

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission Advisory Committee on Small and Emerging Companies will hold a public meeting on Wednesday, October 5, 2016, in Multi-Purpose Room LL-006 at the Commission's headquarters, 100 F Street NE., Washington, DC.

The meeting will begin at 9:30 a.m. (EDT) and will be open to the public. Seating will be on a first-come, first-served basis. Doors will open at 9:00 a.m. Visitors will be subject to security checks. The meeting will be webcast on the Commission's Web site at [www.sec.gov](http://www.sec.gov).

On September 15, 2016, the Commission published notice of the Committee meeting (Release No. 33-10208), indicating that the meeting is open to the public and inviting the public to submit written comments to the Committee. This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

The agenda for the meeting includes matters relating to rules and regulations affecting small and emerging companies under the federal securities laws.

For further information, please contact Brent J. Fields from the Office of the Secretary at (202) 551-5400.

Dated: September 28, 2016.

**Brent J. Fields,**

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78945; File No. SR-IEX-2016-15]

### Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Optional Risk Management Controls

September 27, 2016.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on September 22, 2016, the Investors

Exchange LLC ("IEX" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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

Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Act"),<sup>4</sup> and Rule 19b-4 thereunder,<sup>5</sup> Investors Exchange LLC ("IEX" or "Exchange") is filing with the Securities and Exchange Commission ("Commission") a proposed rule change to amend Rule 11.380 to provide that the Aggregate Risk Controls ("ARC") mechanism is available to any IEX Member as well as to clearing firms for their broker correspondent IEX Member firms, and to specify the manner in which Members shall contact IEX to arrange to utilize the ARC mechanism. The Exchange has designated this rule change as non-controversial under Section 19(b)(3)(A) of the Act<sup>6</sup> and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) thereunder.<sup>7</sup>

The text of the proposed rule change is available at the Exchange's Web site at [www.iextrading.com](http://www.iextrading.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 self-regulatory organization 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 self-regulatory organization 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 11.380, entitled Risk Management, describes the optional ARC mechanism that is designed to assist IEX clearing firms<sup>8</sup> in their risk management efforts. IEX does not charge a fee for use of ARC. As described in the rule, ARC can be configured to provide trading limits based on the gross notional exposure for matched and routed trades for a clearing firm's broker correspondent across MPIDs, by MPID, by FIX session or in combination, per clearing firm relationship. As specified in the rule, ARCs are elected, and the upper value of any limits is set by the clearing firm of a Member. Once the gross notional exposure, as elected and configured, has exceeded the pre-determined limit, IEX will reject new orders and cancel all open orders for the applicable MPID(s) and/or FIX session specified. As specified in paragraph (a)(3)(A) of Rule 11.380, gross notional exposure is calculated as the absolute sum of the notional value of all buy and sell trades (*i.e.*, equal to the value of executed buys plus the absolute value of executed long sells plus the absolute value of executed short sells). There is no netting of buys and sales in the same symbol or across symbols. Gross notional exposure resets for each new trading day.

IEX proposes to revise the rule to provide that ARC is optionally available to any Member as well as to clearing firms for their broker correspondent IEX Member firms. This change will serve to clarify that ARC may be used by a clearing firm Member for its own trading on IEX as well as for its correspondent firm customers that are IEX Members. Because a Member that is self-clearing technically has a "clearing firm relationship" with itself, the Exchange believes that the rule already provides that ARC may be used by a clearing firm Member for its own trading on IEX. In addition, IEX proposes to amend Rule 11.380 to provide that ARC is available to any Member. Thus, as proposed, ARC may be elected by a Member for its own trading on IEX (whether or not such Member is self-clearing) as well as by a clearing firm Member for its

<sup>8</sup> As described in Rule 11.250(a), a clearing firm is an IEX Member that is a member of a registered clearing agency. Pursuant to IEX Rule 2.160(c)(4) an IEX Member must be a member of a registered clearing agency or clear transactions executed on the Exchange through another Member that is a member of a registered clearing agency.

<sup>4</sup> 15 U.S.C. 78s(b)(1).

<sup>5</sup> 17 CFR 240.19b-4.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f)(6)(iii).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.