D. Calculation and Notification of the Holiday Charge

Each Clearing Agency would determine the appropriate methodology for calculating the Holiday Charge in advance of each applicable Holiday. Potential methodologies for calculating the Holiday Charge include, for example, time scaling of the VaR charge 8 or application of stress scenarios that cover potential market price risk exposure that may not be appropriately covered by scaling the VaR charge. The Clearing Agencies would establish a methodology for calculating each Holiday Charge that would take into consideration the market conditions prevailing at that time in order to permit the Clearing Agencies to calculate a Holiday Charge that appropriately estimates the risk that may be present to the Clearing Agency on the applicable Holiday, when Members’ Required Deposit cannot be collected. The Holiday Charge would represent a percentage increase of the volatility charge on the business day prior to the Holiday, and such percentage increase applies uniformly to all Members. This means that if the Holiday Charge is levied, the same methodology (i.e., formula) is applied to all Members (that is, the Holiday Charge is not a set dollar amount applied to all Members).

Members would be notified of the applicable methodology by an Important Notice issued no later than 10 business days prior to the application the Holiday Charge, and the charge is collected on the business day prior to the applicable Holiday. The Holiday Charge is removed from the Required Deposit on the business day following the Holiday.

II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act 9 directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and rules and regulations thereunder applicable to such organization. The Commission believes the proposal is consistent with Section 17A(b)(3)(F) of the Act and Rules 17Ad–22(b)(1) and (b)(2),10 as described in detail below.

A. Consistency With Section 17A

Section 17A(b)(3)(F) of the Act requires, in part, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds that are within the custody or control of the clearing agency. 11 By incorporating the Backtesting Charge and Holiday Charge into the Rules, the proposed changes help protect the Clearing Agencies from potential losses in the event that a Member defaults. Specifically, the Backtesting Charge enables the Clearing Agencies to collect additional funds when their current margin collections may be insufficient, as indicated by backtesting deficiencies. Meanwhile, the Holiday Charge enables the Clearing Agencies to collect margin in advance of Holidays when the Clearing Agencies would be unable to collect margin. Therefore, by enabling the Clearing Agencies to better assess and collect funds, as the Clearing Agencies deem necessary, the charges would promote the safeguarding of securities and funds that are within the custody or control of the clearing agency, consistent with the requirements of the Exchange Act, in particular Section 17A(b)(3)(F).

B. Consistency With Rule 17Ad–22(b)(1)

Rule 17Ad–22(b)(1) under the Act requires a clearing agency to establish, implement, maintain and enforce written policies and procedures reasonably designed to measure its credit exposures to its participants at least once a day and limit its exposures to potential losses from defaults by its participants under normal market conditions, so that the operations of the clearing agency would not be disrupted and non-defaulting participants would not be exposed to losses that they cannot anticipate or control. 12 The Backtesting Charge and Holiday Charge are enhancements to the way the Clearing Agencies measure their credit exposure to Members and, ultimately, account for potential increases in exposure by collecting additional margin, as deemed necessary by the Clearing Agencies, to help limit potential losses from a Member default in normal market conditions. Therefore, the proposed rule changes are consistent with Rule 17Ad–22(b)(1) under the Act. 13

C. Consistency With Rule 17Ad–22(b)(2)

Rule 17Ad–22(b)(2) under the Act requires a clearing agency to maintain and enforce written policies and procedures reasonably designed to use margin requirements to limit its credit exposures to participants under normal market conditions. 14 The Backtesting Charge and Holiday Charge are components of the margin requirement that the Clearing Agencies collect from Members, in the form of Required Deposits, to help limit the Clearing Agencies’ credit exposure to Members in normal market conditions. Therefore, the proposed rule changes are consistent with Rule 17Ad–22(b)(2) under the Act. 15

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposals are consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act 16 and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that proposed rule changes SR–FICC–2016–006 and SR–NSCC–2016–004 be, and hereby are, APPROVED. 17

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 18

Brent J. Fields, Secretary.

[FR Doc. 2016–26303 Filed 10–31–16; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule To Adopt Fees and Credits for Transactions Involving Complex Orders

October 26, 2016.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) 1 and Rule 19b–4 2

14 17 CFR 240.17Ad–22(b)(2).
7 17 CFR 240.17Ad–22(b)(1).
17 In approving the proposed rule change, the Commission considered the proposals’ impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).
18 17 CFR 240.17Ad–22(b)(2).
The Exchange is proposing to amend the MIAX Options Fee Schedule (the “Fee Schedule”).


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 aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its Fee Schedule to adopt fees and credits for transactions involving complex orders. The Securities and Exchange Commission (“SEC” or “Commission”) recently approved Exchange rules3 that governing complex orders. See Securities Exchange Act Release No. 79072 (October 21, 2016), Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

MIAX System. Accordingly, the Exchange is proposing to adopt certain fees and credits that will apply to Exchange Members4 for transactions involving complex orders. All complex order fees will be charged on a per contract per side basis.

