

on the facts presented and the representations made in the Letter. Any different facts or representations may require a different response. Persons relying upon this exemptive relief shall discontinue transactions involving the Shares of the Fund, pending presentation of the facts for the Commission's consideration, in the event that any material change occurs with respect to any of the facts or representations made by the Requestors and, as is the case with all preceding letters, particularly with respect to the close alignment between the market price of Shares and the Fund's NAV. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly Sections 9(a), 10(b), and Rule 10b-5 thereunder. Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the persons relying on this exemption. This Order should not be considered a view with respect to any other question that the proposed transactions may raise, including, but not limited to the adequacy of the disclosure concerning, and the applicability of other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016-23043 Filed 9-23-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given that, pursuant to the provisions of the Government in the Sunshine Act, Public Law 99-409, the Securities and Exchange Commission will hold an Open Meeting on Wednesday, September 28, 2016, at 10:00 a.m., in the Auditorium, Room L-002.

The subject matter of the Open Meeting will be:

- The Commission will consider whether to adopt rules to establish enhanced standards for the operation and governance of certain clearing agencies pursuant to Section 17A of the Securities Exchange Act of 1934 and Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
- The Commission will consider whether to propose amendments to

certain definitions in Rule 17Ad-22 related to clearing agencies pursuant to Section 17A of the Securities Exchange Act of 1934 and Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

- The Commission will consider whether to propose amendments to Rule 15c6-1 under the Securities Exchange Act of 1934 to shorten the standard settlement cycle for most broker-dealer transactions from three business days after the trade date to two business days after the trade date.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted, or postponed, please contact Brent J. Fields in the Office of the Secretary at (202) 551-5400.

Dated: September 21, 2016.

Brent J. Fields,

Secretary.

[FR Doc. 2016-23325 Filed 9-22-16; 4:15 pm]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78888; File Nos. SR-NYSEARCA-2016-109; SR-NYSEMKT-2016-73]

Self-Regulatory Organizations; NYSE Arca, Inc.; NYSE MKT LLC; Order Approving Proposed Rule Changes To Provide for the Rejection of Certain Electronic Complex Orders

September 20, 2016.

I. Introduction

On August 3, 2016, NYSE Arca, Inc. ("NYSE Arca") and NYSE MKT LLC ("NYSE MKT") (each an "Exchange" and, together, the "Exchanges") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act"),² and Rule 19b-4 thereunder,³ proposed rule changes to amend NYSE Arca Rule 6.91(b) and NYSE MKT Rule 980(d), respectively, to allow the Exchanges to reject certain Electronic Complex Orders.⁴ The proposed rule

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ NYSE Arca Rule 6.91 defines "Electronic Complex Order" to mean, for purposes of that rule, "any Complex Order as defined in Rule 6.62(e) or any Stock/Option Order or Stock/Complex Order as defined in Rule 6.62(h) that is entered into the NYSE Arca System." NYSE MKT Rule 980 defines "Electronic Complex Order" to mean, for purposes of that rule, "any Complex Order as defined in Rule 900.3NY(e) that is entered into the System."

changes were published for comment in the in the **Federal Register** on August 17, 2016.⁵ The Commission received no comments regarding the proposals. This order approves the proposed rule changes.

II. Description of the Proposals

NYSE Arca and NYSE MKT each require market makers to use risk limitation mechanisms that automatically remove a market maker's quotes in all series of an options class when the market maker's risk settings are triggered.⁶ The Exchanges state that the risk settings are designed to mitigate the risk of multiple executions against a market maker's quotes occurring simultaneously across multiple series and multiple options classes.⁷ According to the Exchanges, the risk settings allow market makers to provide liquidity across potentially thousands of options series without being at risk of executing the full cumulative size of all of their quotes before being given adequate opportunity to adjust their quotes.⁸

An Electronic Complex Order may execute against quotes or individual orders comprising the Complex Order (the "leg markets"), or against Electronic Complex Orders resting in the Consolidated Book.⁹ An incoming Electronic Complex Order will execute against customer interest in the leg markets before executing against resting Electronic Complex Orders at the same price (*i.e.*, at the same total net debit or credit), provided that the leg market interest can execute the Electronic Complex Order in full or in a permissible ratio.¹⁰ When an Electronic

⁵ See Securities Exchange Act Release Nos. 78546 (August 11, 2016), 81 FR 54867 ("NYSE Arca Notice"); and 78544 (August 11, 2016), 81 FR 54893 ("NYSE MKT Notice").

