days following publication of the *Regulatory Notice* announcing Commission approval.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,[12] which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. The proposed rule change is consistent with Section 15A(b)(6) of the Act. The proposal would enable the parties, or their counsel, to evaluate and rank the arbitrator list or lists at the same time that they prepare their responses in those circumstances where the parties request an extension to answer. Thus, the proposal would shorten the time it takes for such arbitrations to conclude and, thereby, make the forum more efficient and the case administration process more expeditious for investors.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Where parties agree to an extension or modification of any deadline for serving answers, the proposal would likely result in parties, or their counsels, evaluating the arbitrator list or lists and ranking their selections, while simultaneously preparing their responses. Currently, these activities occur serially. However, FINRA notes that parties often jointly request that the ODR Director send the list or lists before the last answer due date deadline. Therefore, FINRA believes that the proposed rule change would not be burdensome. As noted, the benefit to parties arises from concluding arbitrator selection earlier, thereby expediting the arbitration process. FINRA anticipates that this proposal would impose no significant costs to forum users.

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.

[12] 15 U.S.C. 78*o*–3(b)(6).

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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–FINRA–2017–009 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–FINRA–2017–009. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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–FINRA–2017–009 and should be submitted on or before June 5, 2017.

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

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–09716 Filed 5–12–17; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–80630; File No. SR–NASDAQ–2017–043]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 4702 (Order Types)

May 9, 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 April 26, 2017, The NASDAQ Stock Market LLC ("Nasdaq" 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 Rule 4702 (Order Types) to modify the behavior of Post-Only Orders in certain situations.

The text of the proposed rule change is available on the Exchange's Web site at *http://nasdaq.cchwallstreet.com,* at the principal office of the Exchange, and at the Commission's Public Reference Room.

[13] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

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 this proposal is to amend Rule 4702 (Order Types) to modify the behavior of Post-Only Orders in certain situations.

As stated in Rule 4702(b)(4)(A), a Post-Only order is designed to have its price adjusted as needed to post to the Nasdaq Book in compliance with Rule 610(d) under Regulation NMS by avoiding the display of quotations that lock or cross any Protected Quotation in a System Security during Market Hours, or to execute against locking or crossing quotations in circumstances where economically beneficial to the Participant entering the Post-Only Order.

The purpose of this proposal is to provide members with the option of cancelling their order if the price of the Post Only Order would otherwise have its price adjusted. This functionality will apply when (1) an incoming Post-Only Order locks or crosses a Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order at its displayed price on the Nasdaq Book; or (3) a Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book. This functionality will be offered as a port setting and may be applied to all orders entered under the same MPID for Orders entered through RASH, QIX and FIX, or, in the case of market participants using the OUCH or FLITE order entry protocol, may be applied to all Orders entered through a specific order entry port and under the same MPID.

The first change relates to incoming Post-Only Orders that lock or cross a Protected Quotation. Currently, Rule 4702(b)(4)(A) states that, if a Post-Only Order would lock or cross a Protected Quotation, the price of the Order will first be adjusted. If the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers).[3] If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

Nasdaq proposes to amend the behavior for both incoming Non-Attributable and Attributable Post-Only Orders that lock or cross a Protected Quotation on an away market center. In both cases, the Post-Only Order may either be adjusted or be cancelled back to the Participant, depending on the Participant's choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. As with the current rule text, the price of the Order will first be adjusted if the Participant elects to have the Post-Only Order adjusted. Similarly, if the Order is Attributable, its adjusted price will be one minimum price increment lower than the current Best Offer (for bids) or higher than the current Best Bid (for offers). If the Order is not Attributable, its adjusted price will be equal to the current Best Offer (for bids) or the current Best Bid (for offers). However, the Order will not post or execute until the Order, as adjusted, is evaluated with respect to Orders on the Nasdaq Book.

In addition to offering the new cancel functionality where an incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, Nasdaq is proposing to amend Rule 4702(b)(4)(A) to state when that Order would execute, as described above. Nasdaq is making this change because it believes that the instances pursuant to which a locking or crossing Post-Only order will execute in other scenarios (such as a Post-Only Order that locks or crosses a displayed Order at its displayed price on the Nasdaq Book) also apply here, *e.g.,* the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.[4]

The second change relates to the adjusted price of the Post-Only Order if that price would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that, if the adjusted price of the Post-Only Order would lock or cross a displayed Order at its displayed price on the Nasdaq Book, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision to allow the Post-Only Order to either be adjusted or be cancelled back to the Participant in this scenario, depending on the Participant's choice. As with the current language of this section, however, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently

[3] As set forth in Rule 4703(i), an Order with Attribution is referred to as an "Attributable Order" and an Order without attribution is referred to as a "Non- Attributable Order." Rule 4703(i) defines Attribution as an Order Attribute that permits a Participant to designate that the price and size of the Order will be displayed next to the Participant's MPID in market data disseminated by Nasdaq.