Market Maker Transaction Fees

Section (1)(a)(i) of the Fee Schedule sets forth the Exchange’s Market Maker Sliding Scale for Market Maker Transaction Fees (the “Sliding Scale”). The Sliding Scale assesses a per contract transaction fee on a Market Maker5 for the execution of simple orders and quotes (collectively, “simple orders”). The amount of the transaction fee is based on the Market Maker’s percentage of total national market maker volume in an options class that trades on the Exchange during a particular calendar month. The Sliding Scale applies to all Market Makers for transactions in all products (except for mini-options, for which there are separate product fees), with fees established for option classes in the Penny Pilot Program6 (“penny option classes”) and separate fees for non-penny option classes.

The Exchange is proposing to use the same Sliding Scale structure to establish per contract transaction fees for executions in complex orders. More specifically, the Exchange is proposing to use the same tiers and percentage thresholds that it uses for the execution of simple orders for the execution of complex orders and quotes (collectively, “complex orders”), and will aggregate the volume executed by Market Makers in both simple orders and complex orders for purposes of determining the transaction fees applicable to Members and their Affiliates5 to that are in PCPR volume Tier 3 or higher; and the other setting forth the transaction fees applicable to Members and their Affiliates that are not in PCPR volume tiers.

4 A “complex order” is any order involving the concurrent purchase and/or sale of two or more different options in the same underlying security (the “legs” or “components” of the complex order), for the same account, in a ratio that is equal to or greater than one-to-three (3.33) and less than or equal to three-to-one (3.00) and for the purposes of executing a particular investment strategy. A complex order can also be a “stock-option” order, which is an order to buy or sell a stated number of units of an underlying security coupled with the purchase or sale of options contract(s) on the opposite side of the market, subject to certain contingencies set forth in the proposed rules governing complex orders. See Securities Exchange Act Release No. 78620 (August 18, 2016), 81 FR 58770 (August 25, 2016) (SR–MIAX–2016–26).
5 The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.
6 The term “Market Makers” refers to Lead Market Makers (“LMMs”), Primary Lead Market Makers (“PLMMs”), and Registered Market Makers (“RMMs”) collectively. See Exchange Rule 100. A Directed Order Lead Market Maker (“DLM”) and Directed Primary Lead Market Maker (“DPLMM”) is a party to a transaction being allocated to the LMM or PLMM and is the result of an order that has been directed to the LMM or PLMM. See Fee Schedule note 2.
8 The calculation of the volume thresholds does not include QCC Orders, PRIME AOC Responses, and PRIME Participating Quotes or Orders. For a discussion of these exclusions, see Securities Exchange Act Release No. 78298 (July 12, 2016), 81 FR 46734 (July 18, 2016) (SR–MIAX–2016–20).
9 The term “Priority Customer” means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). A “Priority Customer Order” means an order for the account of a Priority Customer. See Exchange Rule 100.
10 Under the PCPR, MIAX credits each Member the per contract amount resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding QCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/ Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain percentage thresholds in a manner as described in the Priority Customer Rebate Program program. See Fee Schedule, Section 1(i)(ii).
11 For purposes of the MIAX Options Fee Schedule, the term “Affiliate” means an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A ("Affiliate"). See Fee Schedule note 1.
Tier 3 or higher. The Exchange is proposing to maintain that same, two table construct, and establish a per contract transaction fee for complex orders per tier level. Although the proposed per transaction fees for complex orders will be included in both tables (i.e., one for Members and their Affiliates that are in PCRP volume Tier 3 or higher and the other for Members and their Affiliates that are not in PCRP volume Tier 3 or higher), the per contract fees for complex orders will be the same in each table. Furthermore, the Exchange is not proposing a different maker and taker fee in each tier for complex orders. Instead, the Exchange will assess one per contract fee for complex orders in each tier for penny option classes, and one per contract fee for complex orders in non-penny option classes, with a surcharge for removing liquidity, as described below. The Exchange believes that, with respect to transaction fees for complex orders, it is appropriate to distinguish between (and thus have different transaction fee amounts for) penny option classes and non-penny option classes, as is the case with the current Fee Schedule for transaction fees for simple orders. Accordingly, the Exchange is proposing separate per contract transaction fees for penny option classes and non-penny option classes for complex orders. Specifically, the Exchange would charge a Market Maker a per contract fee in penny option classes of: $0.25 in Tier 1, $0.19 in Tier 2, $0.12 in Tier 3, $0.07 in Tier 4, $0.05 in Tier 5. The Exchange would charge a Market Maker a per contract fee in non-penny option classes of: $0.29 in Tier 1, $0.23 in Tier 2, $0.16 in Tier 3, $0.11 in Tier 4, $0.09 in Tier 5.

The proposed Market Maker transaction fees are generally in line with the Market Maker transaction fees charged by other exchanges for executing complex orders. The Exchange believes that the proposed transaction fees for complex orders are reasonable, and have been set at an initial level that is favorable to Market Makers and are designed to encourage Market Makers to provide complex order liquidity on the Exchange.

For simple orders, the Sliding Scale assesses a per contract transaction fee, which is based upon whether the Market Maker is a "maker" or a "taker." As an incentive for Market Makers to provide liquidity on the Exchange, the Exchange’s "maker" fees are lower than the "taker" fees. The Exchange is not proposing to distinguish between a "maker" and a "taker" for complex order executions as it does in the traditional construct for simple orders. Rather, the Exchange proposes to adopt a surcharge of $0.08 per executed contract for executions in complex orders assessed to a Market Maker and all other market participants except Priority Customers when it removes liquidity by trading against a Priority Customer order that is resting on the Strategy Book. Market Maker complex orders resting on the Strategy Book before executing against a Priority Customer order would not be assessed the $0.08 per contract surcharge, as reflected in the below tables. The Exchange believes that this $0.08 surcharge is a reasonable alternative to the maker/taker pricing structure in place for simple orders, and is substantially similar in structure and amount to a CBOE surcharge of the same type.

