

system, and, in general, to protect investors and the public interest.

In particular, the Commission believes the proposed rule change will remove impediments to, and perfect the mechanism of a free and open market and a national market system, and, in general, will protect investors and the public interest by updating the delegation of authority to senior management under certain of the Exchange's Rules, which should facilitate the Exchange's ability to operate and carry out its self-regulatory responsibilities. In particular, the proposed rule changes to amend Rules 2.15, 4.10, 6.17, 10.2, and 16.1 to replace the references to the Chairman of the Board with the CEO should update and clarify which Exchange official is vested with the authorities established in those rules. The Exchange represents that while historically the Chairman of the Board also held the title of CEO, currently, the two titles are held by different individuals.¹⁸ The Exchange Bylaws confer different responsibilities on the Chairman of the Board and the CEO.¹⁹ These proposed rule changes will ensure that the authorities delegated pursuant to Rules 2.15, 4.10, 6.17, 10.2, and 16.1 are consistent with the roles and responsibilities established in the Bylaws.

Similarly, the proposed rule changes to amend Rules 4.10 and 18.31 and Section 6.1 of the Bylaws to remove references to the OOC will reduce confusion by eliminating references to a term the Exchange believes is antiquated. The Exchange notes that historically the OOC consisted of the Chairman of the Board (who also was the CEO), the Vice-Chairman, and the President.²⁰ Currently, however, the Chairman of the Board no longer holds the title of CEO and as such does not bear responsibility for the CEO's functions.²¹ In addition, the Exchange has eliminated the role of Vice-Chairman.²² As such, the proposed rule changes to replace the references to the OOC in Rules 4.10 and 18.31 with references to the CEO or President will remove an outdated term, ensure that delegated authorities are consistent with the roles and responsibilities delineated in the Bylaws, and will clarify that the authorities in those rules are delegated solely to the CEO or President.

Likewise, the Exchange's proposal to eliminate the reference to the OOC and

replace it with a reference to management in Section 6.1. of the Exchange's Bylaws will alleviate confusion regarding the responsibilities of the Advisory Board. The Exchange notes that the Advisory Board's Charter provides that the Advisory Board shall advise the Board and "management" regarding matters of interest to TPHs.²³ Replacing the term OOC with management will ensure that the Exchange's Bylaws conform to the Advisory Board Charter, thereby reducing uncertainty about the responsibilities of the Advisory Board.

Lastly, the proposed changes to Rules 4.14 and 6.20 will provide the Exchange with additional flexibility should the President be unavailable and thus unable to carry out the authorities delegated in those rules. The Commission believes that authorizing the President to designate an appropriately qualified alternate Exchange official to perform the responsibilities of the President will clarify the appropriate officials authorized to carry out certain duties should the President be unavailable. Such clarification should perfect the mechanism of a free and open market and protect investors and the public interest by eliminating potential uncertainty regarding the appropriate individual to carry out certain Exchange authorities in the absence of the President, which should enable the Exchange to continue operations with minimal disruption.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁴ that the proposed rule change (SR-CBOE-2016-047) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016-16853 Filed 7-15-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78290; File No. SR-NASDAQ-2016-071]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To List and Trade Shares of the First Trust CEF Income Opportunity ETF and the First Trust Municipal CEF Income Opportunity ETF

July 12, 2016.

On May 10, 2016, The NASDAQ Stock Market LLC ("Exchange") 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 list and trade shares of the First Trust CEF Income Opportunity ETF and the First Trust Municipal CEF Income Opportunity ETF under Nasdaq Rule 5735, which governs the listing and trading of Managed Fund Shares. On May 20, 2016, the Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change was published for comment in the **Federal Register** on May 31, 2016.³ The Commission has received one comment letter on the proposed rule change.⁴

Section 19(b)(2) of the Act⁵ 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 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,⁶

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 77895 (May 24, 2016), 81 FR 34407.

⁴ See letter from Stephanie Price, dated May 31, 2016. This comment letter is available at: <https://www.sec.gov/comments/sr-nasdaq-2016-071/nasdaq2016071-1.htm>.

⁵ 15 U.S.C. 78s(b)(2).

⁶ *Id.*

¹⁸ See Notice, *supra* note 3, at 36644.

¹⁹ See *id.*

²⁰ See *id.*

²¹ See *id.*

²² See *id.*

²³ See *id.*

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

designates August 29, 2016 as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR–NASDAQ–2016–071).

