rely on a calculation of Consolidated Volume will be handled by the Exchange during the annual Russell Indexes reconstitution. Currently, the rule text could be interpreted to apply to only a member organization's trading activity under a fee or credit tier that is expressed as a ratio or percentage of Consolidated Volume. The Exchange believes that, should it ever adopt a credit or fee tier based on another measure of Consolidated Volume, such an interpretation would undermine the Exchange's intent to exclude the abnormal trading activity that occurs on that day. Accordingly, the Exchange believes that it is reasonable to remove the potentially confusing rule text.

The Exchange believes that deleting rule text from the preamble of Rule 7018(a) concerning Consolidated Volume is an equitable allocation and is not unfairly discriminatory because the proposed change only serves to clarify the application of the rule and does not alter how Consolidated Volume is calculated. Thus, the Exchange will apply the same process to all similarly situated member organizations that seek to qualify under a fee or credit tier under the rule that relies on a calculation of Consolidated Volume.

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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is being made to clarify the rule and avoid potential market participant confusion that may be caused by the existing rule text. As such, the Exchange does not believe that the proposed change places any burden on competition whatsoever.

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

No written comments were either solicited or received.

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)(ii) of the Act.[6]

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.* Please include File Number SR–BX–2016–029 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–BX–2016–029. 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 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 Number SR–BX–2016–029 and should be submitted on or before July 11, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[7]

Robert W. Errett,

Deputy Secretary.

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[6] 15 U.S.C. 78s(b)(3)(A)(ii).

[7] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Investment Advisers Act of 1940; Release No. IA–4421/June 14, 2016]

Order Approving Adjustment for Inflation of the Dollar Amount Tests in Rule 205–3 Under the Investment Advisers Act of 1940

I. Background

Section 205(a)(1) of the Investment Advisers Act of 1940 (''Advisers Act'') generally prohibits an investment adviser from entering into, extending, renewing, or performing any investment advisory contract that provides for compensation to the adviser based on a share of capital gains on, or capital appreciation of, the funds of a client (also known as performance compensation or performance fees).[1] Section 205(e) authorizes the Securities and Exchange Commission (''Commission'') to exempt any advisory contract from the performance fee prohibition if the contract is with persons who the Commission determines do not need the protections of the prohibition, on the basis of certain factors described in that section.[2] Rule 205–3 under the Advisers Act exempts an investment adviser from the prohibition against charging a client performance fees in certain circumstances when the client is a ''qualified client.'' The rule allows an adviser to charge performance fees if the client has at least a certain dollar amount in assets under management (currently, $1,000,000) with the adviser immediately after entering into the advisory contract (''assets-under-management test'') or if the adviser reasonably believes, immediately prior to entering into the contract, that the client had a net worth of more than a

[1] 15 U.S.C. 80b–5(a)(1).

[2] Under section 205(e), the Commission may determine that persons do not need the protections of section 205(a)(1) on the basis of such factors as ''financial sophistication, net worth, knowledge of and experience in financial matters, amount of assets under management, relationship with a registered investment adviser, and such other factors as the Commission determines are consistent with [section 205].'' 15 U.S.C. 80b–5(e).

certain dollar amount (currently, $2,000,000) (''net worth test'').[3]

The Dodd-Frank Wall Street Reform and Consumer Protection Act (''Dodd-Frank Act'') [4] amended section 205(e) of the Advisers Act to provide that, by July 21, 2011 and every five years thereafter, the Commission shall adjust for inflation the dollar amount thresholds included in rules issued under section 205(e), rounded to the nearest $100,000.[5] The Commission last issued an order to revise the dollar amount thresholds of the assets-under-management and net worth tests (to $1,000,000 and $2,000,000, respectively, as discussed above) on July 12, 2011.[6] Rule 205–3 currently codifies the threshold amounts revised by the 2011 Order and states that the Commission will issue an order on or about May 1, 2016, and approximately every five years thereafter, adjusting for inflation the dollar amount thresholds of the rule's assets-under-management and net worth tests based on the Personal Consumption Expenditures Chain-Type Price Index (''PCE Index,'' published by the United States Department of Commerce).[7]

II. Adjustment of Dollar Amount Thresholds

On May 18, 2016, the Commission published a notice of intent to issue an order that would adjust for inflation, as appropriate, the dollar amount thresholds of the asset-under-management test and the net worth test.[8] The Commission stated that, based on calculations that take into account the effects of inflation by reference to historic and current levels of the PCE Index, the dollar amount of the assets-under-management test would remain $1,000,000, and the dollar amount of the net worth test would increase from $2,000,000 to $2,100,000.[9] These dollar amounts—which are rounded to the nearest $100,000 as required by section 205(e) of the Advisers Act—would reflect inflation from 2011 to the end of 2015.

The Commission's notice established a deadline of June 13, 2016 for submission of requests for a hearing. No requests for a hearing have been received by the Commission.