All fees assessed under the Sliding Scale will be assessed on a per contract/ per side basis. The fees will apply to complex orders when those complex orders are matched against other complex orders on the Strategy Book, and will also apply, to the complex side of the trade, when they leg into and match against simple orders in the simple order book. Additionally, for the avoidance of doubt, when legging into the simple order book, the contracts that were entered directly in to the simple order book will be subject to all standard transaction fees, marketing fees, rebates, and credits, as set forth in the Exchange’s Fee Schedule and as applicable to simple orders.

The revised Market Maker Sliding Scale tables proposed by the Exchange will be as follows (with new text in italics):

**MEMBERS AND THEIR AFFILIATES** in Priority Customer Rebate Program Volume Tier 3 or Higher**

<table>
<thead>
<tr>
<th>Tier</th>
<th>Percentage thresholds</th>
<th>Simple</th>
<th>Complex</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Per contract fee for penny classes</td>
<td>Per contract fee for non-penny classes</td>
</tr>
<tr>
<td>1</td>
<td>0.00%–0.075%</td>
<td>$0.21</td>
<td>$0.23</td>
</tr>
<tr>
<td>2</td>
<td>Above 0.075%–0.60%</td>
<td>$0.15</td>
<td>$0.22</td>
</tr>
<tr>
<td>3</td>
<td>Above 0.60%–1.00%</td>
<td>$0.08</td>
<td>$0.15</td>
</tr>
<tr>
<td>4</td>
<td>Above 1.00%–1.50%</td>
<td>$0.04</td>
<td>$0.06</td>
</tr>
<tr>
<td>5</td>
<td>Above 1.50%</td>
<td>$0.02</td>
<td>$0.04</td>
</tr>
</tbody>
</table>

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13 See, e.g., CBOE Fees Schedule Options Transaction Fees; NASDAQ PHXL LLC (“PHXL”) Pricing Schedule, Section II; International Securities Exchange LLC (“ISE”) Schedule of Fees, Section II.
15 See CBOE Fees Schedule, Complex Taker Fee, and note 35. The Exchange notes that, although its base fee is slightly higher (with a similar complex fee approach), the Exchange believes that this is fair and equitable because the Exchange offers technology with unique risk mitigation features not available elsewhere, such as the Implied Away Best Bid or Offer (“iXABBO”) Price Protection. See Exchange Rule 518.05(d).
17 For purposes of the MIAX Options Fee Schedule, the term “Affiliate” means an affiliate of a Member of at least 75% common ownership between the firms as reflected on each firm’s Form BD, Schedule A (“Affiliate”).
Other Market Participant Transaction Fees

Section (1)(a)(ii) of the Fee Schedule sets forth, in a single table format, transaction fees for Other Market Participants, including Priority Customers, Public Customers\(^{18}\) that are not Priority Customers, non-MIAX Market Makers, non-Member Broker-Dealers, and Firms\(^{19}\) (the "Fee Table"). The Fee Table currently assesses on participants that are non-MIAX Market Makers a per contract transaction fee for simple order executions. The Fee Table applies to the listed participants for transactions in all products (except mini-options, for which there are separate product fees), with fees established for penny option classes and separate fees for non-penny option classes.

The Exchange is proposing to use the same Fee Table structure to establish per contract transaction fee amounts that are set forth in the Fee Table for execution of simple orders for the execution of complex orders. The Exchange is also proposing to assess the same per-contract transaction fee amounts that are set forth in the Fee Table for execution of simple orders for the execution of complex orders. Thus, as proposed, a participant would be charged the same fee per contract for executing a complex order as it would for executing a simple order for the same participant type. Accordingly, the Exchange would charge a Member: $0.00 per contract per complex order executed in both penny option classes and non-penny option classes for a Priority Customer; $0.47 per contract per complex order executed in a penny option class for a Public Customer that is not a Priority Customer, for a non-MIAX Market Maker, and for a non-Member Broker-Dealer (and $0.75 per contract per complex order executed in a non-penny option class for each of those participant types); $0.45 per contract per complex order executed in a penny option class for a Firm (and $0.75 per contract per complex order executed in a non-penny option class for a Firm). The Exchange believes that the proposed fees for complex orders are reasonable and appropriate because they apply to all similarly situated participants equally. The Exchange’s proposal to assess the same fees for simple and complex orders to other market participants (listed in Section (1)(a)(ii) of the Fee Schedule) for complex orders is reasonable and not unfairly discriminatory because the fees apply equally to all similarly situated market participants. Thus, as with the current fees assessed for simple orders in Section (1)(a)(ii), the PCRP tier discounts will not apply to these participants because Market Makers, who qualify for the discounts, have quoting and other obligations that these other market participants do not have, and the Exchange believes that the PCRP tier discounts are thus equitable and not unfairly discriminatory.\(^20\)

