor Brokers have long been accepting orders from non-members/member organizations. Specifically, Floor Brokers accept orders from broker-dealers who are not Phlx members or member organizations; they have long done so.<sup>5</sup> No additional rules apply as a result of accepting orders from non-member broker-dealers.

In addition, Floor Brokers accept orders from non-broker-dealer customers (meaning, the public). In order to do so, Floor Brokers must be properly qualified to do business with the public.<sup>6</sup> These qualification requirements apply to all members and member organizations that do business

with the public, including Floor Brokers, and will continue to do so under the amended rule. In addition, in order to do business with the public, Floor Brokers must abide by the Phlx rules pertaining to handling of customer orders, including fidelity bond coverage,<sup>7</sup> annual audits,<sup>8</sup> approval of the opening of accounts,<sup>9</sup> supervision of accounts<sup>10</sup> and communications to customers.<sup>11</sup>

The Exchange does not believe it is necessary to list in Rule 1060 from what type of market participant a Floor Broker may receive orders, because a Floor Broker can accept orders from any type of market participant. It would be superfluous to add such a list. The rules applicable to doing business with the public apply to Floor Brokers and their member organization regardless of whether such rules are specifically listed in Rule 1060.

Rule 1060 also provides that an Options Floor Broker shall not accept an order from any other source unless the Floor Broker is the nominee of a member organization qualified to transact business with the public in which event the Floor Broker may accept orders from public customers of the organization. The Exchange believes that this provision is incorrect in a number of respects. The term “nominee” is no longer used, except with reference to inactive nominees, which is a separate status, unrelated to defining a Floor Broker.<sup>12</sup> Prior to 2004, the Exchange had a different ownership and membership structure, such that the term “nominee” was sometimes used. Specifically, a nominee of a member organization was, in essence, a member.

Furthermore, the Floor Broker, not just his member organization, must be qualified to accept orders from the public.<sup>13</sup> In addition, a Floor Broker’s ability to accept orders from the public is not limited to accepting orders from public customers of the Floor Broker’s member organization. As explained above, a Floor Broker may accept orders from the public provided the Floor Broker is properly qualified to do so and abides by the rules pertaining to handling of such orders.<sup>14</sup>

Accordingly, the Exchange is deleting the last sentence of Rule 1060.

In sum, the updated rule will continue to state that an Options Floor

<sup>3</sup> Securities Exchange Act Release No. 69471 (April 29, 2013), 78 FR 26096 (May 3, 2013) (SR-Phlx-2013-09).

<sup>4</sup> See Rules 1(n) and (o).

<sup>5</sup> CBOE Floor Brokers are similarly permitted to accept orders from non-member broker-dealers. See CBOE Rule 6.70.

<sup>6</sup> See e.g., Rules 613, 620 and 1024(a).

<sup>7</sup> See Rule 705.

<sup>8</sup> See Rule 712.

<sup>9</sup> See Rule 1024(b).

<sup>10</sup> See Rule 1025.

<sup>11</sup> See Rule 1049.

<sup>12</sup> See Rules 1(l) and 925.

<sup>13</sup> See Rule 613.

<sup>14</sup> See *supra* notes 5–10.

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

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