

unlikely event that it would be necessary or appropriate for FICC to access MBSA Clearing Fund deposits to address losses, liabilities or temporary financing needs incident to its clearance and settlement business. FICC also believes that the proposed rule change to delete the limiting language in Section 5 of MBSA Rule 4 is necessary and appropriate in furtherance of the Act because it would (i) reduce the risk of legal challenges to FICC's ability to access MBSA Clearing Fund deposits under scenarios in which FICC believes that such limitation was not intended or in which, FICC believes, such limitation would not be appropriate, thereby supporting FICC's compliance with Rule 17Ad-22(e)(1),⁴³ (ii) enhance FICC's comprehensive management of legal and operational risks, thereby supporting FICC's compliance with Rule 17Ad-22(e)(3)(i),⁴⁴ and (iii) enhance FICC's ability to establish and maintain appropriate recovery and orderly wind-down plans, thereby supporting FICC's compliance with Rule 17Ad-22(e)(3)(ii).⁴⁵

FICC does not believe the additional changes to correct grammar errors, delete superfluous words and otherwise align the text of Section 5 of MBSA Rule 4 to the text of Section 5 of GSD Rule 4 would have any impact upon competition, because these proposed rule changes would enhance the clarity and grammatical accuracy of the Rule and therefore would not have an impact on MBSA members or impose any other potential burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

FICC has not received or solicited any written comments relating to this proposal. FICC will notify the Commission of any written comments received by FICC.

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 within such longer period 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 such 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-FICC-2017-010 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-FICC-2017-010. 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 FICC and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-FICC-2017-010 and should be submitted on or before May 19, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁴⁶

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017-08578 Filed 4-27-17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80516; File No. SR-NYSEArca-2017-43]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services

April 24, 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 April 20, 2017, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Equities Schedule of Fees and Charges for Exchange Services ("Fee Schedule") to add a new pricing tier, the Large Order Tier, and to change pricing in Tier 3. The Exchange proposes to implement the fee changes effective April 20, 2017.⁴ 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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

⁴ The Exchange originally filed to amend the Fee Schedule on March 31, 2017 (SR-NYSEArca-2017-34) and withdrew such filing on April 10, 2017. On April 10, 2017, the Exchange re-filed to amend the Fee Schedule (SR-NYSEArca-2017-39) and withdrew such filing on April 20, 2017.

⁴³ 17 CFR 240.17Ad-22(e)(1).

⁴⁴ 17 CFR 240.17Ad-22(e)(3)(i).

⁴⁵ 17 CFR 240.17Ad-22(e)(3)(ii).

⁴⁶ 17 CFR 200.30-3(a)(12).

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Fee Schedule, as described below, to add a new pricing tier, the Large Order Tier, and change pricing in Tier 3. The proposed fee changes would be applicable to securities with a per share price of \$1.00 or above. The Exchange proposes to implement the fee changes on April 20, 2017.

Large Order Tier

Currently, ETP Holders, including Market Makers, are charged a fee of \$0.0010 per share for Market Orders,⁵ Market-On-Close ("MOC") Orders,⁶ Limit-On-Close ("LOC") Orders⁷ and Auction-Only Orders⁸ that are executed in the Closing Auction⁹ if the ETP Holder meets the current Tier 1, Tier 2 or Tier 3 requirements. ETP Holders that do not meet the Tier 1, Tier 2 or Tier 3 requirements are charged a fee of \$0.0012 per share for such orders, as provided in the Basic Rates section of the Fee Schedule. The Exchange is proposing a new pricing tier to incentivize large order flow to the Exchange. The proposed Large Order Tier fee of \$0.0010 per share would be applicable to ETP Holders, including Market Makers, that execute an average daily volume ("ADV") of 1,250,000 shares or greater of Market Orders, MOC Orders, LOC Orders and Auction-Only Orders executed in the Closing Auction from orders of 650,000 shares and

⁵ A Market Order is an unpriced order to buy or sell a stated amount of a security that is to be traded at the best price obtainable without trading through the NBBO. See Rule 7.31(a)(1).

⁶ A MOC Order is a Market Order that is to be traded only during the Closing Auction. See Rule 7.31(c)(4).

⁷ A LOC Order is a Limit Order that is to be traded only during the Closing Auction. See Rule 7.31(c)(3).

⁸ An Auction-Only Order is a Limit or Market Order that is to be traded only within an auction pursuant to Rule 7.35 or routed pursuant to Rule 7.34. Any quantity of an Auction-Only Order that is not traded in the designated auction is cancelled. See Rule 7.31(c).

⁹ The Closing Auction is conducted at the end of the Core Trading Session. See Rule 7.35(d).

greater ("Large Closing Orders") and that have a ratio of Large Closing Order shares to total shares executed during the month of at least 35%.

