

2016, it filed with the Postal Regulatory Commission a *Request of the United States Postal Service to Add Parcel Select Contract 17 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2016–200, CP2016–284.

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## POSTAL SERVICE

### Product Change—Priority Mail Negotiated Service Agreement

**AGENCY:** Postal Service™.

**ACTION:** Notice.

**SUMMARY:** The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List. **DATES:** *Effective date:* September 21, 2016.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth A. Reed, 202–268–3179.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on September 14, 2016, it filed with the Postal Regulatory Commission a *Request of the United States Postal Service to Add Priority Mail Contract 239 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2016–199, CP2016–283.

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## POSTAL SERVICE

### Product Change—First-Class Package Service Negotiated Service Agreement

**AGENCY:** Postal Service™.

**ACTION:** Notice.

**SUMMARY:** The Postal Service gives notice of filing a request with the Postal Regulatory Commission to add a domestic shipping services contract to the list of Negotiated Service Agreements in the Mail Classification Schedule's Competitive Products List. **DATES:** *Effective date:* September 21, 2016.

**FOR FURTHER INFORMATION CONTACT:** Elizabeth A. Reed, 202–268–3179.

**SUPPLEMENTARY INFORMATION:** The United States Postal Service® hereby gives notice that, pursuant to 39 U.S.C. 3642 and 3632(b)(3), on September 14, 2016, it filed with the Postal Regulatory Commission a *Request of the United States Postal Service to Add First-Class Package Service Contract 62 to Competitive Product List*. Documents are available at [www.prc.gov](http://www.prc.gov), Docket Nos. MC2016–197, CP2016–281.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–78849; File No. SR–BatsBZX–2016–42]

### Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Suspension of and Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Modify the Options Regulatory Fee

September 15, 2016.

#### I. Introduction

On July 20, 2016, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “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 modify the Options Regulatory Fee (“ORF”).<sup>3</sup>

In its filing, BZX proposed to amend the amount of its ORF and expand its application to non-Members.<sup>4</sup> The proposed rule change was immediately effective upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act.<sup>5</sup> The Commission

<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. 78453 (August 1, 2016), 81 FR 51954, 51955 (August 5, 2016) (“Notice”). The ORF is designed to recover a material portion of the costs to the Exchange for the supervision and regulation of Members' customer options activity. The Exchange has committed to monitor the amount of revenue collected from the ORF to ensure that it, in combination with its other regulatory fees and fines, does not exceed the Exchange's total regulatory costs. See *id.* at 51955.

<sup>4</sup> The term “Member” refers to “any registered broker or dealer that has been admitted to membership in the Exchange.” See BZX Rule 1.5(n).

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A). A proposed rule change may take effect upon filing with the Commission if it is designated by the exchange as “establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization.” 15 U.S.C. 78s(b)(3)(A)(ii). Although

published notice of filing of the proposed rule change in the **Federal Register** on August 5, 2016.<sup>6</sup> To date, the Commission has not received any comment letters on the Exchange's proposed rule change.

Pursuant to Section 19(b)(3)(C) of the Act, the Commission is hereby: (1) Temporarily suspending the proposed rule change; and (2) instituting proceedings to determine whether to approve or disapprove the proposal.

#### II. Summary of the Proposed Rule Change

Previously, BZX assessed a per-contract ORF on each Member for all “customer” range options transactions executed or cleared by the Member, regardless of the exchange on which the transaction occurred.<sup>7</sup> In BatsBZX–2016–42, BZX proposed to lower the amount of the ORF from \$0.0010 to \$.0008 per contract side and also expanded its application to non-Members. Specifically, BZX proposed to modify and expand the application of its ORF to include all options transactions of any Member or non-Member, regardless of the exchange on which such transaction occurs, that clear at the Options Clearing Corporation (“OCC”) in the “customer” range.<sup>8</sup>

In support of its proposal, the Exchange stated that expanding the application of the ORF to non-Members would remove an incentive for Members to clear their trades through non-Members to avoid the obligation to pay the ORF to BZX.<sup>9</sup> The Exchange further stated that applying the ORF to Member and non-Member customer transactions would prevent options market participants from avoiding becoming a Member of BZX based on a desire to avoid being assessed the ORF by BZX.<sup>10</sup>

#### III. Suspension of the BZX Proposal

Pursuant to Section 19(b)(3)(C) of the Act,<sup>11</sup> at any time within 60 days of the

the proposed rule change was effective upon filing, BZX indicated that it would not implement the fee until August 1, 2016. See Notice, *supra* note 3, at 51955. On August 22, 2016, the Exchange submitted a proposed rule change to delay the implementation of the modified ORF until February 1, 2017. See Securities Exchange Act Release No. 78746 (September 1, 2016), 81 FR 62225 (September 8, 2016) (SR–BatsBZX–2016–52).

<sup>6</sup> See Notice, *supra* note 3, at 51954.

<sup>7</sup> See *id.* at 51955.

<sup>8</sup> See *id.* Previously, BZX applied the ORF “to each Member for all options transactions executed and cleared, or simply cleared by the Member . . . .” As proposed, BZX deleted the reference to “executed” and instead applied the ORF to all trades from any Member or non-Member that clears in the “customer” range.

<sup>9</sup> See *id.*

<sup>10</sup> See *id.*

<sup>11</sup> 15 U.S.C. 78s(b)(3)(C).