The Exchange also proposes to assess the same $0.08 per contract surcharge that it assesses on Market Makers for removing liquidity against a resting Priority Customer on the Strategy Book on other market participants, specifically: (i) Public Customers that are not Priority Customers; (ii) non-MIAX Market Makers; (iii) non-Member Broker-Dealers; and (iv) Firms. The purpose of this proposed surcharge is to encourage Members to add liquidity to the Strategy Book, and to recoup costs associated with the execution of complex orders on the Strategy Book. Moreover, the Exchange believes that the proposed fee structure may also narrow the MIAX Bid and Offer ("MBBO") on the Strategy Book because assessing the surcharge only on participants removing liquidity effectively subsidizes, and thus encourages, the posting of liquidity. The Exchange believes that this fee structure will also provide MIAX Market Makers with greater incentive to either match or improve upon the best price displayed on the Strategy Book, all to the benefit of investors and the public in the form of improved execution prices.

The revised Fee Table proposed by the Exchange will be as follows:

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\(^{18}\)The term “Public Customer” means a person that is not a broker or dealer in securities. See Exchange Rule 100.

\(^{19}\)A “Firm” fee is assessed on a MIAX Electronic Exchange Member “EEM” that enters an order that is executed for an account identified by the EEM for clearing in the Options Clearing Corporation (“OCC”) “Firm” range. See Fee Schedule, Section (1)(a)(ii).

\(^{20}\)The Commission notes that the Exchange currently offers a discount to the standard option transaction fees for simple orders for Members that qualify for the PCRP volume Tier 3 or higher in Section (1)(a)(ii). The Exchange is not proposing to offer that discount to the standard option transaction fees for complex orders. See footnotes 4, 5, and 8–13 in Section (1)(a)(ii) of the Fee Schedule.
OTHER MARKET PARTICIPANT TRANSACTION FEES

<table>
<thead>
<tr>
<th>Types of Other Market Participants</th>
<th>Standard Options Transaction Fee for Simple and Complex Orders (per executed contract)</th>
<th>Per Contract Surcharge for Removing Liquidity Against a Resting Priority Customer Complex Order on the Strategy Book for Penny and Non-Penny Classes</th>
<th>Mini Options Transaction Fee (per executed contract)</th>
<th>These fees will apply to all option classes routed on MIAX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Penny Classes</td>
<td>Non-Penny Classes</td>
<td>Penny Classes</td>
<td>Non-Penny Classes</td>
</tr>
<tr>
<td>Priority Customer</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Public Customer that is Not a Priority Customer.</td>
<td>$0.08</td>
<td>$0.08</td>
<td>$0.05</td>
<td>$0.07</td>
</tr>
<tr>
<td>Non-MIAX Market Maker</td>
<td>$0.08</td>
<td>$0.08</td>
<td>$0.045</td>
<td>$0.07</td>
</tr>
<tr>
<td>Non-Member Broker-Dealer</td>
<td>$0.08</td>
<td>$0.08</td>
<td>$0.045</td>
<td>$0.07</td>
</tr>
<tr>
<td>Firm</td>
<td>$0.08</td>
<td>$0.08</td>
<td>$0.04</td>
<td>$0.07</td>
</tr>
</tbody>
</table>

The Exchange currently offers a discount to the standard option transaction fees for simple orders for Members that qualify for the PCRP volume Tier 3 or higher. The Exchange is not proposing to offer that discount to the standard option transaction fees for complex orders. Thus, the Exchange is proposing to amend Footnotes 4, 5, and 8–13 in Section (1)(a)(iii) of the Fee Schedule to explicitly state that these discounts only apply for standard options in simple order executions. Additionally, pursuant to Footnote 8 of the Fee Schedule, the Exchange currently assesses Members a $0.48 per contract transaction fee (and a $0.50 per contract transaction fee for non-MIAX market makers) for transactions that occur on or after September 1, 2016 and extending through October 31, 2016 in options overlying EEM, GLD, IWM, QQQ, and SPY. The Exchange is not proposing to apply that transaction fee to complex orders. Thus, the Exchange is proposing to further amend Footnote 8 in Section (1)(a)(iii) of the Fee Schedule to explicitly state that such fees only apply for standard options in simple order executions.

Priority Customer Rebate Program

The Exchange also proposes to amend the PCRP contained in Section 1(a)(iii) of the Fee Schedule by adopting per contract credits for complex orders. Currently, with respect to simple orders, the Exchange credits each Member the per contract amount set forth in the table below resulting from each Priority Customer order transmitted by that Member which is executed electronically on the Exchange in all multiply-listed option classes (excluding QCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400), provided the Member meets certain volume thresholds in a month as described below. The volume thresholds are calculated based on the customer average daily volume over the course of the month. Volume is recorded for and credits are delivered to the Member that submits the order to the Exchange. The Exchange proposes to extend this per contract credit to executions in complex orders.

The Exchange proposes to apply the same volume tier thresholds in the PCRP for complex orders that it
current per contract credits for simple orders. As a new entrant in the complex order marketplace, the Exchange believes that it is appropriate to establish aggressive per contract credits in order to attract order flow in this new segment of the Exchange. For simple orders, the Exchange currently assesses different PCRP credit amounts for executions in the MIAX Select Symbols versus non-MIAX Select Symbols. The PCRP table in the Fee Schedule will reflect these different credits in simple orders for MIAX Select Symbols versus non-MIAX Select Symbols. The Exchange, however, does not believe it is necessary at this time to distinguish the amount of the proposed PCRP credits for executions in the MIAX Select Symbols versus non-MIAX Select Symbols for complex orders, and thus the per contract credit for complex orders will be the same for transactions involving complex orders in both MIAX Select Symbols and non-MIAX Select Symbols.

