

of P.M.-settled S&P 500 Index options with expirations every Friday of the month.²⁰ The Commission believes that the proposal can thus benefit investors by providing them with additional trading flexibility for both simple and complex orders.

Further, the Exchange represents that there are minimal differences in the trading parameters of the two options classes.²¹ Although the appointment costs for SPXPM and SPX are different, the Exchange represents that market makers should not be adversely impacted by this proposal because all market-makers currently appointed in SPXPM also are appointed in SPX, which confers the right to trade SPXW options.²² The Commission believes that, to the extent the trading parameters of the two classes are substantively similar, the Exchange's proposal to move SPXPM options into the SPX options class does not raise novel issues.

Finally, SPXPM options currently are listed on a pilot basis. As part of the pilot, the Exchange has been required to submit to the Commission quarterly reports and annual reports that analyze the market impact and trading patterns of third-Friday P.M.-settled S&P 500 options. The Exchange represents that it will continue to provide this data in exactly the same scope and format.²³ The Commission believes that the continued pilot and reports will allow the Exchange and the Commission to monitor for and assess any potential adverse market impact caused by these P.M.-settled options.

Based on the Exchange's representations discussed above, and for the reasons noted above, the Commission believes that the proposal to move SPXPM options into the SPX options class is consistent with the Act.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act²⁴, that the proposed rule change (SR-CBOE-2016-091) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017-03573 Filed 2-23-17; 8:45 am]

BILLING CODE 8011-01-P

²⁰ See Notice, *supra* note 3, at 1386.

²¹ See *id.* at 1384-85.

²² See *id.* at 1385.

²³ See *id.*

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80059; File No. SR-NYSEArca-2017-16]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rules 6.62, 6.73 and Make a Conforming Change to Rule 6.47A

February 17, 2017.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 ("Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on February 10, 2017, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") 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 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 6.62 to eliminate Price Improving Orders and Quotes, and amend Rule 6.73 to eliminate the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote, and make a conforming change to Rule 6.47A. 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.

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 6.62 to eliminate Price Improving Orders and Quotes, and amend Rule 6.73 to eliminate the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote, and make a conforming change to Rule 6.47A. The Exchange proposes to eliminate these order types in order to streamline its rules and reduce complexity among its order type offerings.⁴

Elimination of Price Improving Orders and Quotes

The Exchange proposes to eliminate, and thus delete from its rules, Price Improving Orders and Quotes, as defined in Rule 6.62(s).

A Price Improving Order or Price Improving Quote is an order or quote to buy or sell an option at a specified price at an increment smaller than the minimum price variation in the security. Price Improving Orders and Quotes may be entered in increments as small as one cent. Because the Exchange has not implemented this functionality, the Exchange believes it is appropriate to delete the functionality from its rules.⁵

To reflect this elimination, the Exchange proposes to delete all references to Price Improving Orders and Quotes in Rule 6.62(s), and to the electronic and open outcry bidding and offering requirements associated with a Price Improving Order or Quote in the second introductory paragraph of Rule 6.73 and Rules 6.73(a), 6.73(b) and 6.73(c), and to delete in the Commentary to Rule 6.47A references to Rule 6.62(s) and 6.73, as follows:⁶

⁴ See e.g., Mary Jo White, Chair, Securities and Exchange Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014) (available at www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmw/jiw) ("I am asking the exchanges to conduct a comprehensive review of their order types and how they operate in practice. As part of this review, I expect that the exchanges will consider appropriate rule changes to help clarify the nature of their order types and how they interact with each other, and how they support fair, orderly, and efficient markets." *Id.*)

⁵ Though originally adopted as a competitive response to another options market introducing price improving orders, the Exchange never implemented this functionality for a variety of reasons, including technology and because most options volume was concentrated in Penny Pilot issues where price improving orders would be of little or no value.

⁶ See Securities Exchange Act Release No. 58079 (July 2, 2008), 73 FR 39365 (July 9, 2009) (SR-

- Delete Rule 6.62(s), which defines Price Improving Orders and Quotes;
- delete the second introductory paragraph of Rule 6.73, which describes which options may be designated for penny price improvement;
- delete Rule 6.73(a), which describes the electronic submission process in connection with a Price Improving Order or Quote;
- delete Rule 6.73(b), which describes the open outcry submission process in connection with a Price Improving Order or Quote;
- delete Rule 6.73(c), which describes the requirement to electronically “sweep” any penny pricing interest in the Exchange’s System; and
- delete in the Commentary to Rule 6.47A references to Rules 6.62(s) and 6.73.⁷

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁸ of the Act, in general, and furthers the objectives of Section 6(b)(5),⁹ in particular, 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, and to remove impediments to and perfect the mechanism of a free and open market and a national market system.

Specifically, the Exchange believes that eliminating Price Improving Orders and Quotes would remove impediments to and perfect a national market system by simplifying the functionality and complexity of its order types. The Exchange believes that eliminating these order types would be consistent with the public interest and the protection of investors because investors will not be harmed and in fact would benefit from the removal of complex functionality. The Exchange also believes that eliminating Price Improving Orders and Quotes would benefit investors and add transparency and clarity to the Exchange’s rules because the functionality of those order types was not implemented and therefore is not available. The Exchange further believes

that deleting a corresponding reference in Exchange rules to deleted order types, and the associated bidding and offering process in connection with a deleted order type, also removes impediments to and perfects the mechanism of a free and open market by ensuring that members, regulators and the public can more easily navigate the Exchange’s rulebook and better understand the order types available for trading on the Exchange. Removing an obsolete cross reference also furthers the goal of transparency and adds clarity to the Exchange’s rules.