⁶ See NYSE Arca Notice, 81 FR at 54868; and NYSE MKT Notice, 81 FR at 54893. Pursuant to NYSE Arca Rule 6.40(b)(3), (c)(3), and (d)(3), and NYSE MKT Rule 928(b)(3), (c)(3), and (d)(3), the Exchanges establish a time period during which their respective Systems calculate: (1) The number of trades executed by a market maker in a specified options class; (2) the volume of contracts executed by a market maker in a specified options class; or (3) the percentage of a market maker's quoted size in specified options class (the "risk settings"). When a market maker has breached its risk settings (*i.e.*, has traded more than the contract or volume limit or cumulative percentage limit of a class during the specified measurement interval), each Exchange's System cancels all of the market maker's quotes in that class until the market maker notifies the Exchange that it will resume submitting quotes. See *id.* See also NYSE Arca Rule 6.40, Commentary .02; and NYSE MKT Rule 980NY, Commentary .02.

⁷ See NYSE Arca Notice, 81 FR at 54868; and NYSE MKT Notice, 81 FR at 54894.

⁸ See *id.*

⁹ See *id.* See also NYSE Arca Rule 6.91(a)(2)(ii); and NYSE MKT Rule 980NY(c)(ii).

¹⁰ See *id.*

⁶ 17 CFR 200.30-3(a)(6) and (9).

Complex Order executes against leg market interest, the execution of the individual legs is processed as a single transaction package, not as a series of individual transactions, because the execution of each leg of the Electronic Complex Order is contingent on the execution of the other legs of the order.¹¹ Because the market maker risk settings are calculated after the execution of all of the legs of the transaction, rather than after the execution of each individual leg of the transaction, an Electronic Complex Order that executes against leg market interest may execute before triggering a market maker's risk settings, essentially bypassing the risk settings.¹² The Exchanges note that if the same legs were sent as individual orders, rather than as components of a complex order, the risk settings might be triggered.¹³

According to the Exchanges, Electronic Complex Order where two or more legs are buying (selling) calls (puts) raise particular concerns because these "directional" complex orders are aggressively buying or selling volatility.¹⁴ The Exchanges state that they have seen a recent increase in the use of directional complex orders as a way to trade against multiple series on the same side of the market without triggering Market Maker risk settings, thereby undermining the purpose of the risk settings.¹⁵ To address this concern, the Exchanges propose to adopt NYSE Arca Rule 6.91(b)(4) and NYSE MKT Rule 980NY(d)(4), which provide that an Electronic Complex Order will be rejected if it is:

(i) Composed of two legs that are (a) both buy orders or both sell orders, and (b) both legs are calls or both legs are puts;¹⁶ or

(ii) composed of three or more legs and (a) all legs are buy orders; or (b) all legs are sell orders.¹⁷

¹¹ See NYSE Arca Notice, 81 FR at 54868; and NYSE MKT Notice, 81 FR at 54894.

¹² See *id.*

¹³ See *id.*

¹⁴ See *id.* The Exchanges note that the majority of electronic complex orders are calendar and vertical spreads, butterflies and straddles, which are designed to hedge a potential move of the underlying security or to capture premium from an anticipated market event. See *id.*

¹⁵ See *id.*

¹⁶ The Exchanges states that the following types of orders would be rejected under NYSE Arca Rule 6.91(b)(4)(i) and NYSE MKT Rule 980NY(d)(4)(i): Buy Call 1, Buy Call 2; Sell Call 1, Sell Call 2; Buy Put 1, Buy Put 2; and Sell Put 1, Sell Put 2. See NYSE Arca Notice, 81 FR at 54869; and NYSE MKT Notice, 81 FR at 54894.

