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–ISE–2016–24 and should be submitted on or before October 27, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–24147 Filed 10–5–16; 8:45 am]

BILLING CODE 8011–01–P

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79017; File No. SR–NYSEARCA–2016–123]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Partial Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Partial Amendment No. 1, Amending Rule 7.46 Relating to the Exchange's Order Types To Implement the Tick Size Pilot Program

September 30, 2016.

I. Introduction

On August 25, 2016, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') 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: (1) Change system functionality to implement the Plan to Implement a Tick Size Pilot Program (''Plan'' or ''Pilot'') [3] submitted to the Commission pursuant to Rule 608 of Regulation NMS [4] under the Act; (2) clarify the operation of certain exceptions to the Trade-at Prohibition [5] on Pilot Securities in Test Group Three; (3) amend the Limit Up/Limit Down (''LULD'') price controls pursuant to the Regulation NMS Plan to Address Extraordinary Market Volatility (''LULD Plan''); [6] and (4) amend the Exchange's limit order price protection rule. The proposed rule change was published for comment in the **Federal Register** on September 15, 2016.[7] The Commission received two comment letters in response to the Notice.[8] On September 27, 2016, the Exchange filed a partial amendment to the proposed rule change (''Amendment No. 1'').[9]

This order provides notice of filing of Amendment No. 1 and approves the proposal, as modified by Amendment No. 1, on an accelerated basis.

II. Description of the Amended Proposal

The Exchange proposes to: (1) Change system functionality to implement the Plan; (2) clarify the operation of certain exceptions to the Trade-at Prohibition on Pilot Securities in Test Group Three; (3) amend the LULD price controls pursuant to the LULD Plan; and (4) amend the Exchange's limit order price protection rule.

A. Amendments to System Functionality To Implement the Plan

1. Trade-at Intermarket Sweep Orders (''TA ISO'') [10]

The Exchange proposes to accept TA ISOs in all securities. Further, TA ISOs must be designated as Immediate or Cancel (''IOC''), may be designated with a ''no midpoint execution'' modifier, may not be designated with a minimum trade size, and do not route. TA ISO would be immediately traded with contra-side displayed and non-displayed interest in the NYSE Arca Book up to its full size and limit price and the quantity not so traded will be immediately and automatically cancelled.

2. Permitted Price Increment for Pilot Securities [11]

The Exchange proposes that references in Exchange rules to the minimum price variation (''MPV'') [12] would mean $0.05 instead of the current $0.01 for Pilot Securities in Test Groups One, Two, and Three. Further, references to truncating to the MPV in Exchange rules would mean rounding down to the applicable quoting MPV for Pilot Securities in Test Groups One, Two, and Three. Mid-Point Liquidity Orders [13] must be entered with a limit price in a $0.05 pricing increment.

3. Rejection of Market Pegged Orders in Pilot Securities [14]

The Exchange proposes that Market Pegged Orders [15] will be rejected for all Pilot Securities.

4. Retail Price Improvement Orders Increment [16]

The Exchange proposes that for Test Group Two and Test Group Three, Retail Price Improvement Orders [17]

---

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015) (''Approval Order''). Unless otherwise specified, capitalized terms used in this rule filing are defined as set forth in the Plan.

[4] 17 CFR 242.608.

[5] Exchange Rule 7.46(e)(4)(A) defines the ''Trade-at Prohibition'' to mean the prohibition against executions by a Trading Center of a sell order for a Pilot Security at the price of a Protected Bid or the execution of a buy order for a Pilot Security at the price of a Protected Offer during regular trading hours. *See also* Plan Section I(LL) and Plan Section VI(D).

[6] *See* Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (File No. 4–631).

[7] Securities Exchange Act Release No. 78801 (September 9, 2016), 81 FR 63525 (''Notice'').

[8] *See* Letters from Eric Swanson, EVP, General Counsel, Bats Global Markets, Inc., Elizabeth K. King, General Counsel and Corporate Secretary, New York Stock Exchange; and Thomas A. Wittman, EVP, Global Head of Equities, Nasdaq, Inc., dated September 9, 2016 (''Comment Letter No. 1''); and Eric Swanson, EVP, General Counsel, Bats Global Markets, Inc., dated September 12, 2016 (''Comment Letter No. 2'').

