

of the purposes of the Act, as amended.<sup>19</sup> In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the proposed additional \$0.0001 per share executed credit for displayed quotes/orders that provide liquidity priced at \$1 or more in connection with the NBBO Program under Nasdaq Rule 7014(g), as well as the easing of the criteria under Nasdaq Rule 7018(a) to receive a \$0.0030 executed rebate for displayed quotes/orders (other than Supplemental Orders or Designated Retail Orders) that provide liquidity, do not impose a burden on competition because the Exchange's execution services are voluntary and subject to extensive competition both from other exchanges and from off-exchange venues. The Exchange believes that the competition among exchanges and other venues will help to drive price improvement and overall execution quality higher for investors.

In sum, if the rule change proposed herein is unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed change will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

*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 change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>20</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-NASDAQ-2016-020 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-2016-020. 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 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-2016-020, and should be submitted on or before March 15, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2016-03660 Filed 2-22-16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77154 ; File No. SR-BOX-2016-08]

### Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Reduce the Order Handling Period for Directed Orders From Three Seconds to One Second

February 17, 2016.

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 February 5, 2016, BOX Options Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to reduce the order handling period for Directed Orders from three seconds to one second. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's Internet Web site at <http://boxexchange.com>.

<sup>21</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.

<sup>19</sup> 15 U.S.C. 78f(b)(8).

<sup>20</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

## 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 self-regulatory organization 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 self-regulatory organization 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 Rule 8040(d)(4) (Obligations of Market Makers) of the BOX Trading Rules, and the corresponding IM-8040-1 to reduce the order handling period for Directed Orders from three seconds to one second.<sup>3</sup> Based on trading and order management systems technology today, a three second period for a Market Maker to determine how to proceed with a Directed Order on BOX is simply unnecessary and BOX believes one second to act upon a Directed Order is more appropriate.

Currently, upon receipt of a Directed Order, an Executing Participant ("EP") has three seconds to either submit the Directed Order to the Price Improvement Period ("PIP")<sup>4</sup> or send the Directed Order to the BOX Book. If, three seconds after receipt of a Directed Order, an EP has not taken any action on the Directed Order, then BOX automatically releases the Directed Order to the BOX Book. The Exchange proposes to reduce the amount of time that an EP has to act on a Directed Order to one second.

IM-8040-1 currently provides that Market Makers are expected to act upon Directed Orders as immediately as practicable, which must not exceed three seconds. The Exchange proposes that this be reduced to one second.

When approving previous reductions in order handling and exposure periods on BOX, the Commission concluded that, in the electronic environment of BOX, "reducing each of these exposure periods from three seconds to one second could facilitate the prompt

execution of orders, while continuing to provide market participants with an opportunity to compete for exposed bids and offers."<sup>5</sup> While BOX recognizes that exposure and handling periods are different, BOX believes that reducing the handling period from three seconds to one second falls under the same rationale that the Commission approved for the reduction of the exposure period.<sup>6</sup> Specifically, both situations involve decision making by a Participant's systems, whether it be to respond to the exposed order or how to handle a Directed Order. Therefore, the Exchange believes that the same rational [sic] should be used in determining the validity of the proposed change.

Additionally, like the reduction of the exposure period, the reduction of the handling period from three seconds to one second could result in more timely executions of orders on BOX due to the shorter decision making time for the EPs. BOX also recognizes that one second is not long enough to allow human interaction when an EP receives a Directed Order. However, all EPs on BOX operate sufficiently automated electronic systems so that they can react and respond to receipt of a Directed Order in a meaningful way within fractions of a second and no longer need the three second period.<sup>7</sup>

BOX believes that further reducing its Directed Order handling period from three seconds to one second will benefit customer orders submitted by OFPs. BOX believes it is in all participants' best interests to minimize the time of any order processing period. Further, BOX believes that reducing the Directed Order handling period to one second will continue to provide EPs sufficient time to appropriately respond to receipt of Directed Orders. As discussed above, reducing the handling period from three seconds to one second will result in a shorter decision making time for the EPs, which in turn could cause the Directed Orders to be handled more quickly. Thus, reducing the handling period from three seconds to one second could provide investors and other market participants with more timely

executions of their orders on BOX. EPs on BOX are able to respond to orders in fractions of a second and BOX believes it is appropriate and beneficial for EPs to act upon receipt of Directed Orders within one second rather than three seconds.

Within 90 days of the proposed rule change being operative, and at least one week prior to implementation, BOX will issue a regulatory circular to inform BOX Participants of the implementation date for the reduction of the Directed Order handling period from three seconds to one second. BOX has discussed the implementation of the change with the relevant Participants and believes this will give EPs adequate time to make any necessary system modifications to coincide with the implementation date.

#### 2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,<sup>8</sup> in general, and Section 6(b)(5) of the Act,<sup>9</sup> in particular, in that it is designed 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 for a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, reducing the handling period from three seconds to one second will result in a shorter decision making time for the EPs, which in turn could cause the Directed Orders to be handled more quickly.

Accordingly, the proposed rule change may provide investors with more prompt and timely execution of Directed Orders on BOX. Therefore, the proposed rule change is consistent with the requirements above.

The Exchange believes the proposed rule change is not unfairly discriminatory because the time period for acting upon Directed Orders would be the same for all EPs. As such, the Exchange believes that a reduction in the Directed Order handling time on BOX would not be unfairly discriminatory and would benefit investors.

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

The Exchange believes the proposed change is not unfairly discriminatory because the handling time for Directed

<sup>3</sup> A Directed Order is any Customer Order to buy or sell which has been directed to a particular Market Maker by an Order Flow Provider ("OFP"). See BOX Rule 100(a)(19).

<sup>4</sup> See BOX Rule 7150.

<sup>5</sup> See Securities Exchange Act Release Nos. 59638 (March 27, 2009), 74 FR 15020 (April 2, 2009) (SR-BX-2009-015) (Order Granting Approval of Reduction of Certain Order Handling and Exposure Periods on BOX From Three Seconds to One Second). See also 68965 (February 21, 2013), 78 FR 13387 (February 27, 2013) (SR-BX-2013-08) (Notice of Filing of Proposed Rule Change to Reduce the Directed Order Exposure Period on BOX From Three Seconds to One Second).

<sup>6</sup> *Id.*

<sup>7</sup> The Exchange spoke with BOX Participants who unanimously confirmed that their respective systems can react and respond to receipt of a Directed Order within fractions of a second.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

Orders would be the same for all Participants. All Participants on BOX have today, and will continue to have, an equal opportunity to respond to Directed Orders exposed on BOX. As such, the Exchange believes that a reduction in the Directed Order handling period on BOX would not be unfairly discriminatory and would benefit investors. For these reasons, 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.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> 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 Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</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.<sup>14</sup> If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.<sup>15</sup>

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

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change, along with a brief description and text of 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>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6).

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>15</sup> *Id.*

**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-BOX-2016-08 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-BOX-2016-08. 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 such 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-BOX-2016-08 and should be submitted on or before March 15, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-77158; File No. SR-FINRA-2016-008]

**Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Delay the Implementation Date of FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports)**

February 17, 2016.

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 February 16, 2016, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by 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**

FINRA is proposing to delay implementation of FINRA Rule 2242 (Debt Research Analysts and Debt Research Reports) until April 22, 2016. The proposed rule change would not make any other changes to FINRA rules.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA and at the Commission's Public Reference Room.

<sup>16</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.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).