For example, if, in a month, an ETP Holder has an ADV of 3,000,000 shares of Market, MOC, LOC, and Auction-Only orders that are executed in the Closing Auction, of which 2,000,000 shares are from Large Closing Orders, and a total ADV of 5,000,000 shares (all volume, including but not limited to orders that add liquidity, take liquidity, are routed to and executed at other markets, and are executed in the Core Open Auction¹⁰ and Closing Auction), such ETP Holder will have a ratio of Large Closing Orders to total shares executed during the month of 40% (2,000,000/5,000,000). Such ETP Holder would therefore meet the proposed requirements of the Large Order Tier and the Exchange would charge this ETP Holder a fee of \$0.0010 per share for the 2,000,000 shares from Large Closing Orders. The remaining 1,000,000 shares executed in the Closing Auction that are not from Large Closing Orders would be charged per the Exchange's current fees, *i.e.*, \$0.0010 per share if the ETP Holder meets the Tier 1, Tier 2 or Tier 3 requirements, or \$0.0012 per share under the Basic Rates section of the Fee Schedule.

The proposed fee for Large Closing Orders is the lowest fee applicable to ETP Holders, and would be equivalent to the fee charged for Market, MOC, LOC, and Auction-Only orders that are executed in the Closing Auction if an ETP Holder meets Tier 1, Tier 2 or Tier 3 requirements. For the ETP Holder in the example above, absent the proposed fee, the ETP Holder would be charged a fee of \$0.0010 per share for Market, MOC, LOC, and Auction-Only orders that are executed in the Closing Auction if that ETP Holder met Tier 1, Tier 2 or Tier 3 requirements, or \$0.0012 per share under the Basic Rates section of the Fee Schedule.

For ETP Holders that qualify for the proposed Large Order Tier, Tiered or Basic Rates would apply to all other fees and credits, based on the ETP Holder's qualifying levels, and if an ETP Holder qualifies for more than one tier in the Fee Schedule, the Exchange would apply the most favorable rate available under such tiers.

Tier 3

The Fee Schedule currently provides, in Tier 1 and Tier 2 sections, that a fee of \$0.0010 per share is charged for

¹⁰ The Core Open Auction is conducted at the beginning of the Core Trading Session. See Rule 7.35(c).

Market, MOC, LOC and Auction-Only Orders executed in the Closing Auction. For Basic Rates customers, this fee is \$0.0012 per share.¹¹ Per the current Fee Schedule, Tier 3 customers are subject to the fee provided in the Basic Rates section of the Fee Schedule, or \$0.0012 per share. The Exchange proposes to modify the Tier 3 section of the Fee Schedule to include a \$0.0010 per share fee for Market, MOC, LOC and Auction-Only Orders executed in the Closing Auction for Tapes A, B and C.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹² in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,¹³ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes the proposed Large Order Tier is reasonable and equitably allocated because it would apply to ETP Holders and Market Makers that execute large orders in the Exchange's Closing Auction and is designed to incentivize these market participants to increase the orders sent directly to the Exchange and therefore provide liquidity that supports the quality of price discovery and promotes market transparency. The Exchange believes the new Large Order Tier is equitable because it would be available to all similarly situated ETP Holders and Market Makers on an equal basis and provides a fee that is reasonably related to the value of an exchange's market quality associated with higher volumes. The Exchange believes that the Large Order Tier proposal is reasonable because it provides ETP Holders with an additional way to qualify for the same \$0.0010 fee for Market, MOC, LOC, and Auction-Only orders that are charged to tiered customers.

The Exchange further believes that the proposed Large Order Tier is reasonable, equitable and not unfairly discriminatory because providing pricing tiers that favor a particular segment of securities or type of activity

¹¹ This fee for Basic Rates customers was increased to \$0.0012 per share in June 2016. See Securities Exchange Act Release No. 77925 (May 26, 2016), 81 FR 35412 (June 2, 2016) (SR-NYSEArca-2016-78) ("June Fee Filing"). Prior to the June Fee Filing, the fee for Market, MOC, LOC and Auction-Only Orders executed in the Closing Auction was \$0.0010 per share for all customers.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(4) and (5).

is not unusual. For example, NYSE MKT LLC provides a higher per share credit on a per transaction basis for displayed liquidity when adding liquidity in orders that originally display a minimum of 2,000 shares.¹⁴

The Exchange believes that the proposed new pricing tier would create an added incentive for ETP Holders and Market Makers to execute large orders on the Exchange. The Exchange believes that the proposed change is equitable and not unfairly discriminatory because providing a lower fee as an incentives for orders in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods) would contribute to investors' confidence in the fairness of their transactions and would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

Tier 3 customers have always been charged a fee of \$0.0010 per share. The Exchange does not believe that there is any confusion among market participants with respect to the applicable Tier 3 fee for Market, MOC, LOC and Auction-Only Orders executed in the Closing Auction, but rather that the addition of the proposed language would serve to provide transparency in the Exchange's rules, and is an equitable allocation of reasonable fees. The Exchange believes that the addition of the proposed Tier 3 fee is consistent with Section 6(b)(5) of the Act 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, by clarifying what fees apply for certain transactions and market participants.

For the foregoing reasons, the Exchange believes that the proposal is consistent with the Act.