[4] With this change, Nasdaq is not adding a new functionality to Post-Only Orders where the incoming Post-Only Order locks or crosses a Protected Quotation on an away market center, but is rather clarifying the instances in which the Post-Only Order in this scenario will execute.

provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post-Only Order adjusted, the Order will continue to be treated as specified today in the Rule, so that the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best displayed price to sell on the Nasdaq Book (for bids) or above the current best displayed price to buy on the Nasdaq Book (for offers).

The third change relates to a Post-Only Order that would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book. Currently, Rule 4702(b)(4)(A) states that such an Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers). However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book equals or exceeds $0.01 per share.

Nasdaq proposes to amend this provision so that the Order may either be adjusted or be cancelled back to the Participant, depending on the Participant's choice. However, the Post-Only Order will execute if (i) it is priced below $1.00 and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds the sum of fees charged for such execution and the value of any rebate that would be provided if the Order posted to the Nasdaq Book and subsequently provided liquidity, or (ii) it is priced at $1.00 or more and the value of price improvement associated with executing against an Order on the Nasdaq Book (as measured against the original limit price of the Order) equals or exceeds $0.01 per share. If the Participant elects to have the Post Only Order adjusted, the Post Only Order will be repriced, ranked, and displayed at one minimum price increment below the current best-priced Order to sell on the Nasdaq Book (for bids) or above the current best-priced Order to buy on the Nasdaq Book (for offers).

Finally, Nasdaq is proposing to make a corresponding change to the provision in Rule 4702(b)(4)(A) relating to the treatment of Post-Only Orders during the Pre-Market and Post-Market Hours. Currently, that provision states that, during Pre-Market and Post-Market Hours, a Post-Only Order will be processed in a manner identical to Market Hours with respect to locking or crossing Orders on the Nasdaq Book, but will not have its price adjusted with respect to locking or crossing the quotations of other market centers. Nasdaq is proposing to amend this language to provide that a Post-Only Order that locks or crosses the quotation of another market center during the Pre-Market and Post-Market Hours will not be cancelled or have its price adjusted. The purpose of the proposed functionality is to allow a member to cancel its Post-Only Order in various circumstances rather than have that Order adjusted. To the extent that a Post-Only Order will not have its price adjusted if it locks or crosses the quotation of another market center during the Pre-Market or Post-Market Hours, there is not a need to offer the corresponding cancel functionality.

With these changes, the Exchange is providing members with an added functionality by allowing a member to cancel a Post-Only Order when (1) an incoming Post-Only Order locks or crosses a Protected Quotation; (2) an adjusted Post-Only Order locks or crosses a displayed Order at its displayed price on the Nasdaq Book; and (3) a Post-Only Order would not lock or cross a Protected Quotation but would lock or cross a displayed Order at its displayed price on the Nasdaq Book, while still setting forth instances in which the Order will execute. Nasdaq notes that the proposed change only relates to situations where a Post-Only Order would lock or cross *displayed interest.*

The proposed functionality is consistent with functionalities that are currently offered by other exchanges. For example, Bats BZX Exchange, Inc. (''BZX'') also offers a Post Only order type,[5] and allows users to select a functionality that will cancel a Post Only Order if, upon entry, such order would create a violation of Rule 610(d) of Regulation NMS by crossing a Protected Quotation of an external market, rather than adjusting the price of that order.[6] BZX also provides that any display-eligible Post-Only or Partial Post-Only Order that locks or crosses a Protected Quotation displayed by the Exchange upon entry will be executed pursuant to Rule 11.9(c)(6) or Rule 11.9(c)(7), as applicable, or cancelled.[7]

Similarly, Bats EDGX Exchange, Inc. (''EDGX'') provides that, if a Limit Order would lock or cross a protected quotation if displayed at its limit price at the time of entry into the EDGX system, the user may elect to have the order immediately cancel back.[8]