[9] In Amendment No. 1, the Exchange proposes to do the following: (1) Delete the proposal to amend Rule 7.35P because the Exchange recently filed a separate proposed rule change to make the same amendment, which is now operative. *See* Securities Exchange Act Release No. 78861 (September 16, 2016) (SR–NYSEArca–2016–129) (''Rule 7.35P Filing''); (2) modify Rule 7.46(f)(3) to provide that Market Pegged Orders in all Pilot Securities would be rejected and delete references to Market Pegged Orders in Rule 7.46(f)(5)(H); and (3) correct typographical errors in the original proposal.

[10] *See* proposed Exchange Rule 7.46(f)(1).

[11] *See* proposed Exchange Rule 7.46(f)(2).

[12] *See* Exchange Rule 7.6 for a definition of the MPV.

[13] A Mid-Point Liquidity Order is a Limit Order that is not displayed, does not route, and has with a working price at the midpoint of the PBBO. *See* Exchange Rule 7.31P(d)(3).

[14] *See* proposed Exchange Rule 7.46(f)(3). *See also* Amendment No. 1.

[15] A Market Pegged Order is an order to buy (sell) with a working price that is pegged to the PBO (PBB). *See* Exchange Rule 7.31P(h). A Market Pegged Order to buy (sell) will be rejected on arrival, or cancelled when resting, if there is no PBO (PBB) against which to peg. Market Pegged Orders will not participate in any auctions. Market Pegged Orders are not displayed and are ranked ''Priority 3—Non-Display Orders.'' A Market Pegged Order to buy (sell) may include an offset value that will set the working price below (above) the PBO (PBB) by a specified offset.

[16] *See* proposed Exchange Rule 7.46(f)(4).

[17] A Retail Price Improvement Order consists of non-displayed interest in NYSE Arca-listed

must be entered in pricing increments of $0.005.

5. Trading in Test Group Three Pilot Securities

a. Change in Priority [18]

The Exchange proposes to revise the priority of resting orders [19] for Pilot Securities in Test Group Three, as follows: (A) First priority would be given to ''Priority 2—Display Orders,'' which are non-marketable Limit Orders with a displayed working price; (B) second priority would be given to ''protected quotations of Away Markets [20];'' (C) third priority would be given to ''Priority 1—Market Orders,'' which are unexecuted Market Orders; and (D) fourth priority would be given to ''Priority 3—Non-Display Orders,'' which are non-marketable Limit Orders for which the working price is not displayed, including reserve interest of Reserve Orders.

b. Routing to Away Markets [21]

The Exchange proposes that for Pilot Securities in Test Group Three, orders would not be routed to Away Markets that are not displaying Protected Quotations.

c. Repricing of Limit Orders [22]

The Exchange proposes to assign a working price equal to the re-priced display price in Test Group Three for displayed limit orders to avoid ranking orders undisplayed at the price of a Protected Quotation. The Exchange currently assigns a display price of a displayed Limit Order one MPV below (above) the contra-side PBO (PBB), and a working price equal to the contra-side PBBO to prevent locking or crossing the PBBO.[23]

d. Non-Displayed Portion of Reserve Orders [24]

The Exchange proposes that for Pilot Securities in Test Group Three, if a Reserve Order [25] to buy (sell) is displayed at a price that is locked or crossed by a protected offer (bid), the non-displayed portion of the Reserve Order would be assigned a working price of $0.05 below (above) the protected offer (bid), but if routable, would route to a protected offer (bid) based on the limit price of the order.

e. Limit Non-Displayed Orders [26]

The Exchange proposes that for Pilot Securities in Test Group Three, a Limit Non-Displayed Order would be assigned a working price one MPV away from the PBBO. Currently, if the limit price of a Limit Non-Displayed Order to buy (sell) is equal to the PBO (PBB), the order will be assigned a working price equal to the limit price, *i.e.,* the same price as the PBO (PBB).[27]

f. Orders That Do Not Route [28]

The Exchange proposes changes to how orders with instructions do not route would interact with the NYSE Arca Book. These orders include: ''Arca Only Orders,'' [29] ''ALO Orders,'' [30] and ''Intermarket Sweep Orders.'' [31] The Exchange proposes that on arrival, orders that do not route would trade with resting orders in the NYSE Arca Book, consistent with the terms of the order and the Trade-at Prohibition. Day ISOs, on arrival, would be eligible for the Trade-at Intermarket Sweep Orders exception to the Trade-at Prohibition. An IOC ISO to buy (sell) would not trade with orders to sell (buy) ranked ''Priority 1—Market Orders'' or ''Priority 3—Non-Display Orders'' that are the same price as a protected offer (bid) unless the limit price of such IOC ISO is higher (lower) than the price of the protected offer (bid).

