

*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-FINRA-2017-019 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-FINRA-2017-019. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2017-019 and should be submitted on or before July 24, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81032; File No. SR-BatsBZX-2017-43]

**Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Logical Ports on the Bats Equity Options Platform**

June 27, 2017.

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 June 16, 2017 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 the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change 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 amend its fees and rebates applicable to Members<sup>5</sup> and non-Members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange's Web site 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 modify the fee schedule applicable to the Exchange's options platform ("BZX Options") to amend the fees for logical ports. A logical port represents a port established by the Exchange within the Exchange's system for trading and billing purposes. Each logical port established is specific to a Member or non-Member and grants that Member or non-Member the ability to operate a specific application, such as FIX order entry or PITCH data receipt. The Exchange's Multicast PITCH data feed is available from two primary feeds, identified as the "A feed" and the "C feed", which contain the same information but differ only in the way such feeds are received. The Exchange also offers two redundant fees, identified as the "B feed" and the "D feed." The Exchange also offers a bulk-quoting interface which allows Users<sup>6</sup> of BZX Options to submit and update multiple bids and offers in one message through logical ports enabled for bulk-quoting.<sup>7</sup> The bulk-quoting application for BZX Options is a particularly useful feature for Users that provide quotations in many different options. Logical port fees are limited to logical ports in the Exchange's primary data center and no logical port fees are assessed for redundant secondary data center ports. The Exchange assesses the monthly per logical port fees for all of a Member and non-Member logical ports.

The Exchange currently charges for logical ports (including Multicast PITCH Spin Server and GRP ports) a fee \$650 per port per month. The Exchange now proposes to amend the fees for logical ports, Multicast PITCH Spin Server Ports for a set of primary ports (A or C feed), and GRP Ports for a set of primary ports (A or C feed) to \$750 per month.<sup>8</sup>

<sup>6</sup> A User on BZX Options is either a member of BZX Options or a sponsored participant who is authorized to obtain access to the Exchange's system pursuant to BZX Rule 11.3. See Exchange Rule 16.1(a)(63).

<sup>7</sup> See Securities Exchange Act Release Nos. 65133 (August 15, 2011), 76 FR 52032 (August 19, 2011) (SR-BATS-2011-029) and 65307 (September 9, 2011), 76 FR 57092 (September 15, 2011) (SR-BATS-2011-034).

<sup>8</sup> The Exchange does not propose to amend the monthly fee for purge ports.

<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)(ii).

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

<sup>5</sup> A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

The Exchange will continue to offer for free the ports necessary to receive the Exchange's redundant Multicast "B feed" and "D feed", as well as all ports made available in the Exchange's secondary data center.

The Exchange also proposes to amend the monthly fee for ports with bulk quoting capabilities. The Exchange currently charges \$1,500 per month for the User's first five logical ports with bulk quoting capabilities. Each logical port with bulk quoting capabilities in excess of five logical ports is subject to a fee of \$2,000 per month. The Exchange will continue to charge \$1,500 per month for the User's first and second logical ports. However, any logical port with bulk quoting capabilities in excess of two logical ports would be subject to a fee of \$2,500 per month.

#### Implementation Date

The Exchange proposes to implement these amendments to its fee schedule on July 3, 2017.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>9</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>10</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls.

The Exchange operates in a highly competitive market in which exchanges offer connectivity services as a means of facilitating the trading activities of Members and other participants.

Accordingly, fees charged for connectivity are constrained by the active competition for the order flow of such participants as well as demand for market data from the Exchange. If a particular exchange charges excessive fees for connectivity, affected members will opt to terminate their connectivity arrangements with that exchange, and adopt a possible range of alternative strategies, including routing to the applicable exchange through another participant or market center or taking that exchange's data indirectly. Accordingly, the exchange charging excessive fees would stand to lose not only connectivity revenues but also

revenues associated with the execution of orders routed to it by affected members, and, to the extent applicable, market data revenues. The Exchange believes that this competitive dynamic imposes powerful restraints on the ability of any exchange to charge unreasonable fees for connectivity.

The Exchange believes that the proposed fees for logical ports are equitably allocated, reasonable, and not unfairly discriminatory in that the proposed fees will help the Exchange to cover increasing infrastructure costs associated with offering and maintaining logical ports connections. The Exchange also notes its proposed fees are only modestly higher than those currently charged by the Nasdaq Stock Market LLC ("Nasdaq").<sup>11</sup> In addition, the Exchange believes that the proposed fees for logical ports with bulk quoting capabilities are also equitably allocated, reasonable, and not unfairly discriminatory. The proposal will help the Exchange to cover increasing infrastructure costs associated with offering and continuing to offer bulk-quoting capabilities to BZX Options Users. The Exchange notes that the use of such ports is optional and that market participants can continue to access BZX Options through other logical ports for \$750 per month. At the same time, the Exchange believes that its fees for bulk-quoting ports are reasonable, given the benefits and added efficiencies Users of BZX Options realize through such ports. The Exchange notes that charging different fees based on the number of ports a User subscribes to is designed to encourage Users to become more efficient, and reduce the number of ports used, thereby resulting in a corresponding increase in the efficiency that the Exchange would be able to realize with respect to managing its own infrastructure.

