

to make amendments to Exchange rules to streamline the operation of Reserve Orders on the Exchange by removing little-used functionality that allowed Reserve Orders to be combined with Q Orders.

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

No written comments were solicited or received with respect to the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>9</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>10</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. According to the Exchange, this proposal would eliminate functionality not used by market participants, and the Exchange anticipates that the technology supporting the change will be available in less than 30 days after filing. The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.<sup>11</sup>

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>11</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 change should be approved or disapproved.

**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:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2016-151 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSEArca-2016-151. 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 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-NYSEArca-2016-151 and should be submitted on or before December 21, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-79385; File No. SR-BatsBZX-2016-77]

**Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Make Ministerial and Corrective Changes to Exchange Rules 11.13, 11.16, 11.22, and 11.27**

November 23, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 16, 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 this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it 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 make ministerial and corrective changes to Exchange Rules 11.13(b), 11.16(g)(4), 11.22(f), and 11.27(a)(7)(A)(i)2.

The text of the proposed rule change is available at the Exchange's Web site

<sup>12</sup> 17 CFR 200.30-3(a)(12).

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

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

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

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

at [www.batstrading.com](http://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 make ministerial and corrective changes to Exchange Rules 11.13(b), 11.16(g)(4), 11.22(f), and 11.27(a)(7)(A)(i)2. First, the Exchange proposed to amend Rule 11.13(b) to correct an incorrect cross reference. Exchange Rule 11.13(b) states that depending on the instructions set by the User<sup>5</sup> when the incoming order was originally entered, if a market or marketable limit order has not been executed in its entirety pursuant to Exchange Rule 11.13(a) above, the order shall be eligible for additional processing under one or more of the routing options listed under paragraph (a)(3) of Rule 11.13. The reference to paragraph (a)(3) of Rule 11.13 is incorrect as the routing options are listing under paragraph (b)(3) of Rule 11.13. Therefore, the Exchange proposes to replace reference to paragraph (a)(3) with paragraph (b)(3).

Second, the Exchange proposes to amend Rule 11.16(g)(4) to delete an unnecessary cross reference. Exchange Rule 11.16(a)(4) states that "[t]he pass-through of any compensation to a Member in accordance with this subparagraph (g) is unrelated to any other claims for compensation that are made in accordance with, and subject to the limits of, subparagraph (d) of this Rule 11.16." The Exchange now proposes to delete reference to "11.16" as a specific reference to the rule is not integral nor necessary to the meaning or application of Rule 11.16 generally.<sup>6</sup>

Third, the Exchange proposes to amend Rule 11.22(f) to delete a description of the Latency Monitoring data product, which the Exchange ceased to offer in May 2015. The Exchange determined that the customer demand at that time did not warrant the infrastructure and ongoing maintenance expense required to support the product.

Lastly, the Exchange proposes to amend Rule 11.27(a)(7)(A)(i)2 to correct a typographical error by replacing the phrase "one of more" with "one or more".

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange believes the proposed changes promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system because they seek to correct an incorrect cross-reference and typographical error, harmonize identical rules with the Exchange's affiliates, as well as eliminate a reference [sic] a market data product that is no longer provided. The Exchange notes the changes to Exchange Rules 11.13(b), 11.16(a)(4), and 11.27(a)(7)(A)(i)2 are ministerial and do not alter the applications of each rule. In addition, the deletion of references to the Latency Monitoring Data product removes references to a product the Exchange no longer provides and that the Exchange is not required by any rule or regulation to offer. As such, the proposed amendments would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

### (B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance

of the purposes of the Act. On the contrary, the proposed rule change will have no impact on competition as it is simply makes ministerial and corrective changes while not altering the meaning or application of each rule.

### (C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

## III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (A) Significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, become operative for 30 days from the date on which it was filed or such shorter time as the Commission may designate it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and paragraph (f)(6) of Rule 19b-4 thereunder,<sup>10</sup> the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

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: (1) Necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Act. Comments may be submitted by any of the following methods:

Exchange's affiliates, Bats EDGA Exchange, Inc. and Bats EDGX Exchange, Inc. SR-Bats-EDGX-2016-65 and SR-BatsEDGA-2016-28.

<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4.

<sup>5</sup> See Exchange Rule 1.5(cc).

