

Dated: April 6, 2017.

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80384; File No. SR-PEARL-2017-16]

Self-Regulatory Organizations: MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAX PEARL Rules 504 and 516

April 6, 2017.

Pursuant to the provisions of 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 April 3, 2017, MIAX PEARL, LLC (“MIAX PEARL” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change (“proposed rule change”) a proposed rule change as described in Items I, II, and III 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 is filing a proposal to amend Exchange Rules 504 and 516.

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.miaxoptions.com/rule-filings/pearl> at MIAX PEARL’s principal office, 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 Exchange proposes to amend Exchange Rule 516, Order Types, to make changes to paragraph (j) related to Post-Only Order ³ handling on the Exchange to simplify order entry and enhance liquidity available at the open. Additionally, the Exchange proposes to amend Exchange Rule 504, Trading Halts, to remove Interpretations and Policies .05.

Currently, by definition, Post-Only Orders on MIAX PEARL do not participate in the Opening Process,⁴ and Post-Only Orders received before the Opening Process, during a trading halt, or after the market close, are rejected.⁵ Additionally, Post-Only Orders that remain on the Book ⁶ after a trading halt under Rule 504 are cancelled.⁷ Post-Only Orders are designed to be liquidity providing orders, as a Post-Only Order by definition is one that will not remove liquidity from the Book.⁸

The Exchange now proposes to amend certain aspects of its handling of Post-Only Orders to allow them to participate in the Opening Process and to also allow Post-Only Orders to be received by the Exchange prior to the commencement of the Opening Process or during a trading halt, and to remain on the Book after a trading halt, where they may participate in the next Opening Process.⁹

The Exchange proposes to amend Exchange Rule 516 (j) to allow Post-Only Orders to participate in the Opening Process by ignoring the Post-Only instruction on the order during this period. This will allow Post-Only Orders to participate in the Opening Process by removing the prior restriction that a Post-Only Order not remove liquidity from the Book. As proposed, during the Opening Process, Post-Only Orders will be accepted and provide additional liquidity as orders are matched for execution based on price-time priority.¹⁰ The Exchange believes that removing the prohibition against Post-Only Orders participating

in the Opening Process will serve as a catalyst for Members ¹¹ to submit orders during the opening and improve the liquidity available during the Exchange’s Opening Process which may also improve prices at the opening.

The Exchange has two classes of Members, Market Makers ¹² and Electronic Exchange Members.¹³ Market Makers are the primary users of Post-Only Orders on the Exchange as discussed in more detail below. Currently, in order to provide liquidity during the Opening Process, Market Makers must use regular orders, as orders marked Post-Only will be rejected. After the Opening Process has concluded, Market Makers switch over to marking orders as Post-Only Orders. Market Makers use Post-Only Orders to provide two-sided quotes to meet their quoting obligations as described in more detail below. The Exchange believes that its proposal to accept Post-Only Orders before the Opening Process will simplify the operation of the Exchange and reduce complexity for Members that submit orders during the Opening Process and that switch to submitting Post-Only Orders during regular trading. Permitting Post-Only Orders to participate in the Opening will simplify the operational complexity for Market Makers that wish to provide liquidity during the Opening Process and thereby improve prices at the open.¹⁴

Market Makers have a heightened obligation on the Exchange to maintain a two-sided market, pursuant to Rule 605(d)(1), in those option series in which the Market Maker has registered to trade.¹⁵ Exchange Rule 605, Market Maker Quotations, details various requirements associated with a Market

¹¹ The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of the MIAX PEARL Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹² The term “Market Maker” or “MM” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of MIAX PEARL Rules. See Exchange Rule 100.

¹³ The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹⁴ The Exchange notes that the proposal may primarily benefit Market Makers as they are the largest users of Post-Only Orders. However, Post-Only Orders are available for all Members and the Exchange does not believe that the proposal raises any concerns for EEMs as the change will benefit any Member that uses Post-Only Orders.

¹⁵ See Exchange Rule 604(a)(1).

³ See Exchange Rule 516(j).

⁴ See Exchange Rule 503(a)(2) and Rule 516(j).

⁵ See Exchange Rule 516(j).

⁶ The term “Book” means the electronic order book of buy and sell orders and quotes maintained by the System. See Exchange Rule 100.

⁷ See Exchange Rule 504.05.

⁸ See Exchange Rule 516(j).

⁹ The Exchange notes that a single Opening Process is used for Openings and Re-Openings on the Exchange. See Exchange Rule 503(a)(1).