The Exchange is not proposing to establish at this time a price improvement mechanism for complex orders, such as the Exchange has for simple orders, known as MIAX PRIME. Thus, the Exchange proposes to amend the narrative portion of Section 1)a)ii) to state that, for each Priority Customer order submitted into a PRIME auction as a PRIME agency simple order, MIAX shall credit each Member at the separate per contract rate for PRIME agency simple orders; however, no rebates will be paid if the PRIME agency simple order executes against a contra-side order which is also a Priority Customer. The purpose of this proposed amendment is to explicitly state that these provisions apply only to simple orders, and not to complex orders.

The Exchange currently credits each MIAX “Qualifying Member” 26 $0.03 per contract (except exclusions) 27 resulting from each Priority Customer order that falls within the PCRP volume Tier 1, as set forth below. The Exchange believes that it is appropriate to extend this credit to complex orders. Thus, the Exchange proposes to amend the narrative portion of Section 1)a)iii) to state that such credits will apply to both simple and complex order executions.

The revised PCRP table proposed by the Exchange will be as follows:

<table>
<thead>
<tr>
<th>Origin</th>
<th>Tier</th>
<th>Percentage thresholds of national customer volume in multiply-listed options classes listed on MIAX (monthly)</th>
<th>Per contract credit for simple orders in non-MIAX select symbols</th>
<th>Per contract credit for simple orders in MIAX select symbols</th>
<th>Per contract credit for prime agency order</th>
<th>Per contract credit for complex orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority Customer</td>
<td>1</td>
<td>0.00–0.50%</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.10</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Above 0.50%–1.20%</td>
<td>0.10</td>
<td>0.10</td>
<td>0.10</td>
<td>0.21</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Above 1.20%–1.75%</td>
<td>0.15</td>
<td>0.20</td>
<td>0.10</td>
<td>0.24</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Above 1.75%</td>
<td>0.21</td>
<td>0.24</td>
<td>0.10</td>
<td>0.25</td>
</tr>
</tbody>
</table>

### Professional Rebate Program

Under the Professional Rebate Program (“PRP”), the Exchange credits each Member the per contract amount listed in the table below resulting from any contracts executed from an order submitted by a Member for the account(s) of a (i) Public Customer that is not a Priority Customer; (ii) non-MIAX Market Maker; (iii) non-Member Broker-Dealer; or (iv) Firm (for purposes of the Professional Rebate Program, “Professionals”). The Exchange proposes to amend Section 1)a)iv) of the Fee Schedule to include per contract credits for complex orders in the Exchange’s PRP.

The PRP affords a per contract credit based upon the increase in the total volume submitted by a Member and executed for the account(s) of a Professional on MIAX (not including Excluded Contracts) 28 during a

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23 MIAX excludes contracts executed as part of QCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, PRIME Agency Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400 from this calculation. See Fee Schedule note 14.


25 MIAX currently credits each Member the per contract amount listed in the table below resulting from any contracts executed from an order submitted by a Member for the account(s) of a (i) Public Customer that is not a Priority Customer; (ii) non-MIAX Market Maker; (iii) non-Member Broker-Dealer; or (iv) Firm (for purposes of the Professional Rebate Program, “Professionals”). The Exchange proposes to amend Section 1)a)iv) of the Fee Schedule to include per contract credits for complex orders in the Exchange’s PRP.

The PRP affords a per contract credit based upon the increase in the total volume submitted by a Member and executed for the account(s) of a Professional on MIAX (not including Excluded Contracts) during a

26 MIAX excludes contracts executed as part of QCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, PRIME Agency Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400 from this credit. See Fee Schedule note 14.

27 MIAX excludes contracts executed as part of QCC Orders, mini-options, Priority Customer-to-Priority Customer Orders, PRIME Agency Orders, PRIME AOC Responses, PRIME Contra-side Orders, PRIME Orders for which both the Agency and Contra-side Order are Priority Customers, and executions related to contracts that are routed to one or more exchanges in connection with the Options Order Protection and Locked/Crossed Market Plan referenced in MIAX Rule 1400 from this credit. See Fee Schedule note 14.

