

assure overall effectiveness of such controls and procedures. Each such broker or dealer is required to preserve a copy of its supervisory procedures and a written description of its risk management controls as part of its books and records in a manner consistent with Rule 17a-4(e)(7) under the Exchange Act. Such regular review is required to be conducted in accordance with written procedures and is required to be documented. The broker or dealer is required to preserve a copy of such written procedures, and documentation of each such review, as part of its books and records in a manner consistent with Rule 17a-4(e)(7) under the Exchange Act, and Rule 17a-4(b) under the Exchange Act, respectively.

In addition, the Chief Executive Officer (or equivalent officer) is required to certify annually that the broker or dealer's risk management controls and supervisory procedures comply with the rule, and that the broker-dealer conducted such review. Such certifications are required to be preserved by the broker or dealer as part of its books and records in a manner consistent with Rule 17a-4(b) under the Exchange Act. Compliance with Rule 15c3-5 is mandatory.

Respondents consist of broker-dealers with access to trading directly on an exchange or ATS. The Commission estimates that there are currently 640 respondents. To comply with Rule 15c3-5, these respondents will spend a total of approximately 102,400 hours per year (160 hours per broker-dealer  $\times$  640 broker-dealers = 102,400 hours). At an average internal cost per burden hour of approximately \$339.09, the resultant total related internal cost of compliance for these respondents is \$34,722,560 per year (102,400 burden hours multiplied by approximately \$339.09/hour). In addition, for hardware and software expenses, the Commission estimates that the average annual external cost would be approximately \$20,500 per broker-dealer, or \$13,120,000 in the aggregate (\$20,500 per broker-dealer  $\times$  640 brokers and dealers = \$13,120,000).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following Web site: [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503,

or by sending an email to: [Shagufta Ahmed@omb.eop.gov](mailto:Shagufta.Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: November 16, 2016.

**Brent J. Fields,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

### Proposed Collection; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE., Washington, DC 20549-2736.

#### Extension:

Rule 201 and Rule 200(g) of Regulation SHO, SEC File No. 270-606, OMB Control No. 3235-0670.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) ("PRA"), the Securities and Exchange Commission ("Commission") is soliciting comments on the existing collection of information provided for in Rule 201 (17 CFR 242.201) and Rule 200(g) (17 CFR 242.200(g)) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget ("OMB") for extension and approval.

Rule 201 is a short sale-related circuit breaker rule that, if triggered, imposes a restriction on the prices at which securities may be sold short. Rule 200(g) provides that a broker-dealer may mark certain qualifying sell orders "short exempt." The information collected under Rule 201's written policies and procedures requirement applicable to trading centers, the written policies and procedures requirement of the broker-dealer provision of Rule 201(c), the written policies and procedures requirement of the riskless principal provision of Rule 201(d)(6), and the "short exempt" marking requirement of Rule 200(g) enable the Commission and self-regulatory organizations ("SROs") to examine and monitor for compliance with the requirements of Rule 201 and Rule 200(g).

In addition, the information collected under Rule 201's written policies and procedures requirement applicable to trading centers helps to ensure that trading centers do not execute or display any impermissibly priced short sale orders, unless an order is marked "short exempt," in accordance with the rule's requirements. Similarly, the information collected under the written policies and procedures requirement of the broker-dealer provision of Rule 201(c) and the riskless principal provision of Rule 201(d)(6) helps to ensure that broker-dealers comply with the requirements of these provisions. The information collected pursuant to the "short exempt" marking requirement of Rule 200(g) also provides an indication to a trading center of when it must execute or display a short sale order without regard to whether the short sale order is at a price that is less than or equal to the current national best bid.

It is estimated that SRO and non-SRO respondents registered with the Commission and subject to the collection of information requirements of Rule 201 and Rule 200(g) incur an aggregate annual burden of 2,908,309 hours to comply with the rules and an aggregate annual external cost of \$120,000.

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or send an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov).

Dated: November 16, 2016.

**Brent J. Fields,**  
Secretary.

[FR Doc. 2016-28027 Filed 11-21-16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79326; File No. SR-Phlx-2016-113]

### Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Limit Order Protection

November 16, 2016.

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> notice is hereby given that on November 15, 2016, NASDAQ PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I and II 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.

#### I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Limit Order Protection or “LOP” for members accessing PSX and adding rule text related to a collar applicable to Primary Pegging and Market Pegging Orders.

The text of the proposed rule change is available on the Exchange’s Web site at <http://nasdaqphlx.cchwallstreet.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 aspects 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 recently adopted a new mechanism to protect against erroneous Limit Orders which are entered into PSX at Rule 3307(f).<sup>3</sup> This mechanism addresses risks to market participants of human error in entering Limit Orders at unintended prices. Specifically, LOP prevents certain Limit Orders from executing or being placed on the Order Book at prices outside pre-set standard limits. The System rejects those Limit Orders, rather than executing them automatically. LOP rejects Limit Orders back to the member when the order exceeds certain defined logic. Specifically, LOP prevents certain Limit Orders at prices outside of pre-set standard limits (“LOP Limit”) from being accepted by the System.