¹⁴ See NYSE MKT Equities Price List, Transaction Fees and Credits For Non-ETP Securities Traded Pursuant to Unlisted Trading Privileges at https://www.nyse.com/publicdocs/nyse/markets/nyse-mkt/NYSE_MKT_Equities_Price_List.pdf. See also Securities Exchange Act Release No. 66599 (March 14, 2012), 77 FR 16302 (March 20, 2012) (SR-NYSEAmex-2012-17). The proposed Large Order Tier omits a reference to the originally displayed size like the NYSE MKT credit because auction orders on the Exchange are submitted to the auction once and do not decrement in size. While it could be possible for a market order to receive a fill and resize, the Exchange believes that this would be extremely unlikely.

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

In accordance with Section 6(b)(8) of the Act,¹⁵ the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the addition of the new Large Order Tier and the Tier 3 fee would encourage the submission of additional liquidity to a public exchange, thereby promoting price discovery and transparency and enhancing order execution opportunities for ETP Holders and Market Makers. The Exchange believes that this could promote competition between the Exchange and other execution venues, including those that currently offer similar order types and comparable transaction pricing, by encouraging additional orders to be sent to the Exchange for execution.

Finally, 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 or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of ETP Holders or competing order execution venues to maintain their competitive standing in the financial markets.

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 foregoing rule change is effective upon filing pursuant to Section

19(b)(3)(A)¹⁶ of the Act and subparagraph (f)(2) of Rule 19b-4¹⁷ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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)¹⁸ 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-2017-43 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-2017-43. 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

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(2).

¹⁸ 15 U.S.C. 78s(b)(2)(B).

¹⁵ 15 U.S.C. 78f(b)(8).

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 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-2017-43, and should be submitted on or before May 19, 2017.

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

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2017-08577 Filed 4-27-17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80515; File No. SR-NYSEArca-2017-45]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Reflect a Change in the Index Methodology Applicable to the Virtus Enhanced U.S. Equity ETF Under NYSE Arca Equities Rule 5.2(j)(3)

April 24, 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 April 20, 2017, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "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 the Substance of the Proposed Rule Change

The Exchange proposes to reflect a change in the index methodology applicable to the Virtus Enhanced U.S. Equity ETF ("Fund"). The Commission, pursuant to Section 19(b)(2) of the Act,

has previously approved listing and trading of shares of the Fund on the Exchange under NYSE Arca Equities Rule 5.2(j)(3). 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Commission has approved the listing and trading on the Exchange of shares ("Shares") of the Fund,⁴ under NYSE Arca Equities Rule 5.2(j)(3), which governs the listing and trading of Investment Company Units. The Exchange proposes to reflect a change in the index methodology applicable to the Fund from the index description in the Prior Notice, as described below. Shares of the Fund have not commenced trading on the Exchange as of the date of filing of this proposed rule change.

Index Methodology

As stated in the Prior Notice, the Fund's investment objective will be to seek investment results that, before fees and expenses, closely correspond to the price and yield performance of the Rampart Enhanced U.S. Equity Index (the "Index"). The Prior Notice stated that the Index is comprised of an equity portfolio enhanced by an "Options Strategy Overlay". The equity portfolio is comprised of the largest 400 U.S. exchange-listed stocks as measured by market capitalization. The portfolio is market capitalization-weighted and is

reconstituted and rebalanced on a quarterly basis. The Options Strategy Overlay uses an objective, rules-based methodology to transact in options linked to the S&P 500 Index (SPX). SPX options are traded on the Chicago Board Options Exchange. Each week, out of the money SPX put options and out of the money SPX call options are sold. The proceeds are used to buy an SPX call option. The strike prices of the options are systematically selected according to the prevailing volatility environment. In general, in higher volatility environments the short options will be struck farther out of the money.

The Exchange proposes to delete the representation in the eighth sentence of the preceding paragraph that proceeds are used to buy an SPX call option. Instead, proceeds from weekly sales of out-of-the-money SPX put and call options by the Fund (to the extent there are profits from such sales), as it attempts to meet its investment objective, will be collected by the Fund, and distributed periodically to shareholders, instead of such proceeds being used to purchase additional SPX call options. Between such distributions, there would be no additional exposure to SPX options via reinvestment in such options. Virtus ETF Advisers LLC (the "Adviser") represents that the proposed change to the Index methodology would provide a simplified strategy that emphasizes enhanced income to investors rather than enhanced total return.

There will be no change to the Fund's investment objective. Except for the change noted above, all other representations made in the Prior Releases remain unchanged.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)⁵ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices, and is designed to promote just and equitable principles of trade and to protect investors and the public interest. Proceeds from weekly sales of out-of-the-money SPX put and call options by the Fund, as it attempts

⁴ See Securities Exchange Act Release No. 79402 (November 25, 2016), 81 FR 86760 (December 1, 2016) (SR-NYSEArca-2016-131) ("Prior Order"). See also Securities Exchange Act Release No. 79101 (October 14, 2016) (SR-NYSEArca-2016-131) (notice of filing of proposed rule change relating to listing on the Exchange of Shares of the Fund) ("Prior Notice" and, together with the Prior Order, the "Prior Releases").

⁵ 15 U.S.C. 78f(b)(5).

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.