SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75155; File No. SR–NYSEARCA–2015–29]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving Proposed Rule Change To Amend NYSE Arca Rules 3.1 and 3.3 and Section 4.01(a) of the Exchange's Bylaws To Establish a Regulatory Oversight Committee as a Committee of the Board of Directors of the Exchange

June 11, 2015.

I. Introduction

On April 17, 2015, NYSE Arca, Inc. (''Exchange'' or ''NYSE Arca'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend NYSE Arca Rules 3.1 and 3.3, and Section 4.01(a) of the Bylaws of NYSE Arca (''Bylaws''), to establish a Regulatory Oversight Committee (''ROC'') as a committee of the board of directors of the Exchange (''Board''). The proposed rule change was published for comment in the **Federal Register** on May 4, 2015.[3] The Commission did not receive any comment letters regarding the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to establish a ROC as a committee of the Board with the responsibility to independently monitor the Exchange's regulatory operations. The Exchange proposes to amend NYSE Arca Rule 3.3(a) to provide for the ROC and set forth the ROC's composition and functions. In addition, the Exchange proposes that the Board shall appoint the ROC on an annual basis.[4] Under NYSE Arca Rule 3.3(a)(2)(B), the ROC would consist of at least three members, each of whom would be a Public Director[5] of the Exchange or a director of NYSE Regulation, Inc. (''NYSE Regulation''),[6] who satisfies the Exchange's Public Director requirements set forth in Article III, Section 3.02(a) of the Bylaws.[7] The Exchange further proposes that (i) the Board may, on affirmative vote of a majority of directors, at any time remove a member of the ROC for cause and (ii) a failure of a member of the ROC to qualify as a Public Director shall constitute a basis to remove a member of the ROC for cause.[8]

NYSE Arca Rule 3.3(a)(2)(C) would set forth the functions and authority of the ROC. The ROC's responsibilities would be as follows:

- oversee the Exchange's regulatory and self-regulatory organization responsibilities and evaluate the adequacy and effectiveness of the Exchange's regulatory and self-regulatory organization responsibilities;
- assess the Exchange's regulatory performance; and
- advise and make recommendations to the Board or other committees of the Board about the Exchange's regulatory compliance, effectiveness and plans.

In furtherance of the ROC's functions, the Exchange proposes that the ROC shall have the authority and obligation to: (i) Review the regulatory budget of the Exchange and specifically inquire into the adequacy of resources available in the budget for regulatory activities; (ii) meet regularly with the Chief Regulatory Officer (''CRO'') of the Exchange in executive session; (iii) in consultation with the Exchange's Chief Executive Officer, establish the goals, assess the performance, and recommend the CRO's compensation; and (iv) keep the Board informed with respect to the foregoing matters.[9]

The Exchange also proposes to amend NYSE Arca Rule 3.1(a) and Article IV, Section 4.01(a) of the Bylaws. The Exchange proposes to amend NYSE Arca Rule 3.1(a) to allow NYSE Regulation directors to serve on the ROC.[10] In Article IV, Section 4.01(a) of the Bylaws, the Exchange proposes to add references to the ROC, and the Exchange proposes to add the text ''[e]xcept as otherwise provided in the Rules'' to the clause that currently requires each committee of the Board to be comprised of at least 50% Public Directors of the Exchange because, under the proposal, the ROC may include directors of NYSE Regulation.[11] Lastly, the Exchange proposes to add text to Section 4.01(a) to provide that vacancies in the membership of any committee would be filled by the Board.

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[12] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(1) of the Act,[13] which requires an exchange to be so organized and have the capacity to carry out the purposes of the Act and to comply, and to enforce compliance by its members and persons associated with its members, with the Act, the rules and regulations thereunder, and the rules of the exchange. The Commission also finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[14] which requires that the rules of an exchange be designed, among other things, to prevent fraudulent and manipulative acts and practices, 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 Commission believes that the Exchange's creation of a ROC as an independent committee to oversee the adequacy and effectiveness of the Exchange's regulatory responsibilities, compliance, and plans is appropriate and should help the Exchange to fulfill its self-regulatory obligations. The Commission notes that, under NYSE

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 74824 (April 28, 2015), 80 FR 25347.

[4] *See* Proposed NYSE Arca Rule 3.3(a)(2)(A).

[5] *See infra* note 7 for the definition of ''Public Director'' as set forth in Article III, Section 3.02(a) of the Bylaws.

[6] The Exchange states that NYSE Regulation is a not-for-profit subsidiary of the Exchange's affiliate New York Stock Exchange LLC that performs all of the Exchange's regulatory functions pursuant to an intercompany Regulatory Services Agreement that gives the Exchange the contractual right to review NYSE Regulation's performance.

[7] Article III, Section 3.02(a) of the Bylaws requires that at least 50% of the Exchange's directors be Public Directors, defined as ''persons from the public and [who] will not be, or be affiliated with, a broker-dealer in securities or employed by, or involved in any material business relationship with, the Exchange or its affiliates.''

[8] *See* Proposed NYSE Arca Rule 3.3(a)(2)(B). Under the proposal, if a ROC member's term of office terminates pursuant to NYSE Arca Rule 3.3(a)(2)(B), and the remaining term of office of such committee member at the time of termination is not more than three months, during the period of vacancy, the ROC would not be deemed to be in violation of its compositional requirements by virtue of the vacancy. *See id.*

[9] *See* Proposed NYSE Arca Rule 3.3(a)(2)(C).

[10] Specifically, the Exchange proposes to amend NYSE Arca Rule 3.1(a) to change the current requirement that committees of the Board consist of ''one or more directors of the Exchange.'' The amended rule text would provide that committees of the Board ''may consist partly or entirely of directors of the Exchange.''

[11] The Exchange also proposes to make a corresponding change to the immediately subsequent clause in Article IV, section 4.01(a) so that it reads as follows: ''The purpose and composition of each such committee shall be as set forth in the Rules.''

[12] In approving this proposed rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[13] 15 U.S.C. 78f(b)(1).

[14] 15 U.S.C. 78f(b)(5).

Arca Rule 3.3(a)(2)(C), the responsibilities, enumerated functions, and authority of the ROC are substantially similar to those of other exchanges.[15] In addition, the Commission believes that the proposed requirement that the members of the ROC consist of either Public Directors of the Exchange or directors of NYSE Regulation, who meet the Exchange's Public Director requirements,[16] and the provisions relating to the removal of a member of the ROC either for cause or for failing to qualify under the Exchange's Public Director requirement,[17] should help ensure the continued independence of the members of the ROC. The proposal to establish a ROC should assist the Exchange in meeting its statutory obligations to comply, and to enforce compliance by its members and persons associated with its members, with the Act, the rules and regulations thereunder, and the rules of the Exchange. Accordingly, the Commission finds that the proposed rule change is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[18] that the proposed rule change (SR–NYSEARCA–2015–29) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[19]

Robert W. Errett,

Deputy Secretary.

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[15] *See, e.g.,* Bylaws of NASDAQ Stock Market LLC, Article III, Section 5(c); Third Amended and Restated Bylaws of BATS Exchange, Inc., Article V, Section 6(c); Amended and Restated Bylaws of Miami International Securities Exchange, LLC, Article IV, Section 4.5(c).

[16] *See supra* note 7 and accompanying text.

[17] *See supra* note 8 and accompanying text.

[18] 15 U.S.C. 78s(b)(2).

[19] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75159; File No. SR–BYX–2015–28]

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Y-Exchange, Inc.

June 11, 2015.

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 June 9, 2015, BATS Y-Exchange, Inc. (the ''Exchange'' or ''BYX'') 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 Exchange.[3] 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[4] and Rule 19b–4(f)(2) thereunder,[5] 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 its fees and rebates applicable to Members[6] of the Exchange pursuant to Rule 15.1(a) and (c) (''Fee Schedule'') to: (i) Increase the rebate from $0.0004 per share to $0.0015 per share for orders that yield fee code A, which routes to the Nasdaq Stock Market LLC (''Nasdaq'') and adds liquidity; and (ii) adopt fees for the use of a communication and routing service known as BATS Connect.

The text of the proposed rule change is available at the Exchange's Web site at *www.batstrading.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.

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

[2] 17 CFR 240.19b–4.

[3] The Commission notes that a previous version of the proposal was filed as SR–BYX–2015–27. The proposal was withdrawn on June 9, 2015.

[4] 15 U.S.C. 78s(b)(3)(A)(ii).

[5] 17 CFR 240.19b–4(f)(2).

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

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to: (i) Increase the rebate from $0.0004 per share to $0.0015 per share for orders that yield fee code A, which routes to Nasdaq and adds liquidity; and (ii) adopt fees for the use of a communication and routing service known as BATS Connect.

Fee Code A

In securities priced at or above $1.00, the Exchange currently provides a rebate of $0.0004 per share for Members' orders that yield fee code A, applicable to orders routed to Nasdaq that add liquidity. The Exchange proposes to amend its Fee Schedule to increase this rebate to $0.0015 per share for Members' orders that yield fee code A. The proposed change represents a pass through of the rate that BATS Trading, Inc. (''BATS Trading''), the Exchange's affiliated routing broker-dealer, will be rebated for routing orders to Nasdaq when it does not qualify for a volume tiered rebate. The Exchange notes that the proposed change is in response to Nasdaq's June 2015 fee change where Nasdaq will no longer offer a rebate of $0.0004 per share for orders in select symbols (''Nasdaq's Select Symbol Program'') to its customers, such as BATS Trading, and such orders will be subject to the regular Nasdaq Pricing Schedule.[7] Accordingly, when BATS Trading routes to Nasdaq in any symbol, it will be rebated a standard rate of $0.0015 per share. BATS Trading will pass through this rate on Nasdaq to the Exchange and the Exchange, in turn, will pass through this rate to its Members.

BATS Connect

On May 26 [sic], 2015, the Exchange filed a proposed rule change with the Commission to adopt a communication and routing service known as BATS Connect.[8] The Exchange now proposes to adopt fees related to the use of BATS Connect that are equal to the fees charged for an identical service, also called BATS Connect, offered by the Exchange's affiliate, EDGX.[9] BATS

[7] *See* Nasdaq Equity Trader Alert #2015–70, *Nasdaq Ends Access Fee Experiment, available at http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2015-70.*

[8] *See* file no. SR–BYX–2015–26.

[9] *See* the EDGX fee schedule *available at http://batstrading.com/support/fee_schedule/edgx/. See also* Securities Exchange Act Release No. 73780 (December 8, 2014), 79 FR 73942 (December 12,

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