

Steering Group (“ISC”) and an industry working group to facilitate the transition to a T+2 settlement cycle for U.S. trades in equities, corporate and municipal bonds, and unit investment trusts.¹⁶ The ISC has identified September 5, 2017, as the target date for the transition to a T+2 settlement cycle to occur.¹⁷

For the reasons noted above, the Commission finds that the proposal is consistent with the requirements of the Act and would foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and to protect investors and the public interest.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁸ that the proposed rule change (SR–NYSEMKT–2016–119), be and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–80019; File No. SR–NYSE–2017–03]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change Amending Rule 98

February 10, 2017.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the “Act”) ² and Rule 19b–4 thereunder,³ notice is hereby given that, on January 26, 2017, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in

¹⁶ See Press Release, DTCC, Industry Steering Committee and Working Group Formed to Drive Implementation of T+2 in the U.S. (Oct. 2014), <http://www.dtcc.com/news/2014/october/16/ust2.aspx>.

¹⁷ See Press Release, ISC, U.S. T+2 ISC Recommends Move to Shorter Settlement Cycle On September 5, 2017 (Mar. 7, 2016), <http://www.ust2.com/pdfs/T2-ISC-recommends-shorter-settlement-030716.pdf>.

¹⁸ 15 U.S.C. 78s(b)(2).

¹⁹ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b–4.

Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 98 to provide that, while on the Trading Floor, Designated Market Makers (“DMM”) must trade DMM securities at their assigned stock trading post location and may not trade any security that is a related product of their DMM securities. The proposed rule change is available on the Exchange’s Web site at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 98 to provide that, while on the Trading Floor, DMMs must trade DMM securities at their assigned stock trading post location and may not trade any security that is a related product of their DMM securities.⁴

⁴ As defined in Rule 2(i), the term “DMM” means an individual member, officer, partner, employee or associated person of a Designated Market Maker Unit who is approved by the Exchange to act in the capacity of a DMM. The term “DMM securities” is defined in Rule 98(a)(2) to mean any securities allocated to the DMM unit pursuant to Rule 103B or other applicable rules. The term “related products” is defined in Rule 98(a)(7) to mean any derivative instrument that is related to a DMM security, including options, warrants, hybrid securities, single-stock futures, security-based swap agreement, a forward contract, or any other instrument that is exercisable into or whose price is based upon or derived from a security traded at the Exchange.

Background

Rule 98 governs the operation of a DMM unit and paragraph (c)(3) of that rule specifies restrictions on trading for member organizations operating a DMM unit. More specifically, Rule 98(c)(3)(B) provides that, while on the Trading Floor ⁵ of the Exchange, employees of the DMM unit:

(i) Except as provided for in Rule 36.30,⁶ may trade only DMM securities only on or through the systems and facilities of the Exchange as permitted by Exchange rules.

(ii) except as provided for in Rules 36.30, may not communicate with individuals or systems responsible for making trading decisions for related products or for away-market trading in their assigned DMM securities.

(iii) shall not have access to customer information or the DMM unit’s position in related products.

Accordingly, under current Rule 98, while on the Trading Floor, DMMs may only trade DMM securities and, thus, may not trade any other securities, including securities that are related products to their DMM securities.

Proposed Rule Change

The Exchange proposes to amend Rule 98 to remove restrictions to DMM operations on the Trading Floor that are unrelated to the unique role of DMMs at the Exchange. Specifically, as described in Rule 104, DMMs have specified obligations with respect to their DMM securities and have access to specified non-public order information regarding their DMM securities.⁷ However, DMMs do not have a unique role or access to any non-public order information with respect to securities that are not assigned to them under Rule 103B. The

⁵ As defined in Rule 6A, the term “Trading Floor” means the restricted-access physical areas designated by the Exchange for the trading of securities, commonly known as the “Main Room” and the “Buttonwood Room” and does not include (i) the areas in the “Buttonwood Room” designated by the Exchange where NYSE Amex-listed options are traded, which, for the purposes of the Exchange’s Rules, shall be referred to as the “NYSE Amex Options Trading Floor” or (ii) the physical area within fully enclosed telephone booths located in 18 Broad Street at the Southeast wall of the Trading Floor.