For Arca Only Order or ALO Orders, the Exchange proposes that when being added to the NYSE Arca Book, such orders to buy (sell) with a limit price equal to or above (below) the PBO (PBB) would be assigned a display price and working price one MPV below (above) the PBO (PBB). Once the Arca Only Order or ALO Order to buy (sell) is resting on the NYSE Arca Book, such orders would not be eligible to trade with later-arriving orders to sell (buy) ranked ''Priority 2—Display Orders'' priced equal to the PBO (PBB). A later-arriving order to buy (sell) that is eligible to trade with the PBO (PBB) may trade before such resting order.

g. Block Size Exception to the Trade-at Prohibition [32]

The Exchange proposes that the only orders eligible for the block size exception to the Trade-at Prohibition would be Limit IOC Cross Orders [33] that meet the Block Size definition. A Limit IOC Cross Order that is at the same price as the PBBO but does not meet the Block Size definition would be rejected in Test Group Three.

h. Rejection of Tracking Orders [34]

The Exchange proposes that Tracking Orders [35] will be rejected for Test Group Three Pilot Securities.

B. Limit Up–Limit Down (''LULD'') Price Bands

The Exchange proposes that after the Exchange opens or reopens an Exchange-listed security but before receiving Price Bands from the Securities Information Processor (''SIP'') under the LULD Plan, the Exchange would calculate Price Bands based on the first Reference Price provided to the SIP and, if such Price Bands are not in the MPV for the security, round such Price Bands to the nearest price at the applicable MPV.

C. Limit Order Price Protection

The Exchange proposes to specify that the limit order price protection for both buy and sell orders that are not in the MPV for the security would be rounded down to the nearest price at the applicable MPV.

D. Miscellaneous Changes

The Exchange proposes to add the phrase ''or Intermarket Sweep Orders'' to the definition of ''Trade-at ISO'' as well as into the Trade-at ISO exception to the Trade-at Prohibition to clarify that ISOs may be routed to execute against

securities and UTP Securities, excluding NYSE-listed (Tape A) securities, that would trade at prices better than the PBB or PBO by at least $0.001 and that is identified as such. *See* Exchange Rule 7.44P(a)(4).

[18] *See* proposed Exchange Rule 7.46(f)(5)(A).

[19] Exchange Rule 7.36P(e) sets forth the priority of orders for all securities.

[20] See Exchange Rule 1.1(ffP).

[21] *See* proposed Exchange Rule 7.46(f)(5)(B).

[22] *See* proposed Exchange Rule 7.46(f)(5)(C).

[23] *See* Exchange Rule 7.31P(a)(2)(C).

[24] *See* proposed Exchange Rule 7.46(f)(5)(D).

[25] A Reserve Order is defined as a limit or inside limit order with a quantity of the size displayed and with a reserve quantity of the size (''reserve interest'') that is not displayed. *See* Exchange Rule 7.31P(d)(1).

[26] *See* proposed Exchange Rule 7.46(f)(5)(E).

[27] *See* Rule 7.31P(d)(2)(A).

[28] *See* proposed Exchange Rule 7.46(f)(5)(F).

[29] An ''Arca Only Order'' is a limit order that does not route. *See* Exchange Rule 7.31P(e)(1).

[30] An ''ALO Order'' is an Arca Only Order that, with some exceptions, will not remove liquidity from the NYSE Arca Book and must have a minimum on one displayed round lot. *See* Exchange Rule 7.31P(e)(2).

[31] An ''Intermarket Sweep Order'' is a Limit Order that does not route and meets the requirements of Rule 600(b)(30) of Regulation NMS. *See* Exchange Rule 7.31P(e)(3).

[32] *See* proposed Exchange Rule 7.46(f)(5)(G).

[33] A Limit IOC Cross Order is a two-sided order with instructions to match the buy-side with the identified sell-side at a specified price and that does not route and will cancel at the time of entry if the cross price is not between the BBO or would trade through the PBBO. *See* Exchange Rule 7.31P(g)(1).