<sup>6</sup> Removal of the rule reference would also harmonize the rule language with similar rule of the

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-BatsBZX-2016-77 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File No. SR-BatsBZX-2016-77. 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 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 such filing will also 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 No. SR-BatsBZX-2016-77 and should be submitted on or before December 21, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-79384; File No. SR-NYSEArca-2016-70]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Proposed Rule Change, as Modified by Amendment Nos. 1 and 2 Thereto, Regarding Use of Rule 144A Securities by the Fidelity Corporate Bond ETF, Fidelity Investment Grade Bond ETF, Fidelity Limited Term Bond ETF, and Fidelity Total Bond ETF**

November 23, 2016.

**I. Introduction**

On May 11, 2016, NYSE Arca, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to permit the Fidelity Corporate Bond ETF, Fidelity Investment Grade Bond ETF, Fidelity Limited Term Bond ETF, and Fidelity Total Bond ETF (individually, "Fund," and collectively, "Funds") to consider securities issued pursuant to Rule 144A under the Securities Act of 1933 ("Securities Act") as debt securities eligible for principal investment. The proposed rule change was published for comment in the **Federal Register** on May 31, 2016.<sup>3</sup> On June 30, 2016, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On July 26, 2016, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>6</sup> On August 29,

<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. 77891 (May 24, 2016), 81 FR 34388 ("Notice").

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 78207, 81 FR 44338 (Jul. 7, 2016). The Commission designated 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.

<sup>6</sup> In Amendment No. 1, which amended and replaced the proposed rule change in its entirety, the Exchange: (a) corrected certain aspects of the investment descriptions for each Fund in accordance with the Prior Corporate Bond Releases and Prior Total Bond Releases (as defined herein); (b) confirmed that all of the Rule 144A securities in which a Fund invests will be corporate debt securities for which transactions are reported to TRACE (as defined herein); and (c) confirmed that FINRA (as defined herein), on behalf of the Exchange, is able to access, as needed, trade information for the Rule 144A securities as well as certain other fixed income securities held by the

2016, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1 thereto.<sup>8</sup> In the Order Instituting Proceedings, the Commission solicited comments to specified matters related to the proposal.<sup>9</sup> On November 22, 2016, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>10</sup> The Commission has received no comments on the proposed rule change. This order grants approval of the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto.

**II. Exchange's Description of the Proposal**

The Commission approved the listing and trading of shares ("Shares") of the Funds under NYSE Arca Equities Rule 8.600,<sup>11</sup> which governs the listing and

Funds reported to TRACE. Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-nysearca-2016-70/nysearca201670-1.pdf>. Because Amendment No. 1 to the proposed rule change does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment No. 1 is not subject to notice and comment.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> See Securities Exchange Act Release No. 78712, 81 FR 60759 (Sept. 2, 2016) ("Order Instituting Proceedings"). Specifically, the Commission instituted proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(5) of the Act, which requires, among other things, that the rules of a national securities exchange be "designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade," and "to protect investors and the public interest." See *id.*, 81 FR at 60764.

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

<sup>10</sup> In Amendment No. 2, which amended and replaced the proposed rule change in its entirety, the Exchange clarified that no more than 35% of a Fund's assets may be invested in Rule 144A securities. Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-nysearca-2016-70/nysearca201670-2.pdf>. Because Amendment No. 2 to the proposed rule change does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, Amendment No. 2 is not subject to notice and comment.

<sup>11</sup> See Securities Exchange Act Release Nos. 72068 (May 1, 2014), 79 FR 25923 (May 6, 2014) (SR-NYSEArca-2014-47) (notice of filing of proposed rule change relating to listing and trading of Shares of Fidelity Corporate Bond ETF Managed Shares under NYSE Arca Equities Rule 8.600) ("Prior Corporate Bond Notice"); 72439 (Jun. 20, 2014), 79 FR 36361 (Jun. 26, 2014) (SR-NYSEArca-2014-47) (order approving proposed rule change relating to listing and trading of Shares of Fidelity Corporate Bond ETF Managed Shares under NYSE Arca Equities Rule 8.600) ("Prior Corporate Bond Order" and, together with the Prior Corporate Bond Notice, "Prior Corporate Bond Releases"); 72064 (May 1, 2014), 79 FR 25908 (May 6, 2014) (SR-NYSEArca-2014-46) (notice of filing of proposed rule change relating to listing and trading of Shares of Fidelity Investment Grade Bond ETF; Fidelity Limited Term Bond ETF; and Fidelity Total Bond ETF under NYSE Arca Equities Rule 8.600) ("Prior Total Bond Notice"); 72748 (Aug. 4, 2014), 79 FR 46484 (Aug. 8, 2014) (SR-NYSEArca-2014-46)

<sup>11</sup> 17 CFR 200.30-3(a)(12).