

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77451; File No. SR-BATS-2016-04]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change, as Modified by Amendment No. 2, to List and Trade Shares of the SPDR DoubleLine Short Duration Total Return Tactical ETF

March 25, 2016.

On February 4, 2016, BATS Exchange, Inc. (“Exchange”) filed with the Securities and Exchange Commission (“Commission”), 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> a proposed rule change to list and trade shares (“Shares”) of the SPDR DoubleLine Short Duration Total Return Tactical ETF (“Fund”). The proposed rule change was published for comment in the **Federal Register** on February 12, 2016.<sup>3</sup> On March 8, 2016, the Exchange filed Amendment No. 1 to the proposed rule change. On March 24, 2016, the Exchange withdrew Amendment No. 1 and filed Amendment No. 2 to the proposed rule change.<sup>4</sup> The Commission received no

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

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

<sup>3</sup> See Securities Exchange Act Release No. 77078 (February 8, 2016), 81 FR 7599.

<sup>4</sup> Amendment No. 2 replaced the original filing in its entirety. In Amendment No. 2, the Exchange: (1) Modified the name of the Fund by replacing the word “Term” with “Duration;” (2) clarified that, under normal circumstances, at least 80% of the Fund’s net assets (plus the amount of borrowings for investment purposes) will be invested in its principal holdings; (3) stated that the Fund may invest up to 20% of its portfolio in securities issued or guaranteed by state or local governments or their agencies or instrumentalities; (4) clarified which assets held by the Fund would trade on markets that are members of the Intermarket Surveillance Group or that have entered into a comprehensive surveillance agreement with the Exchange; (5) clarified the application of the investment restrictions to derivatives and restricted securities; (6) described how fixed income instruments, including municipal securities, would be valued for purposes of calculating the net asset value of the Fund; (7) clarified that all statements and representations made in the filing regarding the description of the portfolio, limitations on portfolio holdings or reference assets, or the applicability of Exchange rules and surveillance procedures constitute continued listing requirements for listing the Shares on the Exchange; (8) stated that the issuer has represented to the Exchange that it will advise the Exchange of any failure by the Fund to comply with the continued listing requirements, and, pursuant to its obligations under section 19(g)(1) of the Act, the Exchange will surveil for compliance with the continued listing requirements, and if the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12; and (9) made other

comment letters on the proposed rule change.

Section 19(b)(2) of the Act <sup>5</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is March 28, 2016. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to section 19(b)(2) of the Act,<sup>6</sup> designates May 12, 2016, as the date by which the Commission should either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-BATS-2016-04), as modified by Amendment No. 2.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2016-07205 Filed 3-30-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77448; File No. SR-ICEEU-2016-005]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Equity Futures and Options

March 25, 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>

technical amendments. Amendment No. 2 is available at: <http://www.sec.gov/comments/sr-bats-2016-04/bats201604.shtml>.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

<sup>6</sup> 15 U.S.C. 78s(b)(2).

<sup>7</sup> 17 CFR 200.30-3(a)(31).

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

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

notice is hereby given that on March 11, 2016, ICE Clear Europe Limited (“ICE Clear Europe” or “Clearing House”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule changes described in Items I, II and III below, which Items have been prepared by ICE Clear Europe. ICE Clear Europe filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder, so that the proposal was 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 principal purpose of the changes is to modify certain aspects of the ICE Clear Europe Clearing Procedures and the ICE Clear Europe Delivery Procedures in connection with equity futures and options contracts traded on the ICE Futures Europe market and cleared by ICE Clear Europe.

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

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. ICE Clear Europe 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 principal purpose of the amendments is to modify certain aspects of the ICE Clear Europe Clearing Procedures and the ICE Clear Europe Delivery Procedures relating to equity futures and options contracts traded on the ICE Futures Europe market and cleared by ICE Clear Europe.