[34] *See* proposed Exchange Rule 7.46(f)(5)(H).

[35] A Tracking Order is an order to buy (sell) with a limit price that is not displayed, does not route, must be entered in round lots and designated Day, and will trade only with an order to sell (buy) that is eligible to route. The working price of a Tracking Order to buy (sell) is the PBB (PBO), provided that such price is at or below (above) the limit price of the Tracking Order. *See* Exchange Rule 7.31P(d)(4).

the full displayed size of the Protected Quotation that was traded at.[36]

The Exchange proposes to amend the Block Size exception to the Trade-at Prohibition to allow a Block Size order to execute on multiple Trading Centers for the purpose of compliance with Rule 611 of Regulation NMS.[37]

Finally, the Exchange proposes to correct numerous typographical errors in the proposed rule text.

III. Summary of Comment Letters

Both comment letters express support for the proposed rule change and suggest that the Commission should approve the proposal. In Comment Letter No. 1, the commenters stated that if the proposal is approved as proposed, then NYSE would be able to meet the October 3, 2016 implementation date. Further, in Comment Letter No. 1, the commenters stated their belief that the requirements from the Commission have been unclear. In Comment Letter No. 2, the commenter questioned Commission staff's authority.

IV. Discussion and Commission's Findings

After careful review of the proposed rule change, as modified by Amendment No. 1, and the comment letters, the Commission finds that the proposal, as modified by Amendment No. 1, is consistent with the requirements of the Act, Rule 608 of Regulation NMS,[38] and the rules and regulations thereunder that are applicable to a national securities exchange.[39] Specifically, the Commission finds that the rule change is consistent with Section 6(b)(5) of the Act,[40] which requires that the rules of a national securities exchange be designed, among other things, 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 to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As noted in the Approval Order, the Plan is by design, an objective, data-driven test to evaluate how a wider tick size would impact trading, liquidity, and market quality of securities of smaller capitalization companies. In addition, the Plan is designed with three Test Groups and a Control Group, to allow analysis and comparison of incremental market structure changes on the Pilot Securities and is designed to produce empirical data that could inform future policy decisions.

The Exchange proposes changes to modify how the Exchange will handle orders during the Pilot Period. Specifically, the Exchange proposes to accept TA ISOs in all securities, to specify how references to MPV should be considered for Pilot Securities in the Test Groups, to require that MPL Orders with a limit price must be entered in a $0.05 pricing increment for Pilot Securities in the Test Groups, to reject Market Pegged Orders[41] and to specify the pricing increment for Retail Price Improvement Orders in Test Groups Two and Three. The Exchange further proposes changes for Pilot Securities in Test Group Three to comply with the Trade-at Prohibition, including a different priority for execution of resting orders, how display price and working price would be determined for certain Limit Orders, Reserve Orders and Non-Displayed Limit Orders, how orders that do not route would operate, and that Tracking Orders would be rejected for Test Group Three Pilot Securities. In addition, the Exchange proposes to not route to Away Markets that are not displaying Protected Quotations. Finally, the Exchange proposes to only permit Limit IOC Cross Orders that meet the Block Size definition to be eligible for the Block Size exception to the Trade-at Prohibition.[42]

The Commission believes that these changes are reasonably designed to comply with the Plan. Further, the Commission believes that the proposed changes that are targeted at particular Test Groups are necessary for compliance with the Plan. Accordingly, the Commission finds that these changes are consistent with Section 6(b)(5) of the Act[43] and Rule 608 of Regulation NMS[44] because they implement the Plan and clarify Exchange Rules.

In addition, the Exchange proposes to adopt a rule to specify how the Exchange will calculate LULD Price Bands after the Exchange opens or reopens. The Commission believes that this change should help to ensure that trading does not occur outside of Price Bands when LULD is in effect.

Finally, the Exchange proposes to specify that if Limit Order Price Protection is not in the MPV it would be rounded down to the nearest price at the applicable MPV. The Commission believes that this change should provide clarity in the Exchange's rules.

For these reasons, the Commission finds that the proposed rule change, as modified by Amendment No.1, is consistent with the requirements of the Act and Rule 608 of Regulation NMS.

V. 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 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.* Please include File Number SR–NYSEArca–2016–123 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- NYSEArca-2016–123. 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

---

[36] *See* proposed Exchange Rules 7.46(a)(1)(D)(ii) and 7.46(e)(4)(C)(x).

