

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81306; File No. SR–NSCC–2017–014]

Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish the Effective Date of the Settlement Cycle Rule Changes

August 3, 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 July 31, 2017, 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)(4) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NSCC is filing this proposed rule change to (i) establish September 5, 2017 as the effective date (“Effective Date”) of the settlement cycle rule changes (“T2 Changes”) submitted pursuant to rule filing SR–NSCC–2016–007 (“Prior Rule Filing”),⁵ (ii) incorporate the T2 Changes into NSCC’s Rules & Procedures (“Rules”)⁶ as of the Effective Date, and (iii) amend the legend (“Legend”) on the cover page of the Rules in order to include the Effective Date and self-eliminating language for the Legend, and remove the Legend’s current reference to NSCC making a subsequent rule filing with the Commission as this proposal is that subsequent rule filing.

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

On January 4, 2017, the Commission issued an order approving the Prior Rule Filing,⁷ which was filed by NSCC pursuant to Section 19(b)(2) of the Act.⁸

The purpose of the Prior Rule Filing was to amend the Rules to ensure that the Rules are consistent with the anticipated industry-wide move to a shorter standard settlement cycle from the third business day after the trade date (“T+3”) to the second business day after the trade date (“T+2”). Although approved by the Commission, the Prior Rule Filing stated that the T2 Changes would not become effective and would not be implemented until an effective date is established by a subsequent proposed rule change to be submitted by NSCC under Rule 19b–4 of the Act.⁹

NSCC is filing this proposed rule change to (i) establish the Effective Date for the T2 Changes, which is also the compliance date for the Commission’s amendment to Rule 15c6–1(a) under the Act,¹⁰ (ii) incorporate the T2 Changes into the Rules as of the Effective Date, and (iii) amend the Legend on the cover page of the Rules in order to include the Effective Date and self-eliminating language for the Legend, and remove the Legend’s current reference to NSCC making a subsequent rule filing with the Commission as this proposal is that subsequent rule filing.

2. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, in part, that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions.¹¹ The proposed rule change would establish the

Effective Date for the T2 Changes and provide NSCC members (“Members”) with an understanding of when the T2 Changes will begin to affect them. Knowing when the T2 Changes will begin to affect Members would enable them to timely fulfill their obligations to NSCC, which would in turn ensure that securities transactions would be promptly and accurately cleared and settled within the industry standard settlement cycle and, by extension, facilitate the prompt and accurate clearance and settlement of securities transactions submitted to NSCC for clearing and settlement. Therefore, NSCC believes that the proposed rule change would promote the prompt and accurate clearance and settlement of securities transactions, consistent with Section 17A(b)(3)(F) of the Act cited above.

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

NSCC does not believe that the proposed rule change to (i) establish the Effective Date for the T2 Changes, (ii) incorporate the T2 Changes into the Rules as of the Effective Date, and (iii) amend the Legend on the cover page of the Rules in order to include the Effective Date and self-eliminating language for the Legend, and remove the Legend’s current reference to NSCC making a subsequent rule filing with the Commission would have any impact, or impose any burden, on competition because the proposed rule change is intended to provide additional clarity in the Rules regarding when the T2 Changes would become effective for Members. As such, the proposed rule change would not impact a particular category of Members nor would it impact particular types of Members’ businesses.

(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 paragraph (f) of Rule 19b–4 thereunder.¹³ At any time within 60 days of the filing of the proposed rule

⁷ See Securities Exchange Act Release No. 79734 (January 4, 2017), 82 FR 3030 (January 10, 2017) (SR–NSCC–2016–007).

⁸ 15 U.S.C. 78s(b)(2).

⁹ 17 CFR 240.19b–4.

¹⁰ The Commission adopted an amendment to the Settlement Cycle Rule (Rule 15c6–1(a)) under the Act to shorten the standard settlement cycle for most broker-dealer transactions from T+3 to T+2. See Amendment to Securities Transaction Settlement Cycle, Exchange Act Release No. 80295 (March 22, 2017), 82 FR 15564 (March 29, 2017).

