

17Ad-22(b)(2) requires, in relevant part, a registered clearing agency that performs central counterparty services to establish, implement, maintain and enforce written policies and procedures that are reasonably designed to use margin requirements to limit its credit exposures to participants under normal market conditions and use risk-based models and parameters to set margin requirements.¹¹ Rules 17Ad-22(e)(6)(i) and (v) require a covered clearing agency that provides central counterparty services to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things, considers and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market, and uses an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products.¹²

The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act and the relevant provisions of Rule 17Ad-22 thereunder. Specifically, the Commission believes that the proposed rule change will enhance LCH SA's assessment of the risks associated with clearing products that may exhibit WWR, and thereby collect an appropriate level of resources, which in turn will improve LCH SA's ability to withstand the default of a Clearing Member. As a result, the Commission believes that the proposed rule change will augment LCH SA's ability to safeguard the securities and funds which are in its custody and control. Therefore, the Commission finds that the proposed rule change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.

Moreover, the Commission believes that WWR is a relevant factor when considering the risks associated with clearing securities products, including CDS products, and when developing margin models to cover credit exposures associated with providing clearance and settlement services for such products. By ensuring that it will take into consideration both WWR and RWR as proposed, LCH SA will have margin that more accurately measures the level of risk, and should therefore produce margin requirements that are commensurate with such risks, as well as the attributes of the products it clears. Accordingly, the Commission finds that the proposed rule change is consistent with the requirements of Rule 17Ad-

22(b)(2) and Rule 17Ad-22(e)(6)(i) and (v).

IV. Conclusion

It Is Therefore Ordered pursuant to Section 19(b)(2) of the Act that the proposed rule change (SR-LCH SA-2017-009) be, and hereby is, approved.¹³

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

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82343; File No. SR-NYSE-2017-68]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Price List To Adopt a Rebate for the NYSE BondsSM System

December 18, 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 December 14, 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 to amend its Price List to adopt a rebate for the NYSE BondsSM system. The proposed rule change is available on the Exchange's website at www.nyse.com, at the principal office of the Exchange, and at the Commission's Public Reference Room.

¹³ 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).

¹⁴ 17 CFR 200.30-3(a)(12).

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

The Exchange proposes to amend its Price List to provide a rebate for the NYSE Bonds system.⁴

The Exchange currently does not charge any execution fee for orders in bonds that take liquidity from the NYSE Bonds Book. For orders in bonds that provide liquidity, the Exchange currently provides a rebate of \$0.05 per bond, with a maximum rebate of \$50 per execution, for bond liquidity providers that meet the requirements of Rule 88.⁵ The Exchange also currently provides rebates under the Liquidity Provider Incentive Program⁶ pursuant to which the Exchange pays a daily rebate to a User⁷ that is a Member or Member Organization based on the number of Qualifying CUSIPs on the NYSE Bonds Book for which a Unique User⁸ meets prescribed quoting requirements. The Exchange is not proposing any change to the bond liquidity provider rebate

⁴ The Exchange originally filed to amend the Fee Schedule on December 1, 2017 (SR-NYSE-2017-65) and withdrew such filing on December 14, 2017.

⁵ There are currently no bond liquidity providers who meet the requirements of Rule 88 and therefore no rebates are currently provided under the program.

⁶ See Securities Exchange Act Release Nos 77591 (April 12, 2016), 81 FR 22656 (April 18, 2016) (SR-NYSE-2016-26); 77812 (May 11, 2016), 81 FR 30594 (May 17, 2016) (SR-NYSE-2016-34); and 79210 (November 1, 2016), 81 FR 78213 (November 7, 2016) (SR-NYSE-2016-68).

⁷ Rule 86(b)(2)(M) defines a User as any Member or Member Organization, Sponsored Participant, or Authorized Trader that is authorized to access NYSE Bonds.