[37] *See* proposed Exchange Rule 7.46(e)(4)(C)(iii).

[38] 17 CFR 242.608.

[39] In approving this rule change, the Commission has considered the rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[40] 15 U.S.C. 78f(b)(5).

[41] *See* Amendment No. 1. The Exchange originally proposed to reject Market Pegged Orders only in Test Group Three. The Commission believes that the amendment to reject all Market Pegged Orders in Pilot Securities modifies the proposal so that it does not cause a disparate impact on different Test Groups and the Control Group.

[42] The Commission notes that the Limit IOC Cross Orders that meet the definition of Block Size must also satisfy the provisions of the Block Size exception, including that it may not be an aggregation of non-block orders, or broken into orders small than Block Size prior to submitting the order to a Trading Center for execution. *See* NYSE Acra Rule 7.46(e)(4)(C).

[43] 15 U.S.C. 78f(b)(5).

[44] 17 CFR 242.608.

available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549–1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing will also 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–NYSEArca–2016–123 and should be submitted on or before October 27, 2016.

VI. 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 proposed rule change, as modified by Amendment No. 1 in the **Federal Register**. As described above, the Exchange proposes to amend its rules to comply with the Plan and clarify other rules related to LULD and Limit Order Price Protection.

The Commission believes that the proposals to clarify how LULD Price Bands that are calculated by the Exchange would be rounded in instances where they are not in the MPV for a security and how Limit Order Price Protection would be rounded in instances where it is not in the MPV for a security provides clarity in the Exchange rules.

In addition, the Commission notes that the Pilot is scheduled to start on October 3, 2016, and accelerated approval of the proposal would ensure that the rules of the Exchange would be in place for the start of the Pilot. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,[45] to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VII. Conclusion

It is therefore ordered that, pursuant to Section 19(b)(2) of the Act,[46] that the proposed rule change (SR–NYSEArca–2016–123), as modified by Amendment No. 1, be and hereby is, approved on an accelerated basis.

[45] 15 U.S.C. 78s(b)(2).

[46] *Id.*

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[47]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–24146 Filed 10–5–16; 8:45 am]

BILLING CODE 8011–01–P

[47] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79012; File No. SR–ISEMercury–2016–18]

Self-Regulatory Organizations; ISE Mercury, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt a New Rule 209

September 30, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on September 28, 2016, ISE Mercury, LLC (''ISE Mercury'' or ''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 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 adopt a new Rule 209 entitled, ''Collection of Exchange Fees and Other Claims'' to require Members to provide a clearing account number at the National Securities Clearing Corporation (''NSCC'') for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.

The text of the proposed rule change is available on the Exchange's Web site at *www.ise.com,* at the principal office of the Exchange, 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

The purpose of the proposed rule change is to collect undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange through NSCC.[3] This proposal will provide a cost savings to the Exchange in that it will alleviate administrative processes related to the collection of monies owed to the Exchange.[4] Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process will prevent Member accounts from becoming overdue. The Exchange notes that it has a billing dispute policy.

The Exchange proposes to adopt new Rule 209 and require Members, and all applicants for registration as such to provide a clearing account number for an account at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange or other charges related to Rules 205 and 206.[5]

The Exchange will send a monthly invoice[6] to each Member on approximately the 4th–6th business day of the following month.[7] The Exchange will also send a file to NSCC each month on approximately the 23rd of the following month to initiate the debit of the appropriate amount stated on the Member's invoice for the prior month. Because the Members will receive an invoice well before any monies are debited (normally within two weeks), the Members will have adequate time to

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Exchange will not debit accounts for fees that are unusually large or for special circumstances, unless such debiting is requested by the Member.

[4] Today, some fees are collected through The Options Clearing Corporation, but not all fees.

[5] *See* ISE Mercury Rules 205 (Participant Fees) and 206 (Liability for Payment of Fees).

[6] The monthly invoice will indicate that the amount on the invoice will be debited from the designated NSCC account. Each month, the Exchange will send a file to the Member's clearing firm which will indicate the amounts to be debited from each Member. If a Member is ''self-clearing'', no such file would be sent as the Member would receive the invoice, as noted above, which would indicate the amount to be debited.

[7] By way of example, October invoices would be sent on November 7th.