28 Excluded Contracts are any contracts executed as mini-options, Non-Priority Customer-to-Non-Priority Customer Orders, QCC Orders, PRIME Orders, PRIME AOC Responses, PRIME Contra-side Orders, and executions related to contracts that are
particular month as a percentage of the total volume reported by the Options Clearing Corporation (“OCC”) in MIAX classes during the same month (the “Current Percentage”), less the total volume submitted by that Member and executed for the account(s) of a Professional on MIAX (not including Excluded Contracts), during the fourth quarter of 2015 as a percentage of the total volume reported by OCC in MIAX classes during the fourth quarter of 2015 (the “Baseline Percentage”). The Exchange proposes to use the same

<table>
<thead>
<tr>
<th>Type of market participants eligible for rebate</th>
<th>Tier</th>
<th>Percentage thresholds of volume increase in multiply-listed options (except excluded contracts) for the current month compared to fourth quarter 2015</th>
<th>Per contract credit (except excluded contracts) for simple orders</th>
<th>Per contract credit (except excluded contracts) for complex orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Customer that is Not a Priority Customer</td>
<td>1</td>
<td>Above 0.00%–0.005% ..................................................................................</td>
<td>$0.10</td>
<td>$0.03</td>
</tr>
<tr>
<td>Non-MIAX Market Maker ..............................</td>
<td>2</td>
<td>Above 0.005%–0.020% ...............................................................................</td>
<td>0.15</td>
<td>0.05</td>
</tr>
<tr>
<td>Non-Member Broker-Dealer Firm ....................</td>
<td>3</td>
<td>Above 0.020% .......................................................................................</td>
<td>0.20</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Marketing Fee

Section 1)b) of the Fee Schedule describes Marketing Fees assessed on all Market Makers for contracts, including mini options, they execute in their assigned classes when the contra-party to the execution is a Priority Customer. The current Marketing Fees are: (i) $0.70 Per contract for transactions in standard option classes ($0.070 per contract for transactions in mini options) that are not penny option classes; and (ii) $0.25 per contract for transactions in standard option classes ($0.025 per contract for transactions in mini options) that are penny option classes. The Exchange proposes to amend Section 1)b) to state that the Marketing Fee applies to contracts in simple and complex order executions, and that the Marketing Fee in complex order executions will be assessed per contract whether the transaction executes in the Strategy Book, a Complex Auction, or by Legging into the simple order book (i.e., regardless of how the complex contracts are executed).29

The Exchange is not proposing to extend the Posted Liquidity Marketing Fee to contracts executed from complex orders. Currently, for transactions that occur on or after September 1, 2016 and extending through October 31, 2016, MIAAX assesses an additional $0.12 per contract Post Liquidity Marketing Fee to all Market Makers for any standard options overlying EEM, GLD, IWM, QQQ and SPY that Market Makers execute in their assigned class when the contra-party to the execution is a Priority Customer and the Priority Customer order was posted on the MIAX order book at the time of the execution. The Exchange proposes to amend Section 1)b) to state that the Posted Liquidity Marketing Fee applies only to contracts from simple order executions. The revised Marketing Fee table proposed by the Exchange will be as follows:

<table>
<thead>
<tr>
<th>Amount of marketing fee assessed</th>
<th>Option classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.70 (per contract) ................</td>
<td>Simple and complex order [T]Transactions in Standard Option Classes that are not in the Penny Pilot Program.</td>
</tr>
<tr>
<td>$0.25 30 (per contract) ..........</td>
<td>Simple and complex order [T]Transactions in Standard Option Classes that are in the Penny Pilot Program (a List of those Standard Option Classes in the Penny Pilot Program is available on the MIAX Website).</td>
</tr>
<tr>
<td>$0.070 (per contract) ..................</td>
<td>Simple and complex order [T]Transactions in Mini Options where the corresponding Standard Option is not in the Penny Pilot Program.</td>
</tr>
<tr>
<td>$0.025 (per contract) ..................</td>
<td>Simple and complex order [T]Transactions in Mini Options where the corresponding Standard Option is in the Penny Pilot Program (a List of those Standard Option Classes in the Penny Pilot Program is available on the MIAX Website).</td>
</tr>
</tbody>
</table>

All other aspects of the Marketing Fee program of the Exchange will remain unchanged. The proposed rule changes are scheduled to become operative October 24, 2016.
2. Statutory Basis

MIAX believes that its proposed rule change is consistent with Section 6(b) of the Act, in general, and in particular, furthers the objectives of Section 6(b)(4) of the Act, in that it is an equitable allocation of reasonable fees and other charges among Exchange members and issuers and other persons using its facilities, and 6(b)(5) of the Act, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed fee structure is equitable and not unfairly discriminatory because all similarly situated market participants are subject to the same fee and rebate structure for complex order transactions, and access to the Exchange is offered on terms that are not unfairly discriminatory. The inclusion of the number of contracts executed in both simple and complex orders in the calculation of the Market Maker’s monthly percentage threshold in Section 1a(i)(1) is reasonable, equitable and not unfairly discriminatory because it provides a direct and equal fee benefit to Market Makers that trade complex orders. All complex order volume executed will count towards the monthly percentage thresholds required to receive the enumerated discounts in both simple and complex transactions, thus benefiting all Market Makers equally. Furthermore, it should encourage Market Makers to provide liquidity in complex orders on the Exchange because their executed volume in complex orders will enhance their ability to achieve discounted per contract transaction fees in transactions involving both simple and complex orders, thus functioning to remove impediments to and perfect the mechanisms of a free and open market and a national market system.

The Exchange’s proposal to assess per contract transaction fees to MIAX Market Makers for complex orders in penny option classes and non-penny option classes is reasonable and not unfairly discriminatory because it enhances the ability of Market Makers to achieve volume levels that qualify them for fees in the higher tiers, and equally rewards all Market Makers that achieve the tiers that include even further discounted per contract transaction fees. The amount of the fees in the tiers for complex orders are very similar to the amount of the fees in the tiers for simple orders, therefore the Exchange believes that fee amounts are reasonable and appropriate.