⁸ For purposes of the Liquidity Provider Incentive Program, the term 'Unique User' means a User, a trading desk of a User, or a customer of a User, on whose behalf a Member or Member Organization enters quotes or orders under a Unique User ID that such User requests from and is provided by the Exchange. See Securities Exchange Act Release No. 80934 (June 15, 2017), 82 FR 28173 (June 20, 2017) (SR-NYSE-2017-27).

¹¹ 17 CFR 240.17Ad-22(b)(2).

¹² 17 CFR 240.17Ad-22(e)(6)(i) and (v).

program or the Liquidity Provider Incentive Program.

The Exchange proposes to adopt the Agency Order Incentive Program. As proposed, a monthly rebate of \$4,000 would be payable to a User that submits an average of 400 resting limit orders of any size per trading day⁹ during the month and that are submitted as Agency Orders by the User. For purposes of the proposed Agency Order Incentive Program, an Agency Order is any order submitted by a User that it represents as agent on NYSE Bonds. For example, assume a User submits 10,000 orders during January 2018, which has 21 trading days. Of the 10,000 orders, if 8,500 orders are resting limit orders that are represented as agent by the User, the average for the purposes of the proposed rebate would be 405 orders per trading day (8,500 orders/21 trading days). In this instance the User will have met the average orders per day requirement to qualify for the proposed rebate. The Exchange believes that the proposed rebate program would encourage additional displayed liquidity in bonds on the Exchange.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers. The Exchange believes that it is reasonable and equitable to adopt the Agency Order Incentive Program for the bonds trading platform, which would provide rebates for member organizations that provide liquidity to bonds traded on the Exchange. This proposed rule change targets a particular segment in which the Exchange seeks to attract greater order flow. The proposed rebate program would provide an incentive for additional liquidity at the Exchange. The Exchange further believes Agency Orders are becoming an increasingly important segment of bonds trading and the proposed rebate seeks to incentivize

market participants to direct a greater number of such orders to the Exchange.

The Exchange believes the proposed fee change would provide an incentive for Users to provide additional liquidity to the market and add competition to the existing group of liquidity providers. Finally, the Exchange believes that the proposed rule change is not unfairly discriminatory in that it would apply uniformly to all Users accessing NYSE Bonds. All similarly situated Users would be subject to the same rebate structure, and each User would have the ability to determine the extent to which the Exchange's proposed rebate structure will provide it with an economic incentive to use NYSE Bonds, and model its business accordingly.

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

In accordance with Section 6(b)(8) of the Act,¹² the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Debt securities typically trade in a decentralized OTC dealer market that is less liquid and transparent than the equities markets. The Exchange believes that the proposed change would increase competition with these OTC venues by creating incentives to engage in bonds transactions on the Exchange and rewarding market participants for actively quoting and providing liquidity in the only transparent bond market, which the Exchange believes will enhance market quality.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues that are not transparent. In such an environment, the Exchange must continually review, and consider adjusting its fees and rebates to remain competitive with other exchanges as well as with alternative trading systems and other venues that are not required to comply with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed change will impair the ability of member organizations or competing order execution venues to maintain their

competitive standing in the financial markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹³ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁴ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)¹⁵ of the Act 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-NYSE-2017-68 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.
- All submissions should refer to File Number SR-NYSE-2017-68. 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

⁹ A trading day is any day that NYSE Bonds is available for trading, as determined by Securities Industry and Financial Market Association ("SIFMA"), which annually provides recommendations for early and full market closes that the bond market, including NYSE Bonds, follows. The current SIFMA holiday schedule is available at <http://www.sifma.org/services/holiday-schedule/#us2016>.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4), (5).

¹² 15 U.S.C. 78f(b)(8).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(2).