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. The proposed change is not designed to address any competitive issue but would rather eliminate complex functionality and references to functionality that is not available, thereby reducing confusion and making the Exchange’s rules easier to understand and navigate.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and Rule 19b-4(f)(6) thereunder.¹¹ 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹² normally does not become operative prior to 30 days after the date of the filing. However, pursuant

to Rule 19b-4(f)(6)(iii),¹³ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)¹⁴ of the Act 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. Please include File Number SR-NYSEArca-2017-16 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 Number SR-NYSEArca-2017-16. 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

NYSEArca-2008-69) (notice of filing and immediate effectiveness of proposed rule change to permit use of a new order type known as Price Improving Orders and Quotes).

⁷ An affiliated Exchange recently eliminated Price Improving Orders and Quotes. See Securities Exchange Act Release No. 34-79875 (January 30, 2017), 82 FR 9256 (February 3, 2017) (SR-NYSEMKT-2017-03) (notice of filing and immediate effectiveness of proposed rule change amending rules).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² 17 CFR 240.19b-4(f)(6).

¹³ 17 CFR 240.19b-4(f)(6)(iii).

¹⁴ 15 U.S.C. 78s(b)(2)(B).

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–2017–16 and should be submitted on or before March 17, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–03572 Filed 2–23–17; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–80061; File No. SR–PEARL–2017–10]

Self-Regulatory Organizations; MIA X PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Establish the MIA X PEARL Fee Schedule

February 17, 2017.

Pursuant to the provisions of 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 February 13, 2017, MIA X PEARL, LLC (“MIA X PEARL” 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.

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

The Exchange is filing a proposal to establish the MIA X PEARL Fee Schedule (the “Fee Schedule”) by adopting rebates and fees applicable to participants trading options on and/or using services provided by MIA X PEARL.

MIA X PEARL commenced operations as a national securities exchange

registered under Section 6 of the Act³ on February 6, 2017.⁴ The Exchange proposes to establish its Fee Schedule. The Exchange initially filed the proposal on February 3, 2017 (SR–PEARL–2017–08). That filing has been withdrawn and replaced with the current filing (SR–PEARL–2017–10).

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.miaxoptions.com/rule-filings/pearl>, at MIA X PEARL’s principal office, 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 establish transaction rebates and fees, regulatory fees, and certain non-transaction fees applicable to market participants trading options on and/or using services provided by the Exchange. These rebates and fees will apply to all market participants trading options on and/or using services provided by MIA X PEARL.

Definitions

The Exchange has included a Definitions section at the beginning of the Fee Schedule. The purpose of the Definitions section is to streamline the Fee Schedule by placing many of the defined terms used in the Fee Schedule in one location at the beginning of the Fee Schedule. Many of the defined terms are also defined in Exchange Rules, particularly in Exchange Rule 100. Any defined terms that are also defined or otherwise explained in Exchange Rules contain a cross

³ 15 U.S.C. 78f.

⁴ See Securities Exchange Act Release No. 79543 (December 13, 2016), 81 FR 92901 (December 20, 2016) (File No. 10–227) (order approving application of MIA X PEARL, LLC for registration as a national securities exchange).

reference to the relevant Exchange Rule. The Exchange notes that other exchanges have Definitions sections in their respective fee schedule,⁵ and the Exchange believes that including a Definitions section in the front of the Exchange’s Fee Schedule makes the Fee Schedule more user-friendly.

i. Transaction Rebates/Fees

The proposed Fee Schedule sets forth transaction rebates and fees for all options traded on the Exchange in amounts that vary depending upon certain factors, including the type of market participant for whom the transaction is executed (*e.g.* Market Maker or Priority Customer) and the amount of volume executed by the Member, as described more fully below.

Exchange Add/Remove Tiered Rebates/Fees

In general, the Exchange proposes that Add/Remove Tiered Rebates/Fees applicable to all market participants will be based upon the total monthly volume executed by the Member⁶ on MIA X PEARL in the relevant origin type (not including Excluded Contracts)⁷ expressed as a percentage of total consolidated volume (“TCV”). TCV, which is defined in the Definitions section of the Fee Schedule, means total consolidated volume calculated as the total national volume in those classes listed on MIA X PEARL for the month for which the fees apply, excluding consolidated volume executed during the period time in which the Exchange experiences an “Exchange System Disruption” (solely in the option classes of the affected Matching Engine (as defined below)). The term Exchange System Disruption, which is defined in the Definitions section of the Fee Schedule, means an outage of a Matching Engine or collective Matching Engines for a period of two consecutive hours or more, during trading hours. The term Matching Engine, which is also defined in the Definitions section of the Fee Schedule, is a part of the MIA X PEARL electronic system that processes options orders and trades on a symbol-by-symbol basis. Some Matching Engines will process option classes with

⁵ See Exchange Act Release Nos. 70200 (August 14, 2013), 78 FR 51242 (August 20, 2013) (SR–Topaz–2013–10); 76453 (November 17, 2015), 80 FR 72999 (November 23, 2015) (SR–EDGX–2015–56).

⁶ “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of the Exchange Rules for purposes of trading on the Exchange as an “Electronic Exchange Member” or “Market Maker.” Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

⁷ “Excluded Contracts” means any contracts routed to an away market for execution.

¹⁵ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.