Nasdaq believes that this proposal will benefit liquidity providers and the market in general by, among other things, providing members with greater flexibility when managing their order flow, and thereby promoting the more efficient execution of orders. Market makers and liquidity providers are essential to displayed price formation on exchanges. The proposal seeks to provide market participants, including market makers and liquidity providers, additional flexibility with which to handle their orders. In some circumstances, a market maker may have its order prices adjusted due to locking or crossing an away market price (*i.e.,* the displayed NBBO without Nasdaq) or it may have its order price adjusted due to locking or crossing a displayed order on the Nasdaq order book. In many cases, these liquidity providers do not want to have their price adjusted and would rather have their order cancelled so that they can reevaluate the market conditions at the time. Today, the market maker may therefore cancel its bid or offer once it has determined that the Exchange has repriced the order. Going forward, in support of efficient markets that drive price formation and price discovery via continuous trading, the Exchange believes that providing the flexibility when an incoming order would lock or cross an away displayed price or a displayed order on the Nasdaq book will increase efficiency and reduce message

[5] *See* BZX Rule 11.9(c)(6). That rule defines a Post Only Order as an order that is to be ranked and executed on BZX pursuant to Rule 11.12 and Rule 11.13(a)(4) or cancelled, as appropriate, without routing away to another trading center except that the order will not remove liquidity from the BZX Book, other than as described elsewhere in Rule 11.9.

[6] *See* BZX Rule 11.9(g)(1)(A); *see also* Securities Exchange Act Release No. 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (SR–BATS–2012–35).

[7] *See* BZX Rule 11.9(g)(1)(D); *see also* Securities Exchange Act Release No. 67657 (August 14, 2012), 77 FR 50199 (August 20, 2012) (SR–BATS–2012–35).

[8] *See* EDGX Rule 11.8(b)(10); *see also* Securities Exchange Act Release No. 72676 (July 24, 2014), 79 FR 44520 (July 31, 2014) (SR–EDGX–2014–18).

traffic both internal to the Exchange and for external data feed consumers.

The Exchange intends to implement this functionality on or before June 30, 2017. The Exchange will announce the new implementation date by an Equity Trader Alert, which shall be issued prior to the implementation date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[9] in general, and furthers the objectives of Section 6(b)(5) of the Act,[10] in particular, in that it is designed 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 Exchange is proposing to add a new functionality (cancelling a Post-Only Order instead of adjusting its price) that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The Exchange believes that this new functionality is consistent with the Act because, as discussed above, it will provide members with greater flexibility when managing their order flow, which will promote the more efficient execution of orders. The proposal is also consistent with the stated intent of the Post-Only Order, which is to avoid the display of quotations that would lock or cross a Protected Quotation. Finally, Nasdaq believes that amending Rule 4702(b)(4)(A) to specify when an incoming Post-Only Order that locks or crosses a Protected Quotation on an away market center would execute is consistent with the Act because, as with other the instances pursuant to which a locking or crossing Post-Only order will execute, the execution of the Post-Only Order would be economically beneficial to the participant that entered the Order while contributing to the price discovery process.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Post-Only Order is an optional order type that is available for entry through multiple Nasdaq order entry protocols. No member is required to use any specific Order type or attribute or even to use any Exchange Order type or attribute or any Exchange functionality at all. If an Exchange member believes for any reason that the proposed rule change will be detrimental, that perceived detriment can be avoided by choosing not to enter or interact with the Order types modified by this proposed rule change. The proposed changes will provide members with a functionality that is not currently available on the Exchange, and that is consistent with functionalities that are currently offered by other exchanges. The proposed changes will apply equally to all Orders that meet the proposed criteria. This functionality will facilitate the more efficient execution of order flow, which could increase the Exchange's market quality and thereby promote competition by attracting additional liquidity to the Exchange.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were either solicited or 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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act [11] and Rule 19b–4(f)(6) thereunder.[12]

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 change 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–NASDAQ–2017–043 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–NASDAQ–2017–043. 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 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–NASDAQ–2017–043 and should be submitted on or before June 5, 2017.

[9] 15 U.S.C. 78f(b).

[10] 15 U.S.C. 78f(b)(5).

[11] 15 U.S.C. 78s(b)(3)(A).

[12] 17 CFR 240.19b–4(f)(6). As required under Rule 19b–4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of 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.

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

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–09713 Filed 5–12–17; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–80629; File No. SR–BatsBZX–2017–29]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on the Exchange's Equity Options Platform

May 9, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 1, 2017, Bats BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act [3] and Rule 19b–4(f)(2) thereunder,[4] which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members [5] and non-members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange's Web site at *www.bats.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 parts 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 its fee schedule for its equity options platform (''BZX Options'') to: (i) Decrease the standard rebate provided by fee code PF; and (ii) amend certain (A) Customer Penny Pilot Add Tiers under footnote 1; (B) Quoting Incentive Program (''QIP'') Tiers under footnote 5; and (C) Customer Non-Penny Pilot Add Volume Tiers under footnote 12.