¹⁵ 15 U.S.C. 78s(b)(2)(B).

only one method. The Commission will post all comments on the Commission's internet website (<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 website 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 such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2017-68, and should be submitted on or before January 12, 2018.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-82344; File No. SR-NYSEARCA-2017-142]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt a Decommission Extension Fee for Receipt of the NYSE Arca Integrated Feed Market Data Product

December 18, 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 December 12, 2017, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 to adopt a Decommission Extension Fee for receipt of the NYSE Arca Integrated Feed market data product. The proposed rule change is available on the Exchange's website at www.nyse.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 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

The Exchange proposes to adopt a Decommission Extension Fee for receipt of the NYSE Arca Integrated Feed market data product,⁴ as set forth on the NYSE Arca Equities Proprietary Market Data Fee Schedule ("Fee Schedule").⁵

⁴ See Securities Exchange Act Release No. 65669 (November 2, 2011), 76 FR 69311 (November 8, 2011) (SR-NYSEArca-2011-78) (notice of filing and immediate effectiveness of proposed rule change offering the NYSE Arca Integrated Feed). See also Securities Exchange Act Release Nos. 66128 (January 10, 2012), 77 FR 2331 (January 17, 2012) (SR-NYSEArca-2011-96) (establishing fees for NYSE Arca Integrated Feed); 69315 (April 5, 2013), 78 FR 21668 (April 11, 2013) (SR-NYSEArca-2013-37) (establishing non-display usage fees); 73011 (September 5, 2014), 79 FR 54315 (September 11, 2014) (SR-NYSEArca-2014-93) (amending non-display usage fees); 76914 (January 14, 2016), 81 FR 3484 (January 21, 2016) (SR-NYSEArca-2016-03) (amending fees for NYSE Arca Integrated Feed); and 82100 (November 16, 2017), 82 FR 55660 (November 22, 2017) (SR-NYSEArca-2017-130) (amending fees for NYSE Arca Integrated Feed).

⁵ The Exchange originally filed to amend the Fee Schedule on November 29, 2017 (SR-NYSEArca-

Recipients of NYSE Arca Integrated Feed would continue to be subject to the already existing subscription fees currently set forth in the Fee Schedule. The proposed Decommission Extension Fee would apply only to subscribers who choose to continue to receive the NYSE Arca Integrated Feed in its legacy format for up to two months after the previously-announced date for the end of distribution in the legacy format, after which the feed will be distributed exclusively in the new format as notified to customers previously and further explained below. The Exchange has provided customers with adequate notice that it intends to discontinue dissemination of the data feed in the legacy format, having first announced this to customers in June 2017.⁶

As part of the Exchange's efforts to regularly upgrade systems to support more modern data distribution formats and protocols as technology evolves, beginning August 21, 2017, NYSE Arca Integrated Feed began transmitting in a new format, Exchange Data Protocol (XDP). Since August 21, 2017, the Exchange has been transmitting NYSE Arca Integrated Feed in both the legacy format and in XDP format without any additional fee being charged for providing this data feed in both formats. The dual dissemination remained in place until November 30, 2017, the planned decommission date of the legacy format.

The purpose of the proposed Decommission Extension Fee is to provide customers an incentive to fully transition to the XDP format so the Exchange does not have to continue to support both the legacy format and the XDP format and incur, for example, the costs involved in maintaining additional servers and monitoring multiple distribution channels and testing environments not needed by the XDP format. Therefore, beginning December 1, 2017, recipients of NYSE Arca Integrated Feed who wish to continue to receive NYSE Arca Integrated Feed in the legacy format will be subject to the proposed Decommission Extension Fee of \$5,000 per month.⁷ During the

2017-136) and withdrew such filing on December 12, 2017.

⁶ See Trader Update at <https://www.nyse.com/trader-update/history#110000065786>. See also <https://www.nyse.com/trader-update/history#110000078705>.

⁷ The concept of a Decommission Extension Fee is not novel. The Exchange's affiliates, NYSE and NYSE American, have both previously adopted a Decommission Extension Fee for receipt of multiple market data products when those products migrated to the XDP format. See Securities Exchange Act Release Nos. 79286 (November 10, 2016), 81 FR 81186 (November 17, 2016) (SR-NYSE-2016-73); 79287 (November 10, 2016), 81 FR 81216

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.