¹⁰ See Exchange Rule 503(b)(2)(ii).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Maker's quotes, such as "Size Associated with Quotes", "Firm Quotes", and "Continuous Quotes".¹⁶ A quote on the Exchange is defined as, ". . . a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any" ¹⁷ The Exchange's definition of a quote further provides that, "[w]hen the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules."¹⁸ Market Makers self-assign the series for which they choose to act as a Market Maker and may register daily for these series.¹⁹ A Market Maker could easily have an obligation to provide continuous quotes for a large number of series. Eliminating the need for Market Makers to switch from sending regular orders during the Opening Process to Post-Only Orders after the Opening Process is complete will allow Market Makers to more efficiently provide liquidity during the Opening Process and seamlessly transition to regular trading.

Additionally, the Exchange proposes to amend Rule 516(j) to state that Post-Only Orders are valid during the Opening Process and that Post-Only Orders received before the Opening Process or during a trading halt may participate in the next Opening Process. The Exchange notes that Post-Only Orders received after the market close will continue to be rejected.

At the completion of the Opening Process, the Exchange re-introduces orders that did not execute or that were priced through the Opening Price.²⁰ The Exchange now proposes to also re-introduce Post-Only Orders that participated in the Opening Process but were not executed. The Post-Only instruction on such re-introduced Post-Only Orders will be recognized and the orders will be treated in the same manner as Post-Only Orders received during a regular trading session, wherein such orders may not remove liquidity, in accordance with the existing rule.

Finally, Exchange Rule 504.05 currently provides that Post-Only Orders that are on the Book will be cancelled when trading in an option on a security has been halted pursuant to Rule 504. The Exchange now proposes to eliminate this paragraph in its

entirety. As discussed above, the Exchange is proposing to amend its handling of Post-Only Orders and will include them in the Opening Process, therefore it is not necessary to remove Post-Only Orders from the Book when an option has been halted pursuant to Rule 504, as they may participate in the next Opening Process.

2. Statutory Basis

MIAx PEARL believes that its proposed rule change is consistent with Section 6(b) of the Act ²¹ in general, and furthers the objectives of Section 6(b)(5) of the Act ²² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to 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.

The Exchange believes that the proposed rule change will simplify its market structure, minimize unnecessary complexity, and encourage liquidity during the Opening Process. The Exchange believes this change will make the transition from the opening to regular trading more efficient and thus promote just and equitable principles of trade and serve to protect investors and the public interest.

Additionally, the proposed rule change is consistent with the current rules of another options exchange.²³

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange does not believe that the proposed rule changes will impose any burden on intra-market competition as the Rules apply equally to all Exchange Members.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is designed to simplify the complexity of order entry at the open, and could result in more competitive order flow to the Exchange at the open.

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

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 after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act ²⁴ and Rule 19b-4(f)(6) ²⁵ thereunder.

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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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-PEARL-2017-16 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-PEARL-2017-16. This file number should be included on the

²⁴ 15 U.S.C. 78s(b)(3)(A).

²⁵ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

¹⁶ See Exchange Rule 605.

¹⁷ See Exchange Rule 100.

¹⁸ See Exchange Rule 100.

¹⁹ See Exchange Rule 602.

²⁰ See Exchange Rule 503(b)(2)(iii).

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

²³ See Nasdaq Options Rules, Chapter VI, Section 1(e)(11).

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 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-PEARL-2017-16 and should be submitted on or before May 3, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736

Extension:

Rule 13e-3 (Schedule 13E-3), OMB Control No. 3235-0007, SEC File No. 270-1

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission

plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 13e-3 (17 CFR 240.13e-3) and Schedule 13E-3 (17 CFR 240.13e-100)—Rule 13e-3 prescribes the filing, disclosure and dissemination requirements in connection with a going private transaction by an issuer or an affiliate. Schedule 13E-3 provides shareholders and the marketplace with material information concerning a going private transaction. The information collected permits verification of compliance with securities laws requirements and ensures the public availability and dissemination of the collected information. We estimate that Schedule 13E-3 is filed by approximately 77 issuers annually and it takes approximately 137.42 hours per response. We estimate that 25% of the 137.42 hours per response (34.36 hours) is prepared by the filer for a total annual reporting burden of 2,646 hours (34.36 hours per response × 77 responses).

Written comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

Please direct your written comment to Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov.

Dated: April 6, 2017.

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

Extension:

Rule 701, [OMB Control No. 3235-0522, SEC File No. 270-306].

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 701 (17 CFR 230.701) under the Securities Act of 1933 ("Securities Act") (15 U.S.C. 77a *et seq.*) provides an exemption for certain issuers from the registration requirements of the Securities Act for limited offerings and sales of securities issued under compensatory benefit plans or contracts. The purpose of Rule 701 is to ensure that a basic level of information is available to employees and others when substantial amounts of securities are issued in compensatory arrangements. We estimate that approximately 300 companies annually rely on the Rule 701 exemption and that it takes 2 hours to prepare each response. We estimate that 25% of the 2 hours per response (0.5 hours) is prepared by the company for a total annual reporting burden of 150 hours (0.5 hours per response × 300 responses).

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information

²⁶ 17 CFR 200.30-3(a)(12).