¹⁷ The Exchanges state that the following types of orders would be rejected under NYSE Arca Rule 6.91(b)(4)(ii) and NYSE MKT Rule 980NY(d)(4)(ii): Buy Call 1, Buy Call 2, Buy Put 1; Buy Put 1, Buy Put 2, Buy Put 3; Buy Call 1, Buy Call 2, Buy Call

The Exchanges believe that the potential risk of the specified directional Electronic Complex Orders undermining the efficacy of market makers' risk settings outweighs any potential benefit to market participants submitting such orders packaged as Electronic Complex Orders.¹⁸ The Exchanges also believe that the proposal will help to eliminate a degree of unnecessary risk borne by market makers when fulfilling their quoting obligations and encourage them to provide tighter and deeper markets, to the benefit of all market participants.¹⁹ The Exchanges note that market participants will continue to be able to enter each leg of these directional complex orders as separate orders.²⁰ The Exchanges state that other exchanges have adopted rules designed to prevent complex orders from effectively bypassing market maker risk parameters.²¹ Because of the non-traditional nature of directional complex orders, the Exchanges believe that it is unlikely that directional complex orders would execute against complex order interest.²² Accordingly, the Exchanges believe that rejecting directional Electronic Complex Orders outright, rather than simply preventing them from executing against leg market interest, would have the same practical impact for order sending firms and would be the most effective and transparent means of handling these orders.²³ The Exchanges also believe that rejecting, and therefore preventing the execution of, directional Electronic Complex Orders provides clarity with respect to the disposition of the orders and assures that the market maker risk settings will operate as intended.²⁴

3; Buy Put 1, Buy Put 2, Buy Call 3; and Sell Put 1, Sell Put 2, Sell Call 1. See *id.*

¹⁸ See NYSE Arca Notice, 81 FR at 54869; and NYSE MKT Notice, 81 FR at 54894.

¹⁹ See NYSE Arca Notice, 81 FR at 54869; and NYSE MKT Notice, 81 FR at 54895.

²⁰ See *id.*

²¹ See NYSE Arca Notice, 81 FR at 54869; NYSE MKT Notice, 81 FR at 54894. See also CBOE Rule 6.53C(d)(ii)(A)(2)(B) and ISE Rule 722(b)(3)(ii)(A) and (B) and Securities Exchange Act Release Nos. 73023 (September 9, 2014), 79 FR 55033 (order approving File No. SR-ISE-2014-10); 72986 (September 4, 2010), 79 FR 53798 (September 10, 2014) (order approving File No. SR-CBOE-2014-017); 77297 (March 4, 2016), 81 FR 12764 (March 10, 2016) (notice of filing and immediate effectiveness of File No. SR-CBOE-2016-014); and 76106 (October 8, 2015), 80 FR 62125 (October 15, 2015) (notice of filing and immediate effectiveness of File No. SR-CBOE-2014-081). The Exchanges acknowledge that CBOE and ISE do not reject the complex orders identified as presenting a risk to market makers. See NYSE Arca Notice, 81 FR at 54869; NYSE MKT Notice, 81 FR at 54894.

²² See NYSE Arca Notice, 81 FR at 54869; and NYSE MKT Notice, 81 FR at 54895.

²³ See *id.*

²⁴ See *id.*

Finally, the Exchanges propose to delete the words "Types of" from NYSE Arca Rule 6.91(b) and NYSE MKT Rule 980NY(d) because the subsequent paragraphs in the rules describe certain requirements for Electronic Complex Orders, rather than types of Electronic Complex Orders.²⁵

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule changes are consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.²⁶ In particular, the Commission finds that the proposed rule changes are consistent with Section 6(b)(5) of the Act,²⁷ 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 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 proposals are designed to prevent the Electronic Complex Orders specified in NYSE Arca Rule 6.91(b)(4) and NYSE MKT Rule 980NY(d)(4) from undermining the efficacy of market makers' risk settings. The Exchanges believe that preserving the efficacy of market makers' risk settings could reduce risks to market makers, thereby encouraging them to provide additional liquidity and narrower quote spreads.²⁸ The Commission notes that other options exchanges have adopted similar rules.²⁹ In addition, the Commission notes that market participants will be able to submit the individual component legs of the orders specified in NYSE Arca Rule 6.91(b)(4) and NYSE MKT Rule 980NY(d)(4) as separate orders for execution against leg market interest. Finally, the Commission believes that the deletion from NYSE Arca Rule 6.91(b) and NYSE MKT Rule 980NY(d) of references to "Types of" Electronic Complex Orders will help to assure that the Exchanges' rules clearly