##### Modifications of Orders

In its adoptive filing, the Exchange noted that LOP shall apply to all Quotes and Orders, including any modified Orders.<sup>4</sup> At this time, the Exchange proposes to remove “including any modified Orders” from the rule text at rule 3307(f)(i). The Exchange proposes to amend this language because it is misleading and may cause confusion. The Exchange proposes to state that LOP shall apply to all Quotes and Orders, including Quotes and Orders that have been modified, where the modification results in a new timestamp and priority.<sup>5</sup> Any Order that is modified within the System, but does not lose priority, for example an Order that was decremented, will not be subject to LOP after it was modified because the system does not cancel decremented orders from the Order Book. If an Order is cancelled either by the member or by the system and a new Order entered into the System, the new Order would be subject to LOP. For example, if the price of an Order is modified, the system will cancel the Order and the modified Order would receive a new timestamp and priority and this Order would be subject to LOP.

##### Exceptions to LOP

The Exchange also noted in its adoptive filing that LOP would not

<sup>3</sup> See Securities Exchange Act Release No. 78246 [sic] (August 24, 2016), 81 FR 59672 (August 30, 2016) (SR-Phlx-2016-58).

<sup>4</sup> If an Order is modified, LOP will review the order anew and, if LOP is triggered, such modification will not take effect and the original order will be rejected.

<sup>5</sup> See Rule 4756 (Entry and Display of Quotes and Orders) at (a)(3).

apply to Market Orders, Market Maker Peg Orders<sup>6</sup> or Intermarket Sweep Orders (ISO).<sup>7</sup> The Exchange proposes to modify this language to specifically state that LOP would not apply to Orders with Market and Primary Pegging.<sup>8</sup>

There are three types of Pegging Orders: Primary Pegging, Market Pegging and Midpoint Pegging. Pegging is an Order Attribute that allows an Order to have its price automatically set with reference to the NBBO; provided, however, that if PSX is the sole market center at the Best Bid or Best Offer (as applicable), then the price of any Displayed Order with Primary Pegging (as defined below) will be set with reference to the highest bid or lowest offer disseminated by a market center other than PSX. An Order with a Pegging Order Attribute may be referred to as a “Pegged Order.”<sup>9</sup> For purposes of this Rule 3301B, the price to which an Order is pegged will be referred to as the Inside Quotation, the Inside Bid, or the Inside Offer, as appropriate. There are three varieties of Pegging:

- Primary Pegging means Pegging with reference to the Inside Quotation on the same side of the market. For example, if the Inside Bid was \$11, an Order to buy with Primary Pegging would be priced at \$11.
- Market Pegging means Pegging with reference to the Inside Quotation on the opposite side of the market. For example, if the Inside Offer was \$11.06, an Order to buy with Market Pegging would be priced at \$11.06.
- Midpoint Pegging means Pegging with reference to the midpoint between the Inside Bid and the Inside Offer (the “Midpoint”). Thus, if the Inside Bid was \$11 and the Inside Offer was \$11.06, an Order with Midpoint Pegging would be priced at \$11.03.

<sup>6</sup> A “Market Maker Peg Order” is an Order Type designed to allow a Market Maker to maintain a continuous two-sided quotation at a displayed price that is compliant with the quotation requirements for Market Makers set forth in Rule 3213(a)(2). The displayed price of the Market Maker Peg Order is set with reference to a “Reference Price” in order to keep the displayed price of the Market Maker Peg Order within a bounded price range. A Market Maker Peg Order may be entered through RASH or FIX only. A Market Maker Peg Order must be entered with a limit price beyond which the Order may not be priced. The Reference Price for a Market Maker Peg Order to buy (sell) is the then-current National Best Bid (National Best Offer) (including PSX), or if no such National Best Bid or National Best Offer, the most recent reported last-sale eligible trade from the responsible single plan processor for that day, or if none, the previous closing price of the security as adjusted to reflect any corporate actions (e.g., dividends or stock splits) in the security. See PSX Rule 3301A(b)(5)(A).

<sup>7</sup> An Intermarket Sweep or ISO Order, which is an Order that is immediately executable within PSX against Orders against which they are marketable, is not subject to LOP. See PSX Rule 3401(g).

<sup>8</sup> Orders with Market and Primary Pegging available through RASH and FIX only.

<sup>9</sup> PSX Rule 3301B(d).

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

<sup>2</sup> 17 CFR 240.19b-4.