⁶ Rule 36.30 permits a DMM unit that is registered in an Investment Company Unit (as defined in Section 703.16 of the Listed Company Manual) or a Trust Issued Receipt (as that term is defined in Rule 1200) to use a telephone connection or order entry terminal at the DMM unit’s post to enter proprietary orders in the Unit or receipt in another market center, in a Component Security of such a Unit or receipt, or an options or futures contract related to such Unit or receipt, and may use the post telephone to obtain market information with respect to such Units, receipts, options, futures or Component Securities.

⁷ See, e.g., Rule 104(a) and (j).

Exchange therefore believes that the current Rule 98 restrictions are unnecessarily broad.

Accordingly, the Exchange proposes to amend Rule 98(c)(3)(B)(i) to provide that, while on the Trading Floor, employees of the DMM unit may trade DMM securities only on or through the systems and facilities of the Exchange at the DMM unit's assigned stock trading post location and as permitted by Exchange rules. Because the proposed rule would no longer specify the only securities that a DMM is permitted to trade, the Exchange proposes to delete the clause "except as provided for in Rule 36.30." The Exchange also proposes to add new Rule 98(c)(3)(B)(ii) to provide that while on the Trading Floor of the Exchange, employees of the DMM unit may not trade any security that is a related product of its DMM securities. The Exchange would renumber current Rules 98(c)(3)(B)(ii) and (iii) as new Rules 98(c)(3)(B)(iii) and (iv).

As a result of these proposed changes, DMMs would no longer be restricted from trading securities that are unrelated to DMM securities while on the Trading Floor. However, the proposed amendments would continue to require that, while on the Trading Floor, DMMs would not be able to trade any securities that are related products to DMM securities. The proposed amendment would also add a new requirement that DMMs may only trade their DMM securities at their assigned stock trading post.

The proposed rule change would allow Exchange DMMs that are also NYSE MKT LLC ("NYSE MKT") DMMs to continue to operate. Currently, NYSE MKT's cash equities trading operations share a Floor with the Exchange.⁸ DMMs who are also approved as NYSE MKT DMMs currently trade in both NYSE-listed DMM securities and NYSE MKT-listed DMM securities from the same physical location on the exchanges' respective Trading Floors.⁹ NYSE MKT has proposed to transition from a Floor-based trading model to a fully automated trading model.¹⁰ After such transition, NYSE MKT would continue to have electronic-access DMMs that would be the same member organizations that are currently operating as Floor-based NYSE MKT DMMs. The proposed amendment to

Rule 98 would permit NYSE DMMs to continue to support their electronic NYSE MKT DMM functions in the same physical location where they are currently operating.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹¹ that an Exchange have rules that are designed to promote the 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 that the proposed change would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would remove a restriction on DMMs from trading securities while on the Trading Floor that is unrelated to their role as a DMM. The Exchange also believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would maintain restrictions on DMM trading while on the Trading Floor that are narrowly drawn to reflect the unique role of the DMM. The Exchange further believes that the proposed rule change would remove impediments to and perfect the mechanism of a free and open market and a national market system because it would enable NYSE DMMs that also operate NYSE MKT DMMs to continue to support their NYSE MKT DMM operations after NYSE MKT transitions to be a fully automated trading market.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is designed to be pro-competitive because it would remove a restriction unique to DMMs, as specified in Rule 98, that limits which securities a DMM may trade while on the Trading Floor. No other member that trades on the Floor is subject to similar restrictions and the restrictions that the Exchange proposes to remove are unrelated to the DMM's unique role at the Exchange vis-à-vis their DMM securities. The proposed amendment would also promote competition because it would facilitate NYSE DMMs to be able to continue supporting their

NYSE MKT DMM operations once NYSE MKT transitions to be a fully automated trading market.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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. Please include File Number SR-NYSE-2017-03 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-NYSE-2017-03. 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

⁸ Compare NYSE MKT Rule 6—Equities with NYSE Rule 6.