¹¹ 15 U.S.C. 78q–1(b)(3)(F).

¹² 15 U.S.C. 78s(b)(3)(A).

¹³ 17 CFR 240.19b–4(f).

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)(4).

⁵ See Securities Exchange Act Release No. 79356 (November 18, 2016), 81 FR 85299 (November 25, 2016) (SR–NSCC–2016–007).

⁶ Capitalized terms not defined herein are defined in the Rules, available at http://www.dtcc.com/~media/Files/Downloads/legal/rules/nscc_rules.pdf.

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–2017–014 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–NSCC–2017–014. 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 20549–1090 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–2017–014 and should be submitted on or before August 30, 2017.

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

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–81310; File No. SR–NYSE–2017–36]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change for Trading UTP Securities on Pillar, the Exchange's New Trading Technology Platform, Including Orders and Modifiers, Order Ranking and Display, and Order Execution and Routing

August 3, 2017

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b–4 thereunder,³ notice is hereby given that, on July 28, 2017, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 self-regulatory organization. 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 rules for trading UTP Securities on Pillar, the Exchange's new trading technology platform, including rules governing orders and modifiers, order ranking and display, and order execution and routing. The proposed rule change is available on the Exchange's Web site at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹⁴ 17 CFR 200.30–3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 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 self-regulatory organization 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 those 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

On January 29, 2015, the Exchange announced the implementation of Pillar, which is an integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by the Exchange and its affiliates, NYSE Arca, Inc. ("NYSE Arca") and NYSE MKT LLC ("NYSE MKT").⁴ NYSE Arca Equities, Inc. ("NYSE Arca Equities [sic]"),⁵ which operates the cash equities trading platform for NYSE Arca, was the first trading system to migrate to Pillar.⁶

⁴ See Trader Update dated January 29, 2015, available here: www.nyse.com/pillar.

⁵ NYSE Arca Equities is a wholly-owned corporation of NYSE Arca and operates as a facility of NYSE Arca. NYSE Arca has filed a proposed rule change to merge NYSE Arca Equities with and into NYSE Arca. See Securities Exchange Act Release No. 80929 (June 14, 2017), 82 FR 28157 (June 20, 2017) (Notice) ("NYSE Arca Merger Filing"). As part of the NYSE Arca Merger Filing, NYSE Arca has proposed that the NYSE Arca Equities rules will be integrated in the NYSE Arca rule book using the same rule number, but with an additional suffix of "–E" added to a rule. For example, "NYSE Arca Equities Rule 7 (Equities Trading)" will become "NYSE Arca Rule 7–E (Equities Trading)," and "NYSE Arca Equities Rule 7.31" will become "NYSE Arca Rule 7.31–E." Accordingly, if the NYSE Arca Merger Filing is approved, all references in this proposed rule change to an NYSE Arca Equities rule should be deemed to be a reference to an NYSE Arca rule with the same number and added "–E" suffix.

⁶ In connection with the NYSE Arca implementation of Pillar, NYSE Arca filed four rule proposals relating to Pillar. See Securities Exchange Act Release Nos. 74951 (May 13, 2015), 80 FR 28721 (May 19, 2015) (Notice) and 75494 (July 20, 2015), 80 FR 44170 (July 24, 2015) (SR–NYSEArca–2015–38) (Approval Order of NYSE Arca Pillar I Filing, adopting rules for Trading Sessions, Order Ranking and Display, and Order Execution); Securities Exchange Act Release Nos. 75497 (July 21, 2015), 80 FR 45022 (July 28, 2015) (Notice) and 76267 (October 26, 2015), 80 FR 66951 (October 30, 2015) (SR–NYSEArca–2015–56) (Approval Order of NYSE Arca Pillar II Filing, adopting rules for Orders and Modifiers and the Retail Liquidity Program);