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

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016–16851 Filed 7–15–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–78305; File No. SR–BatsBZX–2016–36]

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

July 12, 2016.

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 July 1, 2016, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) 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. 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 Act³ and Rule 19b–4(f)(2) thereunder,⁴ 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 the fee schedule applicable to Members⁵ and non-members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

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.

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

1. Purpose

The Exchange proposes to amend its fee schedule for its equity options platform (“BZX Options”) to: (i) Reduce the rate for fee code PA, which is appended to Professional⁶ orders in Penny Pilot Securities;⁷ (ii) add a new tier under footnote 9, Professional Penny Pilot Add Volume Tiers; (iii) to modify the criteria for the Customer Penny Pilot Add Tier 5 under footnote 1; and (iv) to modify the criteria for the Non-Customer Penny Pilot Take Volume Tier 1 under footnote 3. Additionally, the Exchange proposes to rename and ease the qualifications for the: (i) Firm, Broker Dealer, and Joint Back Office Penny Pilot Add Volume Step-Up Tier under footnote 2; (ii) Firm, Broker Dealer, and Joint Back Office Non-Penny Pilot Add Volume Step-Up Tier under footnote 8; and (iii) the Away Market Penny Pilot Add Volume Step-Up Tier under footnote 10. The Exchange also proposes to ease the criteria for the NBBO Setter Tier 3 under footnote 4.

Fee Code PA

The Exchange proposes to reduce the rebate for fee code PA, under which a Member is currently receiving a rebate of \$0.40 per contract for its Professional orders in Penny Pilot Securities. The Exchange proposes to reduce the rebate for fee code PA from \$0.40 per contract to \$0.25 per contract. The Exchange also

proposes to update the Standard Rate table to reflect the new rebate.

New Professional Penny Pilot Add Volume Tier

The Exchange currently offers one tier under footnote 9, Professional Penny Pilot Add Volume Tier. Under that tier (to be renamed Tier 2), a Member receives a rebate of \$0.43 per contract for its orders that yield fee code PA where it has a combined ADAV⁸ in Customer⁹ and Professional orders equal to or greater than 0.20% of average TCV.¹⁰ The Exchange now proposes to add a new tier under footnote 9 to be named Tier 1, under which a Member would receive a rebate of \$0.40 per contract for its orders that yield fee code PA where it has an ADV¹¹ equal to or greater than 0.25% of average TCV. The current tier under footnote 9 would be renamed Tier 2.

Customer Add Volume Tier 5

Customer orders that add liquidity on the Exchange in Penny Pilot Securities yield fee code PY and receive a standard rebate of \$0.25 per contract. In addition, footnote 1 of the fee schedule currently sets forth eight different types of Customer Penny Pilot Add Tiers, each providing an enhanced rebate ranging from \$0.40 to \$0.53 per contract to a Member’s Customer orders that yield fee code PY upon satisfying monthly volume criteria required by the respective tier.

The Exchange proposes to amend Customer Add Volume Tier 5 to amend the qualification criteria for the tier. In order to qualify for Customer Add Volume Tier 5 and receive a rebate of \$0.53 per contract, the Exchange currently requires a Member to: (1) Have an ADAV in Customer orders equal to or greater than 0.80% of average TCV; and (2) have an ADAV in Market Maker¹² orders equal to or greater than

⁸ As set forth in the Exchange’s fee schedule, “ADAV” means average daily volume calculated as the number of contracts added per day.

⁹ As set forth in the Exchange’s fee schedule, the term “Customer” applies to any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation (“OCC”), excluding any transaction for a Broker Dealer or a “Professional” as defined in Exchange Rule 16.1.

¹⁰ As set forth in the Exchange’s fee schedule, “TCV” means total consolidated volume calculated as the volume reported by all exchanges to the consolidated transaction reporting plan for the month for which the fees apply.

¹¹ As set forth in the Exchange’s fee schedule, “ADV” means average daily volume calculated as the number of contracts added or removed, combined, per day.

¹² As set forth in the Exchange’s fee schedule, the term “Market Maker” applies to any transaction identified by a Member for clearing in the Market Maker range at the OCC, where such Member is

Continued

⁷ 17 CFR 200.30–3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b–4(f)(2).

⁵ The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).

⁶ The term “Professional” applies to any transaction identified by a Member as such pursuant to Exchange Rule 16.1.

⁷ The term “Penny Pilot Security” applies to those issues that are quoted pursuant to Exchange Rule 21.5, Interpretation and Policy .01.