²⁵ See NYSE Arca Notice, 81 FR at 54868; and NYSE MKT Notice, 81 FR at 54894.

²⁶ In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁷ 15 U.S.C. 78(b)(5).

²⁸ See NYSE Arca Notice, 81 FR at 54869; NYSE MKT Notice, 81 FR at 54895.

²⁹ See CBOE Rule 6.53C(d)(ii)(A)(2)(B) and ISE Rule 722(b)(3)(ii)(A) and (B). However, as noted above, CBOE and ISE do not reject the orders identified as presenting a risk to market makers.

present the requirements applicable to Electronic Complex Orders.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³⁰ that the proposed rule changes (File Nos. SR-NYSEARCA-2016-109 and SR-NYSEMKT-2016-73) are approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016-23047 Filed 9-23-16; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78886; File No. SR-NASDAQ-2016-101]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Add Nasdaq Rule 7046 (Nasdaq Trading Insights)

September 20, 2016.

I. Introduction

On July 26, 2016, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to add Nasdaq Trading Insights, an optional market data service composed of four market data components. The proposed rule change was published for comment in the *Federal Register* on August 8, 2016,³ On August 15, 2016, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ On September 19, 2016, the

Exchange filed Amendment No. 2 to the proposed rule change.⁵ The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change, as modified by Amendment Nos. 1 and 2.

II. Description of the Proposed Rule Change, as Modified by Amendment Nos. 1 and 2

The Exchange proposes to offer Nasdaq Trading Insights, a new optional market data product that would be available to all of the Exchange’s participants for subscription.⁶ Nasdaq Trading Insights would be composed of four market data components: (a) Missed Opportunity—Liquidity; (b) Missed Opportunity—Latency; (c) Peer Benchmarking; and (d) Liquidity Dynamics Analysis.⁷ All components of Nasdaq Trading Insights would be offered on a T+1 basis.⁸

The Missed Opportunity—Liquidity component would identify when an order from a market participant could have been increased in size and thus executed more shares.⁹ The data included in this component would be unique for each subscribing market participant’s port, and only that market participant would be eligible to receive this data (*i.e.*, a market participant would not be able to obtain any other market participant’s data).¹⁰ According to the Exchange, the Missed Opportunity—Liquidity component

<https://www.sec.gov/comments/sr-nasdaq-2016-101/nasdaq2016101.shtml>.

⁵ In Amendment No. 2, the Exchange made a technical correction to the proposed rule text to reflect the change it made in Amendment No. 1 that eliminated the ability of market participants to elect to subscribe to fewer than all four components of the Nasdaq Trading Insights product. Because Amendment No. 2 is technical in nature, Amendment No. 2 is not subject to notice and comment. Amendment No. 2 is available on the Commission’s Web site at: <https://www.sec.gov/comments/sr-nasdaq-2016-101/nasdaq2016101.shtml>.

⁶ See Notice, *supra* note 3, at 52489.

⁷ See proposed Rule 7046. See also Amendment No. 1, *supra* note 4 and Amendment No. 2, *supra* note 5. The Exchange will submit a separate filing to address pricing for Nasdaq Trading Insights. See Notice, *supra* note 3, at 52487 n.3.

⁸ See Notice, *supra* note 3, at 52487-88.