III. Effective Date of the Order

This Order is effective as of August 15, 2016. To the extent that contractual relationships are entered into prior to the Order's effective date, the dollar amount test adjustments in the Order would not generally apply retroactively to such contractual relationships, subject to the transition rules incorporated in rule 205–3.[10]

IV. Conclusion

Accordingly, pursuant to section 205(e) of the Investment Advisers Act of 1940 and section 418 of the Dodd-Frank Act,

It is hereby ordered that, for purposes of rule 205–3(d)(1)(i) under the Investment Advisers Act of 1940 [17 CFR 275.205–3(d)(1)], a qualified client means a natural person who, or a company that, immediately after entering into the contract has at least $1,000,000 under the management of the investment adviser; and

It is further ordered that, for purposes of rule 205–3(d)(1)(ii)(A) under the Investment Advisers Act of 1940 [17 CFR 275.205–3(d)(1)(ii)(A)], a qualified client means a natural person who, or a company that, the investment adviser entering into the contract (and any person acting on his behalf) reasonably believes, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than $2,100,000.

By the Commission.

Brent J. Fields,

Secretary.

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[3] *See* rule 205–3(d)(1)(i)–(ii); *see also infra* note 6 and accompanying text.

[4] Public Law 111–203, 124 Stat. 1376 (2010).

[5] *See* section 418 of the Dodd-Frank Act (requiring the Commission to issue an order every five years revising dollar amount thresholds in a rule that exempts a person or transaction from section 205(a)(1) of the Advisers Act if the dollar amount threshold was a factor in the Commission's determination that the persons do not need the protections of that section).

[6] *See* text accompanying *supra* note 3; Order Approving Adjustment for Inflation of the Dollar Amount Tests in Rule 205–3 under the Investment Advisers Act of 1940, Investment Advisers Act Release No. 3236 (July 12, 2011) [76 FR 41838 (July 15, 2011)] (''2011 Order''). The 2011 Order was effective as of September 19, 2011. It applies to contractual relationships entered into on or after the effective date and does not apply retroactively to contractual relationships previously in existence.

[7] *See* rule 205–3(e).

[8] *See* Investment Adviser Performance Compensation, Investment Advisers Act Release No. 4388 (May 18, 2016) [81 FR 32686 (May 24, 2016)]. While the dollar amount of the assets under-management test would not change, because the amount of the Commission's inflation adjustment calculation is smaller than the rounding amount specified under rule 205–3, the dollar amount of the net worth test would be adjusted as a result of Commission's inflation adjustment calculation effected pursuant to the rule.

[9] *See id.* at section II.A.

[10] *See* rule 205–3(c)(1) (''If a registered investment adviser entered into a contract and satisfied the conditions of this section that were in effect when the contract was entered into, the adviser will be considered to satisfy the conditions of this section; Provided, however, that if a natural person or company who was not a party to the contract becomes a party (including an equity owner of a private investment company advised by the adviser), the conditions of this section in effect at that time will apply with regard to that person or company.''); *see also* Investment Adviser Performance Compensation, Investment Advisers Act Release No. 3198 (May 10, 2011) [76 FR 27959 (May 13, 2011)], at section II.B.3.

SECURITIES AND EXCHANGE COMMISSION

[Release No. SIPA–177; File No. SIPC–2016–01]

Securities Investor Protection Corporation; Notice of Filing of Proposed Bylaw Amendments Relating to Assessment of SIPC Members

June 15, 2016.

Pursuant to section 3(e)(1) of the Securities Investor Protection Act of 1970 (''SIPA''),[1] on May 2, 2016 the Securities Investor Protection Corporation (''SIPC'') filed with the Securities and Exchange Commission (''Commission'') proposed bylaw amendments relating to assessments on SIPC member broker-dealers. On May 27, 2016, SIPC consented to a 60-day extension of time before the proposed bylaw amendments take effect pursuant to section 3(e)(1) of SIPA.[2] Pursuant to section 3(e)(1)(B) of SIPA, the Commission finds that this proposed bylaw change involves a matter of such significant public interest that public comment should be obtained.[3] Therefore, pursuant to section 3(e)(2)(A) of SIPA,[4] the Commission is publishing this notice to solicit comments on the proposed bylaw change from interested persons.

In its filing with the Commission, SIPC included statements concerning the purpose of and statutory basis for the proposed bylaw amendments as described below, which description has been substantially prepared by SIPC.

I. SIPC's Statement of the Purpose of, and Statutory Basis for, Proposed SIPC Bylaw Amendments Relating to Assessment of SIPC Members

Overview

Pursuant to Section 3(e)(1) of SIPA, SIPC submits this statement of the purpose of, and statutory basis for, proposed amendments to the SIPC Assessments Bylaw.[5] Among other things, the Assessments Bylaw, at Article 6 of the SIPC Bylaws (''Article

[1] 15 U.S.C. 78ccc(e)(1).

[2] 15 U.S.C. 78ccc(e)(1).

[3] 15 U.S.C. 78ccc(e)(1)(B).

[4] 15 U.S.C. 78ccc(e)(2)(A).

[5] 15 U.S.C. 78ccc(e)(1).