

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79551; File No. SR-NASDAQ-2016-131]

### Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Enhance the Reopening Auction Process Following a Trading Halt Declared Pursuant to the Plan To Address Extraordinary Market Volatility

December 14, 2016.

On October 13, 2016, The Nasdaq Stock Market LLC (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change related to the reopening auction process following a trading halt declared pursuant to the Plan to Address Extraordinary Market Volatility. The proposed rule change was published for comment in the *Federal Register* on November 1, 2016.<sup>3</sup> On December 5, 2016, the Exchange filed Amendment No. 1 to its proposed rule change.<sup>4</sup> The Commission received no comments on the proposed rule change.

Section 19(b)(2) of the Act<sup>5</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the

proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is December 16, 2016. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates January 30, 2017 as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-NASDAQ-2016-131).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Securities Act of 1933 Release No. 10266/ December 14, 2016; Securities Exchange Act of 1934 Release No. 79544/December 14, 2016]

### Order Approving Public Company Accounting Oversight Board Budget and Annual Accounting Support Fee for Calendar Year 2017

The Sarbanes-Oxley Act of 2002, as amended (the “Sarbanes-Oxley Act”),<sup>1</sup> established the Public Company Accounting Oversight Board (“PCAOB”) to oversee the audits of companies that are subject to the securities laws, and related matters, in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. Section 982 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”)<sup>2</sup> amended the Sarbanes-Oxley Act to provide the PCAOB with explicit authority to oversee auditors of broker-dealers registered with the Commission. The PCAOB is to accomplish these goals through registration of public accounting firms and standard setting, inspection, and disciplinary programs.

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

<sup>7</sup> 17 CFR 200.30-3(a)(31).

<sup>1</sup> 15 U.S.C. 7201 *et seq.*

<sup>2</sup> Public Law 111-203, 124 Stat. 1376 (2010).

The PCAOB is subject to the comprehensive oversight of the Securities and Exchange Commission (the “Commission”).

Section 109 of the Sarbanes-Oxley Act provides that the PCAOB shall establish a reasonable annual accounting support fee, as may be necessary or appropriate to establish and maintain the PCAOB. Under Section 109(f) of the Sarbanes-Oxley Act, the aggregate annual accounting support fee shall not exceed the PCAOB’s aggregate “recoverable budget expenses,” which may include operating, capital and accrued items. The PCAOB’s annual budget and accounting support fee are subject to approval by the Commission. In addition, the PCAOB must allocate the annual accounting support fee among issuers and among brokers and dealers.

Section 109(b) of the Sarbanes-Oxley Act directs the PCAOB to establish a budget for each fiscal year in accordance with the PCAOB’s internal procedures, subject to approval by the Commission. Rule 190 of Regulation P governs the Commission’s review and approval of PCAOB budgets and annual accounting support fees.<sup>3</sup> This budget rule provides, among other things, a timetable for the preparation and submission of the PCAOB budget and for Commission actions related to each budget, a description of the information that should be included in each budget submission, limits on the PCAOB’s ability to incur expenses and obligations except as provided in the approved budget, procedures relating to supplemental budget requests, requirements for the PCAOB to furnish on a quarterly basis certain budget-related information, and a list of definitions that apply to the rule and to general discussions of PCAOB budget matters.

In accordance with the budget rule, in March 2016 the PCAOB provided the Commission with a narrative description of its program issues and outlook for the 2017 budget year. In response, the Commission provided the PCAOB with economic assumptions and budgetary guidance for the 2017 budget year. The PCAOB subsequently delivered a preliminary budget and budget justification to the Commission. Staff from the Commission’s Office of the Chief Accountant and Office of Financial Management dedicated a substantial amount of time to the review and analysis of the PCAOB’s programs, projects and budget estimates; reviewed the PCAOB’s estimates of 2016 actual spending; and attended several meetings with management and staff of the

<sup>3</sup> 17 CFR 202.190.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 79158 (October 26, 2016), 81 FR 75879.

<sup>4</sup> In Amendment No. 1, the Exchange proposed to use the Auction Reference Price in determining whether or not a security was priced at \$3 or less for purposes of calculating the Auction Collar. In addition, the Exchange proposed to amend Rule 4754(b)(6) to make a conforming change to state that the rule applies to Trading Pauses in existence at or after 3:50 p.m. and before 4:00 p.m. Amendment No. 1 is available at <https://www.sec.gov/comments/sr-nasdaq-2016-131/nasdaq2016131-1.pdf>.

<sup>5</sup> 15 U.S.C. 78s(b)(2).