

continue to be processed on a trade-for-trade basis.

Similarly, in Section B, with regards to trades that are to be processed on a trade-for-trade basis, clarify that such process occurs for securities that are subject to a voluntary corporate reorganization which have a trade date on or before the expiration of the voluntary corporate reorganization and which are compared or received “on SD–1, after the cutoff time established by the Corporation” and not “after SD–1.” This shift in cutoff time is because “as of” regular way trades compared and received prior to 11:30 a.m. on SD–1 would be processed as multilaterally netted balance orders when reported on the Consolidated Trade Summary issued at approximately 12:00 p.m. ET on SD–1. “As of” regular way trades compared and reported thereafter would continue to be processed on a trade-for-trade basis.

2. Procedure VII (CNS Accounting Operation)

In Section D.1, with regards to the timing of the distribution of Projection Reports, delete the reference to “[e]ach morning” and replace it with “[t]wice a day” because currently NSCC distributes the Projection Report only once a day; however, after the implementation of the Shortened Settlement Cycle, NSCC would be distributing the Projection Reports twice a day to enable Members to view their updated positions on a more timely basis.

C. Other Technical Changes and Corrections

During its review of the Rules in connection with the Shortened Settlement Cycle, NSCC has identified the following technical changes and/or corrections that it proposes to make to the Rules in order to ensure that the Rules remain consistent and accurate:

- In Rule 3, Section 1(c), add a footnote that identifies the term “CUSIP” as a registered trademark of the American Bankers Association.
- In Procedure II, Section G, correct a grammatical error.
- In Procedure VII, Sections B and D, correct grammatical errors.
- In Procedure X, Section B, delete the reference to the timeframe for the delivery of Liability Notices to the contra party by Members holding the receive balance orders for warrants, rights, convertible securities or certain other securities so the Members would remain solely subject to the schedules of the relevant exchanges.
- In Procedure XIII, delete the incorrect reference to “Settlement Day”

and replace it with “Settlement Date” in the definition for “T” to clarify that T+2 would normally be the Settlement Date after the implementation of the Shortened Settlement Cycle.

- In Procedure XVI, correct a grammatical error.

II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act⁷ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. The Commission believes the proposal is consistent with Section 17A(b)(3)(F) of the Act.

Section 17A(b)(3)(F) of the Act requires, in part, that NSCC’s Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.⁸ The Commission believes that the proposed changes are consistent with the requirements of Section 17A(b)(3)(F) because by conforming NSCC’s timeframes and/or cutoff times to accommodate the Shortened Settlement Cycle, the proposal would help ensure that securities transactions would be promptly and accurately cleared and settled within the Shortened Settlement Cycle. Similarly, the related process changes proposed are designed to update NSCC’s operations in order to facilitate the move to the Shortened Settlement Cycle and, by extension, facilitate the prompt and accurate clearance and settlement of securities transactions submitted to NSCC for clearing and settlement. Therefore, the proposed rule change would help promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act.⁹

As the proposed rule change pertains to technical changes to the Rules, the Commission finds the technical changes also consistent with Section 17A(b)(3)(F) of the Act¹⁰ because the technical updates are designed to make the Rules more clear, consistent, and current for Members that rely on them. Therefore, the proposed technical changes would help support NSCC’s prompt and accurate clearance and settlement of securities transactions made by Members.

⁷ 15 U.S.C. 78s(b)(2)(C).

⁸ 15 U.S.C. 78q–1(b)(3)(F).

⁹ *Id.*

¹⁰ *Id.*

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposals are consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act¹¹ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that proposed rule change SR–NSCC–2016–007 be, and hereby is, *approved*.¹²

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–00218 Filed 1–9–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79739; File No. SR–NSCC–2016–009]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adjust Fees Related to Insurance and Retirement Processing Services

January 4, 2017.

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 December 28, 2016, National Securities Clearing Corporation (“NSCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared by the clearing agency. NSCC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b–4(f)(2) thereunder.⁴ The proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹¹ 15 U.S.C. 78q–1.

¹² In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹³ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b–4(f)(2).

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of modifications to Addendum A (Fee Structure) of Rules & Procedures ("Rules") of NSCC in order to implement a tiered pricing structure for the Settlement Processing for Insurance ("STL")^{5M} feature of NSCC's Insurance and Retirement Processing Services ("I&RS"), as described below.⁵

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The proposed rule change would adjust the fee schedule associated with NSCC's I&RS.⁶ Specifically, NSCC proposes to implement a tiered pricing structure for the STL feature.⁷ Currently, NSCC charges a flat rate of \$0.65 per transaction per side for the STL feature.⁸ The proposed tiered structure would reduce the monthly fees for increased STL volumes. Therefore, under the proposed tiered pricing structure, a monthly transaction volume between 0–20,000 items would be charged a fee of \$0.65 per transaction, per side; a monthly transaction volume between 20,001–30,000 items would be charged a fee of \$0.35 per transaction, per side;

⁵ Capitalized terms not defined herein are defined in the Rules, available at http://www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁶ I&RS is a suite of non-guaranteed services that enables NSCC members using I&RS to exchange information and settle payments with respect to insurance products, retirement plans or programs, and other benefit plans or programs. See Rule 57 (Insurance and Retirement Processing Services), *supra* note 5.

⁷ STL automates and centralizes the settlement of money/funding activities between insurance companies and their intermediaries, such as broker-dealers, banks, and insurance agencies, that distribute participating insurance products. STL is a service within the In Force Transaction suite of services within I&RS. See Section 9 of Rule 57 (Insurance and Retirement Processing Services), *supra* note 5.