The Exchange’s proposal to assess the same fees for simple and complex orders to other market participants (listed in Section 1a(i)(i) of the Fee Schedule) for complex orders is reasonable and not unfairly discriminatory because the fees apply equally to all similarly situated market participants. Just as with the current fees assessed for simple orders in Section 1a(i)(ii), the PCRP tier discounts will not apply to these participants because Market Makers, who qualify for the discounts, have quoting and other obligations that the listed other market participants do not have and the Exchange believes that the PCRP tier discounts are thus equitable and not unfairly discriminatory.

The Exchange believes that it is reasonable and not unfairly discriminatory to offer discounted fees to Market Makers in simple orders if they fall within PCRP volume Tier 3 or higher, while not discounting the per contract fees for complex orders regardless of their PCRP Tier level. While the Exchange has the ability to justify and determine the level of incentives with respect to simple orders, the Exchange believes it would be premature to offer additional incentives and rewards to Market Makers above what the Exchange is offering until Market Makers actually use the new and value-added complex order functionality. The Exchange will better be able to determine if additional incentives or rewards are warranted, and if so at what level, once Market Makers begin using the new functionality and have established a performance baseline for complex orders.

The Exchange’s proposal to offer certain credits for complex order transactions under the PCRP and the PRP and to include contracts executed from both simple and complex transactions in the calculation of the various percentage volume thresholds is intended to encourage participants to submit more orders to the Exchange, thus enhancing liquidity and removing impediments to and perfecting the mechanisms of a free and open market and a national market system.

The Exchange notes that the proposed per contract credits for the PCRP are higher for complex orders than they are for simple orders, and the per contract credits for the PRP are lower for complex orders than they are for simple orders. The Exchange believes that this is equitable and reasonable because the nature of the two rebate programs (PCRP and PRP) is fundamentally different in structure and purpose.

On the other hand, the PCRP rewards executed Priority Customer volume from “contract-one.” This structure is designed to enable the Exchange to compete with the multitude of Priority Customer payment programs, such as maker-taker rebates and payment for order flow programs that are established in the industry. By offering an aggressive incentive for Priority Customer volume beginning on day one, the Exchange believes it can best compete for order flow in complex orders as soon as they become available on the Exchange.

The Exchange’s proposal to establish and assess a surcharge of $0.08 per contract for Market Makers and other participants for removing liquidity by trading against a Priority Customer order on the Strategy Book is consistent with Section 6(b)(4) of the Act because it applies equally to all participants that remove Priority Customer liquidity from the Strategy Book, and does not apply to participants whose orders or quotes resting on the Strategy Book are executed against Priority Customer complex orders on the Strategy Book. This incentive for providing resting liquidity applies to all participants. Assessing the surcharge to market participants who take liquidity from Priority Customers is reasonable and not unfairly discriminatory because it will provide MIAX Market Makers with equal surcharges for removing

33 15 U.S.C. 78f(b)(1) and (b)(5).
34 See supra note 20.
35 The Priority Customer rebate payment will be calculated from the first executed contract at the applicable threshold per contract credit with rebate payments made at the highest achieved volume tier for each contract traded in that month. See Fee Schedule, Section 1a(iii).
liquidity, and no surcharge for resting liquidity. As stated above, this is substantially similar to a surcharge assessed on another exchange.\textsuperscript{37} The Exchange notes that, although its base fee is slightly higher (with a similar complex fee approach), the Exchange believes that this is fair and equitable because the Exchange offers technology with unique risk mitigation features not available elsewhere, such as the Implied Away Best Bid or Offer (“ixABBO”) Price Protection. See Exchange Rule 518.05(d).

The Exchange’s proposal to assess the $0.08 surcharge is also consistent with Section 6(b)(5) of the Act \textsuperscript{38} because it perfects the mechanisms of a free and open market and a national market system and protect investors and the public interest by encouraging participants to provide liquidity on the Strategy Book, which the Exchange believes is an important competitive tool that directly or indirectly can provide better prices for investors. The proposed fee structure may narrow the MIAX Bid and Offer (“MBBO”) because not charging the $0.08 surcharge to participants with resting liquidity on the Strategy Book effectively subsidizes, and thus encourages, the posting of liquidity on MIAX. Giving greater incentive for Market Makers to either match or improve upon the best price displayed on MIAX benefits investors and the public by improving execution prices.

Non-Priority Customers, non-MIAX Market Makers, broker-dealers and Firms that use sophisticated trading systems will be able to remove liquidity quickly from the Strategy Book, and thus the Exchange believes that assessing the surcharge to participants who remove liquidity, and not assessing the surcharge to participants with complex orders resting on the Strategy Book is reasonable and not unfairly discriminatory. Moreover, the proposed surcharge is substantially similar to the surcharge on CBOE,\textsuperscript{39} and has been accepted as not unfairly discriminatory under the Act.\textsuperscript{40} The Exchange believes for these reasons that the surcharge is equitable, reasonable and not unfairly discriminatory, and thus consistent with the Act.