The ICE Clear Europe Clearing Procedures have been amended to revise certain provisions relating to option exercise and expiration, particularly in the context of equity options. In particular, in paragraph 5.8 of the Clearing Procedures, amendments are made to clarify that allocations of

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

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

exercised equity options to Clearing Members with short positions will be made on a random basis, one lot at a time. In this regard, the amendments distinguish equity options from other F&O option contracts (e.g., energy contracts), for which exercised options are allocated on a pro rata basis. The change is intended to make the Clearing Procedures consistent with current market practice with respect to equity options. Certain provisions relating to early and automatic exercise in paragraph 5 have also been revised to be consistent with the relevant contract terms and specifications for each type of option contract. The amendments additionally specify the procedures for a party to abandon options that would otherwise be automatically exercised. Certain other clarifying changes in paragraph 5.2 and 5.8 reflect that an equity option is settled through a contract for the delivery of the underlying security.

In addition, amendments to paragraphs 1.1, 2.2 and 4.6 of the Clearing Procedures contain various drafting clarifications applicable to F&O Contracts generally, including with respect to the calculation of contingent variation margin for certain F&O energy and softs contracts under tender for delivery. Consistent with current practice, such calculation is made pursuant to the method specified in paragraph 4.6 or another method prescribed by the Clearing House for the relevant contract type from time to time, which would be notified to Clearing Members by Circular. Such amendments also update certain references to defined terms and ICE Clear Europe clearing systems and documentation.

In addition, the amendments revise Part Z of the Delivery Procedures, which relates to equity futures and options. The amendments generally update certain references to defined terms and relevant ICE Futures Europe and ICE Clear Europe systems, reports and other documentation. Amendments have been made to take into account additional underlying securities settlement systems that may be used to settle physical deliveries of securities resulting from equity futures and options, including Clearstream Frankfurt for German securities, SIX SIS for Swiss securities and Takasbank for Turkish securities. In addition, the timetables for physical delivery (for settlement of both equity futures and options and stock contingent trades) have been updated to indicate the appropriate requirements for each of the respective settlement systems. In the timetable for stock contingent trades, the details required to be submitted have been updated to

include any relevant special conditions relating to corporate events. Amendments to the delivery timetable also clarify the timing requirements on the intended settlement day. In particular, the revised timetable requires delivery by the delivering Clearing Member to the Clearing House by one hour prior to the close of delivery-versus-payment settlement, in order to provide time for on-delivery by the Clearing House to the receiving Clearing Member. Additional notice requirements have been added concerning failures to deliver by such time.

In paragraph 2.3, certain clarifications have been made to the Clearing House's ability to split a delivery obligation into multiple deliveries (known as partialling), including to take advantage of various automated and manual processes at the different securities settlement systems. In paragraph 2.4, clarifications have been made to the procedures for a selling Clearing Member to request the use of a daylight settlement period. The Clearing House retains the discretion not to accept a request for such settlement.

Provisions relating to failed settlements and buy-ins have also been updated. In paragraph 3.1, the timetable for buy in by the Clearing House following a failure to deliver securities by a Clearing Member has been clarified. Cash payment obligations have been specified for situations where the Clearing House is unable to buy in securities. A new paragraph 3.2 has been added to allow for early buy-in if directed by the Clearing House. It is expected that early buy-in would be likely to be used only in the case of default, force majeure or similar event. A new paragraph 3.3 has also been added that allows the Clearing House to charge a Clearing Member that has failed to make a settlement a daily charge for each day that the failure remains outstanding.