⁸ See Section IV(K)(3), TIER 4 of Addendum A of the Rules, *supra* note 5.

a monthly transaction volume between 30,001–40,000 items would be charged a fee of \$0.25 per transaction, per side; and a monthly transaction volume over 40,000 items would be charged a fee of \$0.15 per transaction, per side. As with all I&RS products, volume would be calculated on an aggregate basis among qualified insurance carrier members or qualified distributor members, as applicable.⁹

The proposed fee structure is intended to incentivize use of the STL feature by discounting transaction fees for members that reach the defined transaction tier volume thresholds. In addition, by basing the fee on each member's utilization of the STL feature, the proposed rule change would reduce STL fees to further align these fees with the costs of providing the service because, as volumes increase the cost of providing this service decreases.

The proposed changes would take effect on January 1, 2017.

2. Statutory Basis

Section 17A(b)(3)(D) of the Act¹⁰ requires that NSCC's Rules provide for the equitable allocation of reasonable dues, fees, and other charges among its members. The proposed fee is equitably allocated among members because it is based on each member's utilization of the STL feature, as measured by their monthly STL volume.

In addition, NSCC believes that the proposed fee is reasonable because it would enable NSCC to better align its revenue for STL with the costs and expenses required for NSCC to provide this service to its members, while also providing this service to members at a lower cost. Specifically, as STL volumes increase, the costs of providing the STL feature decreases. NSCC has determined that reducing the fees as volumes increase would better align the revenue from STL to the cost of providing this service to members.

Therefore, NSCC believes the proposed rule change is consistent with Section 17A(b)(3)(D).¹¹

(B) Clearing Agency's Statement on Burden on Competition

NSCC believes that the proposed rule change could have an impact on competition because the proposed rule change would charge a lower fee for higher STL volumes. NSCC believes, however, that any burden on competition that would be created by the proposed rule change would be

⁹ See note 6 to Section IV(K) of Addendum A of the Rules, *supra* note 5.

¹⁰ 15 U.S.C. 78q–1(b)(3)(D).

¹¹ *Id.*

necessary and appropriate in furtherance of the Act. Specifically, the proposed rule change is necessary to better align the fees charged for the STL feature with the costs and expenses required for NSCC to provide this service to its members, because, as volumes increase the cost of providing this service decreases. The proposed rule change is appropriate because, as stated, the proposed fee would be equitably allocated among members based on each member's utilization of the STL feature, as measured by their monthly STL volume.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

NSCC has not received or solicited any written comments relating to this proposal. NSCC will notify the Commission of any written comments received by NSCC.

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) of the Act¹² and subparagraph (f) of Rule 19b–4 thereunder.¹³ 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. Please include File Number SR–NSCC–2016–009 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b–4(f).

All submissions should refer to File Number SR–NSCC–2016–009. 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 the filing also will be available for inspection and copying at the principal office of NSCC and on DTCC’s Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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–NSCC–2016–009 and should be submitted on or before January 31, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017–00223 Filed 1–9–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79741; File No. SR–ISEGemini–2016–25]

Self-Regulatory Organizations; ISE Gemini, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules To Extend a Pilot Program

January 4, 2017.

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 December 23, 2016, ISE Gemini, LLC (“ISE Gemini” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 amend its rules to extend a pilot program to quote and to trade certain options classes in penny increments.

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

Under the Penny Pilot Program, the minimum price variation for all participating options classes, except for the Nasdaq–100 Index Tracking Stock (“QQQQ”), the SPDR S&P 500 Exchange Traded Fund (“SPY”) and the iShares Russell 2000 Index Fund (“IWM”), is \$0.01 for all quotations in options series that are quoted at less than \$3 per contract and \$0.05 for all quotations in options series that are quoted at \$3 per contract or greater. QQQQ, SPY and IWM are quoted in \$0.01 increments for all options series. The Penny Pilot Program is currently scheduled to expire on December 31, 2016.³ The Exchange proposes to extend the Penny Pilot Program through June 30, 2017,

and to provide a revised date for adding replacement issues to the Penny Pilot Program. The Exchange proposes that any Penny Pilot Program issues that have been delisted may be replaced on the second trading day following January 1, 2017. The replacement issues will be selected based on trading activity for the most recent six month period excluding the month immediately preceding the replacement (*i.e.*, beginning June 1, 2016, and ending November 30, 2016). This filing does not propose any substantive changes to the Penny Pilot Program: All classes currently participating will remain the same and all minimum increments will remain unchanged. The Exchange believes the benefits to public customers and other market participants who will be able to express their true prices to buy and sell options have been demonstrated to outweigh any increase in quote traffic.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.⁴ Specifically, the proposed rule change is consistent with Section 6(b)(5) of the Act,⁵ because it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest. In particular, the proposed rule change, which extends the Penny Pilot Program for an additional six months, will enable public customers and other market participants to express their true prices to buy and sell options to the benefit of all market participants.

B. Self-Regulatory Organization’s Statement on Burden on Competition

In accordance with Section 6(b)(8) of the Act,⁶ the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that, by extending the expiration of the Penny Pilot Program, the proposed rule change will allow for further analysis of the Penny Pilot Program and a determination of how the Penny Pilot Program should be

¹⁴ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Exchange Act Release No. 78201 (June 30, 2016), 81 FR 44393 (July 7, 2016) (SR–ISE Gemini–2016–06).

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ 15 U.S.C. 78f(b)(8).