The proposed assessment of the Marketing Fee for all complex order transactions that are executed by a Market Maker in their assigned classes when the contra-party to the trade is a Priority Customer is equitable and not unfairly discriminatory because the fee will apply equally to all Market Makers in their assigned classes. Further, the assessment of a Marketing Fee for complex transactions is a common practice of other exchanges.\textsuperscript{41} Attracting more order flow to the Exchange will bring greater volume and liquidity which in turn benefits all market participants by providing more trading opportunities and tighter spreads.

\textbf{B. Self-Regulatory Organization’s Statement on Burden on Competition}

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed fee structure for complex order transactions is intended to promote narrower spreads and greater liquidity at the best prices. The fee-based incentives for market participants to provide liquidity by submitting complex orders to the Exchange, and thereafter to improve the MBBO to ensure participation, should enable the Exchange to attract order flow and compete with other exchanges which also provide such incentives to their market participants for similar transactions.\textsuperscript{42}

The Exchange believes that increased complex order flow will bring greater volume and liquidity which in turn benefits all market participants by providing more trading opportunities and tighter spreads. Therefore, any potential effects that the adoption of the complex transaction fees may have on intra-market competition are justifiable due to the reasons stated above.

The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and to attract order flow. The Exchange believes that the proposed rule changes reflect this competitive environment because they modify the Exchange’s fees in a manner that encourages market participants to provide liquidity and to send order flow to the Exchange.

\textbf{C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others}

Written comments were neither solicited nor received.

\section*{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,\textsuperscript{43} and Rule 19b–4(f)(2)\textsuperscript{44} thereunder. 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. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

\section*{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:

\begin{itemize}
  \item \textbf{Electronic Comments}
    \begin{itemize}
      \item Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or
      \item Send an email to rule-comments@sec.gov. Please include File Number SR–MIAX–2016–38 on the subject line.
    \end{itemize}
  \item \textbf{Paper Comments}
    \begin{itemize}
      \item Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.
    \end{itemize}
\end{itemize}

All submissions should refer to File Number SR–MIAX–2016–38. 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

\begin{itemize}
  \item \textsuperscript{37} See supra note 16.
  \item \textsuperscript{38} 15 U.S.C. 78f(b)(1) and (b)(5).
  \item \textsuperscript{39} See supra notes 16, 37.
  \item \textsuperscript{40} See CBOE Fees Schedule Complex Taker Fee, (describing a per contract, per side surcharge at note 35); see also International Securities Exchange (“ISE”) Schedule of Fees, Section II. ISE’s fee structure does not include a specific “taker surcharge” in the same manner as CBOE (and which is also proposed by the Exchange) but instead includes a higher taker fee for complex transactions that remove liquidity from the complex order book.
  \item \textsuperscript{41} See CBOE Fees Schedule, p. 4; see also Phlx Pricing Schedule, Section II.
  \item \textsuperscript{42} See, e.g., Phlx Pricing Schedule, Section B (Customer Rebate Program).
  \item \textsuperscript{44} 17 CFR 240.19b–4(f)(2).
\end{itemize}
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–MIAX–2016–38, and should be submitted on or before November 22, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.45
Brent J. Fields, Secretary.

[FR Doc. 2016–26297 Filed 10–31–16; 8:45 am]
BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION

Data Collection Available for Public Comments

ACTION: 60-day notice and request for comments.

SUMMARY: The Small Business Administration (SBA) intends to request approval, from the Office of Management and Budget (OMB) for the collection of information described below. The Paperwork Reduction Act (PRA) of 1995, 44 U.S.C. Chapter 35 requires federal agencies to publish a notice in the Federal Register concerning each proposed collection of information before submission to OMB, and to allow 60 days for public comment in response to the notice. This notice complies with that requirement.45

Brent J. Fields, Secretary.

[FR Doc. 2016–26297 Filed 10–31–16; 8:45 am]
BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 14934 and # 14935]

Georgia Disaster # GA–00082

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of GEORGIA (FEMA–4284–DR), dated 10/20/2016. Incident: Hurricane Matthew. Incident Period: 10/04/2016 through 10/15/2016.

Effective Date: 10/20/2016.
Physical Loan Application Deadline Date: 12/19/2016.
Economic Injury (EIDL) Loan Application Deadline Date: 07/20/2017.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing and Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.


SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President’s major disaster declaration on 10/20/2016, Private Non-Profit organizations that provide essential services of governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:
Primary Counties:
Brantley; Bryan; Bulloch; Camden; Candler; Chatham; Effingham; Emanuel; Evans; Glynn; Jenkins; Liberty; Long; McIntosh; Pierce; Screven; Tattnall; Toombs; Wayne
The Interest Rates are:

<table>
<thead>
<tr>
<th>For Physical Damage:</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Profit Organizations With Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
<tr>
<td>Non-Profit Organizations Without Credit Available Elsewhere</td>
<td>2.625</td>
</tr>
</tbody>
</table>

The number assigned to this disaster for physical damage is 149348 and for economic injury is 149358
(Catalog of Federal Domestic Assistance Number 59008)

Lisa Lopez-Suarez,
Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2016–26285 Filed 10–31–16; 8:45 am]
BILLING CODE 8025–01–P

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 14839 and # 14840]

California Disaster # CA–00252

AGENCY: U.S. Small Business Administration.

ACTION: Amendment 1.

[FR Doc. 2016–26285 Filed 10–31–16; 8:45 am]
BILLING CODE 8025–01–P