⁹ NYSE MKT DMMs operate under the NYSE MKT Rule 98—Equities.

¹⁰ See SR-NYSEMKT-2017-1 ("NYSE MKT Trading Rules Filing"). Subject to rule approval, NYSE MKT anticipates transitioning off of its Floor in the second quarter of 2017.

¹¹ 15 U.S.C. 78f(b)(5).

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-NYSE-2017-03 and should be submitted on or before March 9, 2017.

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

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80015; File No. SR-NASDAQ-2017-007]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Data Fees at Rule 7026

February 10, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that, on January 30, 2017, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the 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.

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

The Exchange proposes to amend the Exchange's data fees at Rule 7026 to raise the monthly Enterprise License fee

for distribution of an Enhanced Display Solution from \$30,000 to \$33,500, as described further below.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on February 1, 2017.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.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 purpose of the proposed rule change is to raise the monthly Enterprise License fee for distribution of an Enhanced Display Solution from \$30,000 to \$33,500, and to correct a cross reference to Rule 7023.

EDS Enterprise License

An Enhanced Display Solution ("EDS") provides a display of Nasdaq depth-of-book data—data feeds with price quotations at more than one price level, such as TotalView, OpenView and Level 2—with the capability of connecting to an Application Programming Interface ("API"). The API allows Subscribers to export the depth-of-book data to a display application of their choosing, provided that the Distributor controls access to the application, monitors its use, and prevents redistribution of the data, either externally or internally.

The Enterprise License fee allows Distributors to purchase an EDS for professional subscribers at a fixed monthly per-subscriber rate. The current fee of \$30,000 per month permits the distribution of Nasdaq depth-of-book data to an unlimited number of professional subscribers at a monthly per-subscriber rate of \$70 for TotalView

and Level 2, and a monthly per-subscriber rate of \$6 for OpenView. The monthly per-subscriber fees for Distributors that elect not to purchase an EDS Enterprise License fee are \$74 for TotalView and Level 2 and \$6 for OpenView, as provided in Rule 7026(a)(1)(B). All Distributors who purchase an EDS, whether or not an Enterprise License is purchased, must pay the distributor fees set forth in Rule 7026(a)(1)(A). The Enterprise License is designed to provide a lower fee to the largest Distributors of depth-of-book data to encourage distribution of such data.

Proposed Changes

The Exchange proposes to raise the monthly EDS Enterprise License fee from \$30,000 to \$33,500, and to correct a cross reference to Rule 7023.

EDS Enterprise License

The proposed increase in the monthly EDS Enterprise License fee is reasonable in light of the value of EDS to Distributors and Subscribers, which has increased significantly due to technological advances that have occurred since EDS was introduced in January of 2012, particularly for those Distributors with sufficient volume to purchase an Enterprise License.

The key feature of EDS—the capability of connecting to an API—allows the Subscriber to transfer Nasdaq data to any number of applications. When EDS was first introduced, data was transferred to relatively simple applications, such as spreadsheets. Since 2012, EDS has become more valuable as the use of the API has moved from spreadsheets to complex analytic tools, enhancing the value of EDS to both Subscribers and Distributors.

Distributors that purchase EDS through the Enterprise License are among the greatest beneficiaries of EDS because they have the largest number of Subscribers. They are also in the best position to bear the cost of an increase in the price of EDS because of that larger subscriber base.

In summary, the price increase is justified by the increasing value of EDS to Distributors that purchase an Enterprise License.

Technical Correction

Nasdaq also proposes to correct a cross reference to Rule 7023 (Nasdaq Depth-of-Book Data).

On January 5, 2012, the Exchange filed with the Commission a proposal to amend Rule 7026 to offer an optional

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.