Paragraph 4 of Part Z, which relates to the treatment of certain corporate events that occur after exercise or expiration with respect to the securities underlying an equity futures or option contract, has been substantially revised. The revisions generally conform to the corporate event provisions to the similar provisions relating to debt corporate events in Part Y of the Delivery Procedures. Specifically, the term "corporate event" has been defined to include cash claims in respect of the underlying securities (such as dividends or cash obligation from a fractional entitlement), distributions of non-cash property with respect to the underlying securities (such as warrants or rights

issuances), and transformations of the underlying (such as pursuant to a corporate reorganization, de-listing, merger, de-merger, or a buy-out). Revised paragraph 4 clarifies the rights and obligations of the buyer and seller under the relevant contract in respect of such an event (in general, the buyer under the contract will be entitled to the relevant cash claim, distribution or transformed obligation). Where the corporate event requires an election to be made, the relevant buyer is permitted to make the election (subject to satisfying certain notice requirements). As revised, paragraph 4 provides certain limitations on the obligations and liability of the Clearing House with respect to a corporate event. It also addresses certain failed deliveries or settlements in connection with debt events and certain tax liabilities.

In paragraph 5 of Part Z, the various reports provided in respect of delivery of equity contracts have been updated. An existing report type relating to stock contingent trades has also been removed and consolidated into the general stock deliveries report.

## 2. Statutory Basis

ICE Clear Europe believes that the changes described herein are consistent with the requirements of Section 17A of the Act<sup>5</sup> and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22,<sup>6</sup> and are consistent with the prompt and accurate clearance of and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts and transactions, the safeguarding of securities and funds in the custody or control of ICE Clear Europe or for which it is responsible and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.<sup>7</sup> The amendments are intended to update and clarify provisions of the Clearing Procedures and Delivery Procedures relevant to the exercise and settlement of equity futures and options currently traded on ICE Futures Europe and cleared through ICE Clear Europe. In particular, the amendments clarify the procedures for exercise and allocation of exercised equity options, consistent with current market practice for such products. They also update provisions of the Delivery Procedures to reflect the relevant settlement systems, to clarify treatment of delivery failures and buy-ins, and to enhance procedures relating to the treatment of corporate events. In

<sup>5</sup> 15 U.S.C. 78q-1.

<sup>6</sup> 17 CFR 240.17Ad-22.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

ICE Clear Europe's view, the amendments will promote the prompt and accurate clearance and settlement of equity futures and option transactions, and are thus consistent with the requirements of Section 17A of the Act and the regulations thereunder.

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

ICE Clear Europe does not believe the proposed changes to the rules would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purpose of the Act. ICE Clear Europe is adopting the amendments to [sic] the Delivery Procedures and Clearing Procedures in order to clarify certain aspects of the exercise and settlement of equity futures and options currently cleared by ICE Clear Europe. ICE Clear Europe does not believe the adoption of related Delivery Procedures and Clearing Procedures amendments would materially affect the cost of clearing these products, adversely affect access to clearing in these products for Clearing Members or their customers, or otherwise adversely affect competition in clearing services.

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

Written comments relating to the proposed changes to the rules have not been solicited or received. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>8</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>9</sup> thereunder because it effects a change in an existing service of a registered clearing agency that primarily affects the clearing operations of the clearing agency with respect to products that are not securities, including futures that are not security futures, swaps that are not security-based swaps or mixed swaps, and forwards that are not security forwards, and does not significantly affect any securities clearing operations of the clearing agency or any rights or obligations of the clearing agency with respect to securities clearing or persons using such securities-clearing service. 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.

### **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 Number SR-ICEEU-2016-005 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-ICEEU-2016-005. 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 such filings will also be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's Web site at <https://www.theice.com/clear-europe/regulation#rule-filings>.

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-ICEEU-2016-005 and should be submitted on or before April 21, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Brent J. Fields,**  
*Secretary.*

[FR Doc. 2016-07194 Filed 3-30-16; 8:45 am]

BILLING CODE 8011-01-P

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-77446; File No. SR-ICC-2016-004]

### **Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend Single Name Backloading Incentive Program**

March 25, 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 March 21, 2016, ICE Clear Credit LLC ("ICC") 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 primarily by ICC. ICC filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(2)<sup>4</sup> thereunder, so that the proposal was 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 purpose of the proposed rule change is to extend ICC's single name backloading incentive program for client account clearing of single name credit default swap ("CDS") contracts.

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

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed

<sup>10</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.

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

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(4)(ii).