Fee Code PF

Currently, fee code PF provides a standard rebate of $0.26 per contract for Firm,[6] Broker Dealer [7] and Joint Back Office [8] orders that add liquidity on the Exchange in Penny-Pilot securities.[9] The Exchange proposes to reduce this srebate [sic] to $0.25 per contract. The Exchange also proposes to update the Standard Rates table accordingly to reflect new rate.

Customer Penny Pilot Add Tiers

The Exchange currently offers seven Customer [10] Penny Pilot Add Tiers under footnote 1, which provide an enhanced rebate ranging from $0.40 to $0.53 per contract for qualifying Customer orders that add liquidity in Penny Pilot Securities and yield fee code PY. The Exchange now proposes to modify Tier 3' [sic] required criteria and rebateas [sic] well as to add new Tier 7.

- Currently under Tier 3, a Member may receive a rebate of $0.50 per contract where they have an ADV [11] greater than or equal to 1.30% of average OCV.[12] As amended, a Member may receive a rebate of $0.51 per contract where they have an: (i) ADAV [13] in Customer orders greater than or equal to 0.50% of average OCV; and (ii) ADAV in Market Maker [14] orders greater than or equal to 2.75% of average OCV.
- Under proposed Tier 7, a Member would receive a rebate of $0.53 per contract where they have an: (i) ADAV in Customer orders greater than or equal to 0.50% of average OCV; (ii) ADAV in Market Maker orders greater than or equal to 2.75% of average OCV; and (iii) ADAV in Firm orders in Non-Penny Pilot Securities greater than or equal to 0.05% of average OCV.

QIP Tiers

The Exchange currently offers four QIP Tiers under footnote 5, which provide an additional rebate ranging from $0.02 to $0.05 per contract for qualifying Market Maker orders that add liquidity in: (i) Penny Pilot Securities that yield fee code PM and; (ii) Non-Penny Pilot Securities that yield fee code NM. The additional rebate per contract is for an order that adds liquidity to the BZX Options in options classes in which a Member is a Market Maker registered pursuant to Exchange Rule 22.2. A Market Maker must be registered with BZX Options in an average of 20% or more of the

[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)(ii).

[4] 17 CFR 240.19b–4(f)(2).

[5] The term ''Member'' is defined as ''any registered broker or dealer that has been admitted to membership in the Exchange.'' *See* Exchange Rule 1.5(n).

[6] ''Firm'' applies to any transaction identified by a Member for clearing in the Firm range at the OCC, excluding any Joint Back Office transaction. *See* the Exchange's fee schedule *available at http://www.bats.com/us/options/membership/fee_schedule/bzx/.*

[7] ''Broker Dealer'' applies to any order for the account of a broker dealer, including a foreign broker dealer, that clears in the Customer range at the Options Clearing Corporation (''OCC''). *Id.*

[8] ''Joint Back Office'' applies to any transaction identified by a Member for clearing in the Firm range at the OCC that is identified with an origin code as Joint Back Office. A Joint Back Office participant is a Member that maintains a Joint Back Office arrangement with a clearing broker-dealer. *Id.*

[9] ''Penny Pilot Securities'' are those issues quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01. *Id.*

[10] ''Customer'' applies to any transaction identified by a Member for clearing in the Customer range at the OCC, excluding any transaction for a Broker Dealer or a ''Professional'' as defined in Exchange Rule 16.1. *Id.*

[11] ''ADV'' means average daily volume calculated as the number of contracts added or removed, combined, per day. *See* the Exchange's fee schedule *available at http://www.bats.com/us/options/membership/fee_schedule/bzx/.*

[12] ''OCV'' means the total equity and ETF options volume that clears in the Customer range at the Options Clearing Corporation (''OCC'') for the month for which the fees apply, excluding volume on any day that the Exchange experiences an Exchange System Disruption and on any day with a scheduled early market close. *Id.*

[13] ''ADAV'' means average daily added volume calculated as the number of contracts added and ''ADV'' means average daily volume calculated as the number of contracts added or removed, combined, per day. *Id.*

[14] ''Market Maker'' applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is registered with the Exchange as a Market Maker as defined in Rule 16.1(a)(37). *Id.*