⁹ See proposed Rule 7046(a)(1). The data elements for this component, in summary, are: (i) Issue (Nasdaq symbol for the issue); (ii) Buy/Sell Indicator (side of the market at which the market participants are quoting); (iii) Price (the price (inclusive of decimal point) at which Nasdaq Market Center market participants had order interest for the given security at the given time); (iv) Order Reference Number (the unique reference number assigned to the new order at the time of receipt); (v) Order Entry Time Stamp (the time order was received in the system); (vi) Share Quantity (total number of shares submitted on original order); and (vii) Missed Opportunity Quantity (total number of shares missed). See Notice, *supra* note 3, at 52487 n.4.

¹⁰ See Notice, *supra* note 3, at 52487.

would provide greater visibility into what was missed in trading so subscribing market participants may improve their trading performance.¹¹

The Missed Opportunity—Latency component would identify by how much time a marketable order missed executing a resting order that was cancelled or executed.¹² The data included in this component would be based only on the data of the subscribing market participant, and a market participant would not be able to receive another market participant’s data.¹³ According to the Exchange, as with the Missed Opportunity—Liquidity component, this component would provide greater visibility into what was missed in trading so subscribing market participants may improve their trading performance.¹⁴

The Peer Benchmarking component would rank the quality of a market participant’s trading performance against its peers trading on Nasdaq.¹⁵ Market participants would be able to view their own trading activity broken out by port with each being ranked independently for each metric against their peers.¹⁶ The data included in this

¹¹ See *id.*

¹² See proposed Rule 7046(a)(2). The data elements for this component, in summary, are: (i) Issue (Nasdaq symbol for the issue); (ii) Buy/Sell Indicator (side of the market at which the market participants are quoting); (iii) Price (the price (inclusive of decimal point) at which Nasdaq Market Center market participants had order interest for the given security at the given time); (iv) Order Reference Number (the unique reference number assigned to the new order at the time of receipt); (v) Order Size; (vi) Matching Engine times for incoming orders; (vii) Missed Opportunity times; and (viii) Reasons for not getting fills. See Notice, *supra* note 3, at 52487 n.5. The Missed Opportunity—Latency component would not provide specific information about resting orders on the Exchange order book. See *id.* at 52487.

¹³ See Notice, *supra* note 3, at 52487.

¹⁴ See *id.*

¹⁵ See proposed Rule 7046(a)(3). The data elements for this component, in summary, include: (i) Total Dollar Volume; (ii) Total Share Volume, Share Volume of Liquidity Provision and Accessible for Tape A, Tape B and Tape C; (iii) Number of Trades, including Hidden Orders and Number of Hidden Trades; (iv) Mean/Median Trade Size; (v) Mean/Median Size of Hidden Orders; (vi) Number of Buy/Sell Orders Received; (vii) Number of Aggressive Orders, Mean Size of Aggressive Buy/Sell Orders; (viii) Number of Passive Orders, Mean Size of Displayed Passive Order, Hidden Passive for Buy and Sell Orders; (ix) Number of Orders at Best Bid/Ask Level; (x) Mean Cost to Execute for Buy and Sell for 1000, 5000, 10000 Shares; (xi) Number of Modified/Cancelled Buy/Sell Orders; (xii) Mean Buy/Sell Price Range; (xiii) Total Number of Buy/Sell Price; (xiv) Number, Mean—Resting Buy/Sell Price Points; (xv) Missed Opportunities—Liquidity, Latency; (xvi) Mean Share Volume Against Hidden, Mean Quote Rotation Time. See Notice, *supra* note 3, at 52487 n.6.

¹⁶ See Notice, *supra* note 3, at 52487-88. Each port would be categorized into a peer grouping that would be based upon a given set of metrics that

Continued

³⁰ 15 U.S.C. 78s(b)(2).

³¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 78462 (August 2, 2016), 81 FR 52486 (“Notice”).

⁴ In Amendment No. 1, the Exchange revised the proposal to specify that a subscribing market participant would receive all four components of the Nasdaq Trading Insights product and would not be able to elect to subscribe to fewer than all four components of the product, as originally proposed. The Exchange also specified that the fee for the product, to be implemented in a separate proposed rule change, would be applicable to the full service and would not be assessed per individual component, as originally proposed. Because Amendment No. 1 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment No. 1 is not subject to notice and comment. Amendment No. 1 is available on the Commission’s Web site at: