

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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2016-06 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-NYSE-2016-06. 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 offices 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-NYSE-2016-06, and should be submitted on or before February 5, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-76864; File No. SR-BATS-2015-122]

### **Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 27.1, Definitions, and 27.4, Temporary Rule Governing Phase-Out of P and P/A Orders**

January 11, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 28, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it 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 authorize the BATS Options Market ("BATS Options") to delete its rule entitled "Temporary Rule Governing Phase-Out of P and P/A Orders" and amend any references in the rules to the Plan for the Purpose of Creating and Operating an Intermarket Linkage ("Linkage Plan").<sup>5</sup>

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://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.

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

##### 1. Purpose

The purpose of the proposed rule change is to eliminate existing references to the Linkage Plan and also replace any references to the Linkage Plan with references to the Options Order Protection and Locked/Crossed Market Plan ("Plan") in order to clarify the current rules in effect.

On February 4, 2010, the Exchange filed the Plan, joining all other approved options exchanges in adopting the Plan.<sup>6</sup> The Plan required each options exchange to adopt rules implementing various requirements specified in the Plan. The Plan replaced the former Linkage Plan. The Linkage Plan required Participating Exchanges<sup>7</sup> to operate a standalone system or "Linkage" for sending order-flow between exchanges to limit trade-throughs.<sup>8</sup> The Options Clearing Corporation ("OCC") operated the Linkage system (the "System").<sup>9</sup> The Exchange adopted various rules in connection with the Plan to avoid trade-throughs and locked markets, among other things.<sup>10</sup> The Exchange currently offers private routing directly to away markets.

The Exchange adopted a temporary rule entitled "Temporary Rule Governing Phase-Out of P and P/A Orders" ("Temporary Rule"),<sup>11</sup> in order to facilitate the participation of certain Participating Exchanges who may require the use of Principal Acting as Agent Orders ("P/A Orders")<sup>12</sup> and

<sup>6</sup> See Securities Exchange Act Release Nos. 61546 (February 19, 2010), 75 FR 8762 (February 25, 2010) (Notice of Filing and Immediate Effectiveness of Amendment to the Options Order Protection and Locked/Crossed Markets Plan to Add the BATS Exchange, Inc. as a Participant).

<sup>7</sup> The term "Participating Exchanges" refers to all options exchanges that had been approved to participate in the Linkage Plan.

<sup>8</sup> See footnote 6.

<sup>9</sup> See footnote 6.

<sup>10</sup> See footnote 6.

<sup>11</sup> See Chapter XXVII, Intermarket Linkage Rules, Rule 27.4, "Temporary Rule Governing Phase-Out of P and P/A Orders".

<sup>12</sup> A P/A Order is an order for the principal account of a Primary Market Maker (or equivalent entity on another Eligible Exchange that is authorized to represent Public Customer orders), reflecting the terms of a related unexecuted Public Customer order for which the Primary Market

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> See Chapter XXVII, Intermarket Linkage Rules, Rule 27.4., Temporary Rule Governing Phase-Out of P and P/A Orders.

<sup>9</sup> 17 CFR 200.30-3(a)(12).

Principal Orders (“P”)<sup>13</sup> after implementation of the Plan. Certain Participating Exchanges required a temporary transition period during which they continued to utilize these order types that existed under the Linkage Plan. The Exchange proposed substantially similar rules with that of the other Participating Exchanges to accommodate the possibility of continued use of P/A Orders and P Orders. At this time all Participating Exchanges have discontinued use of the Linkage Plan. The Exchange proposes at this time to delete this Temporary Rule because it is no longer necessary in light of the discontinued use of the Linkage Plan. Additionally, the Exchange proposes to amend Section 17, *Definitions*, in Chapter XXVII, *Intermarket Linkage Rules*, to redefine “Plan” to comport with the Plan.

In addition to the changes set forth above, the Exchange proposes to add the letter “(a)” to Rule 27.1 to conform with the typical numbering used in Exchange rules.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>14</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act<sup>15</sup> because 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 mechanism of, a free and open market and a national market system and, in general, to protect investors and the public interest by proposing the elimination of the Temporary Rule, which reflects usage of the former Linkage Plan that has been replaced by the Plan. The Exchange believes that elimination of the reference to the Temporary Rule will help to avoid potential confusion by Members and other market participants because the Linkage Plan is and has been in full effect for some time, and, therefore, the

Maker is acting as agent. See Chapter XXVII, Rule 27.4(d)(4)(A).

<sup>13</sup> A Principal Order is an order for the principal account of a market maker (or equivalent entity on another Eligible Exchange) and is not a P/A Order. See Chapter XXVII, Rule 27.4(d)(4)(B).

<sup>14</sup> 15 U.S.C. 78f(b).

<sup>15</sup> 15 U.S.C. 78f(b)(5).

Temporary Rule is outdated and unnecessary.

### (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 proposal will simply eliminate the Temporary Rule, which is outdated and no longer necessary for the reasons described above. Accordingly, the Exchange does not believe that the proposal has any competitive effect.

### (C) Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>16</sup> and Rule 19b-4(f)(6) thereunder.<sup>17</sup> Because the 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6) thereunder.<sup>18</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the Exchange may eliminate its Temporary Rule, which has been

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>17</sup> 17 CFR 240.19b-4(f)(6).

<sup>18</sup> In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief description and 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. The Exchange has satisfied this requirement.

replaced by the Plan. The Commission believes that removal of the obsolete rule could avoid potential confusion by Members and other market participants. Based on the foregoing, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest.<sup>19</sup> The Commission hereby grants the Exchange’s request and designates the proposal operative upon filing.

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](mailto:rule-comments@sec.gov). Please include File No. SR-BATS-2015-122 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 No. SR-BATS-2015-122. 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

<sup>19</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 such filing will also 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 No. SR-BATS-2015-122 and should be submitted on or before February 5, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Robert W. Errett,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76868; File No. SR-BX-2015-087]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 7015

January 11, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 29, 2015, NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the 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 proposes to amend BX Rule 7015 to clarify the connectivity

options and application of the fees assessed thereunder.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxbx.cchwallstreet.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 aspects of such statements.

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

###### 1. Purpose

Rule 7015 provides the charges BX assesses for equity securities market connectivity to systems operated by BX. BX is amending Rule 7015 in three ways: (1) To clarify the term "port pair"; (2) to clarify the connectivity options available under the rule; and (3) to eliminate internet ports as a connectivity option.

First, BX is proposing to clarify the use of the term "port pair." For certain ports under Rule 7015 that are used for either trading or data, BX additionally provides a disaster recovery port at no cost. Such a disaster recovery port provides connectivity to BX's disaster recovery location in the event of a failure of BX's primary trading infrastructure. BX has provided disaster recovery ports at no cost since 2009 to encourage member firms to maintain such connectivity in the event of a market disruption so that the market as a whole could continue to operate. In the interest of clarity, the Exchange is proposing to eliminate the term port pair and to separately list disaster recovery ports as a connectivity option available at no cost under the rule.

Second, BX is reorganizing and adding language to Rule 7015 to list all connectivity provided by BX under the rule, which is currently subsumed in a connectivity option and related fee. Specifically, the Exchange currently offers connectivity for \$500 per port, per

month for each port pair other than Multicast ITCH data feed pairs and TCP ITCH data feed pairs. Under the \$500 per port, per month connectivity option a member firm may subscribe to an OUCH protocol trading port, a FIX Trading Port (either a FIX or FIX Lite protocol),<sup>3</sup> RASH protocol trading port, and DROP ports. BX is listing separately each of the options available under the rule. BX also offers trading ports that may be used only in test mode. Member firms may subscribe to these test mode trading ports at no cost, which are exclusively used for testing purposes and may not be used for trading in securities in the System. The Exchange is adding rule text noting that these test ports may be subscribed to under the rule. The Exchange also provides data retransmission ports at no cost. Data retransmission ports allow a subscriber to replay market data, in the event the data was missed in a live feed or for verification purposes. Data retransmission ports only allow replay of the current trading day and do not provide data concerning prior trading days' data. The Exchange is adding rule text noting that data retransmission ports may be subscribed to under the rule.

Third, BX is proposing to eliminate Internet Ports. Internet ports are based on outdated technology and BX does not have any subscribers to this connectivity method.

###### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act,<sup>4</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>5</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls, and 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to

<sup>3</sup> A FIX port is a trading port using a FIX-based telecommunication protocol. FIX, an abbreviation for Financial Information eXchange, is a standard message protocol that defines an electronic message exchange for communicating securities transactions between two parties. BX offers two FIX-based trading ports, which vary based on messaging formats and capability. BX is proposing to list these two protocols as options under the rule that a member firm may select when subscribing to a FIX trading port.

<sup>4</sup> 15 U.S.C. 78f(b).

<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>20</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.