Lastly, the Exchange also believes that the proposed amendments to its fee schedule are non-discriminatory because they will apply uniformly to all Members. All Members that voluntarily select various service options will be charged the same amount for the same services. All Members have the option to select any connectivity option, and there is no differentiation among Members with regard to the fees charged for the services offered by the Exchange.

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

The Exchange believes its proposed amendments to its fee schedule would

not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors.

Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange believes that fees for connectivity are constrained by the robust competition for order flow among exchanges and non-exchange markets. Further, excessive fees for connectivity, including logical port fees, would serve to impair an exchange's ability to compete for order flow rather than burdening competition. The Exchange also does not believe the proposed rule change would impact intramarket competition as it would apply to all Members and non-Members equally.

#### (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 unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>13</sup> 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.

#### 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:

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(4).

<sup>11</sup> See Nasdaq Options Pricing, Chapter XV, Section 3(b) (charging a monthly fee of \$650 order entry ports).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f).

*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-BatsBZX-2017-43 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-BatsBZX-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 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 Number SR-BatsBZX-2017-43 and should be submitted on or before July 24, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

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

[FR Doc. 2017-13901 Filed 6-30-17; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81031; File No. SR-ICEEU-2017-006]

**Self-Regulatory Organizations; ICE Clear Europe Limited; Order Approving Proposed Rule Changes Relating to the CDS End-of-Day Price Discovery Policy and Price Submission Disciplinary Framework**

June 27, 2017.

**I. Introduction**

On April 26, 2017, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change (SR-ICEEU-2017-006) to amend ICE Clear Europe's End-of-Day Price Discovery Policy ("EOD Price Discovery Policy") (1) to change the calculation of firm trade notional limits with respect to single-name credit default swap ("CDS") contracts; (2) to update references to ICE Clear Europe's Clearing Risk Department, head of clearing risk, and other relevant risk personnel, and to add references to ICE Clear Europe's risk appetite, related risk metrics, and model validation and review policies; and (3) to amend ICE Clear Europe's Price Submission Disciplinary Framework with respect to the imposition of fines associated with missed price submissions. The proposed rule change was published for comment in the **Federal Register** on May 15, 2017.<sup>3</sup> The Commission received no comment letters regarding the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

**II. Description of Proposed Rule Change**

ICE Clear Europe proposed changes to its EOD Price Discovery Policy with respect to the calculation of firm trade notional limits for single-name CDS. Under its current EOD Price Discovery Policy, ICE Clear Europe requires CDS Clearing Members<sup>4</sup> to submit end-of-day prices with respect to instruments relating to a Clearing Member's open interest. Based on these Clearing Member price submissions, ICE Clear Europe calculates CDS end-of-day price

levels.<sup>5</sup> As a mechanism for ensuring that Clearing Members provide high-quality submissions, ICE Clear Europe selects a subset of CDS instruments, on random days, to be eligible for required firm trades between Clearing Members. Where Clearing Members are identified for the purposes of a firm trade pursuant to ICE Clear Europe's "cross and lock algorithm" based on their price submissions, ICE Clear Europe may require such Clearing Members to enter into firm trades with each other.<sup>6</sup>

In connection with the firm trade obligation, ICE Clear Europe has established pre-defined maximum notional amounts for firm trades in single-name CDS contracts ("firm trade notional limits"), which are currently set at the Clearing Member level.<sup>7</sup> ICE Clear Europe proposed to amend the manner in which it applies the firm trade notional limits so that such limits apply on a group level to affiliated Clearing Members, or "CP affiliate group" level, rather than at the individual Clearing Member level. A CP affiliate group consists of all CDS Clearing Members that own, are owned, or are under common ownership with other CDS Clearing Members.<sup>8</sup>

ICE Clear Europe believes that such an approach is appropriate because an affiliate group may have multiple CDS Clearing Members, which, in the absence of the proposed amendments, could result in a group-wide limit being multiples of the single entity notional limit.<sup>9</sup>

In addition to the changes to the firm trade notional limits, ICE Clear Europe also proposed changes to the EOD Price Discovery Policy to update references to ICE Clear Europe's Clearing Risk department and Head of Clearing Risk, as well as to certain other risk personnel.<sup>10</sup>

Other proposed changes to the EOD Price Discovery Policy include adding background information regarding standards relating to ICE Clear Europe's risk appetite, and related metrics and limits. Additionally, ICE Clear Europe proposed to amend the EOD Price Discovery Policy to include additional procedures relating to model validation and policy review. Under these amendments, the underlying models used to support the EOD Price Discovery Policy will be subject to an annual independent validation, and, pursuant to its terms of reference, the

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

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

<sup>3</sup> Securities Exchange Act Release No. 34-80631 (May 9, 2017), 82 FR 22357 (May 15, 2017) (SR-ICEEU-2017-006) ("Notice").

<sup>4</sup> Capitalized terms used in this order, but not defined herein, have the same meaning as in the ICE Clear Europe Clearing Rules.

<sup>5</sup> Notice, 82 FR at 22358.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>14</sup> 17 CFR 200.30-3(a)(12).