

proposed Refund is a unique, one-time situation that applies only to the April billing period. The Exchange believes that its well-formulated fee structure in the Pricing Schedule, which includes the Active SQF Port Fees, continues to work to attract liquidity to the Exchange. This benefits market participants and provides the opportunity for increased order interaction on the Exchange. The Exchange continues to incentivize members and member organizations, through the Exchange's Pricing Schedule, to select Phlx as a venue for bringing liquidity and trading by offering competitive pricing. Such competitive, differentiated pricing exists today on other options exchanges. The Exchange's goal is creating and increasing incentives to attract orders to the Exchange that will, in turn, benefit all market participants through increased liquidity at the Exchange.

The Exchange believes that its proposal to refund Specialists and Market Makers as discussed is equitable and not unfairly discriminatory because the Exchange will refund all Specialists and Market Makers that are eligible for such Refunds. A few Specialists and Market Makers hit the cap of \$42,000 for the variable Active SQF Port Fee and the cap of \$42,000 for the fixed Active SQF Port Fee. As a result, they did not, in fact, pay any overage and are not eligible for a Refund.<sup>17</sup> The Exchange believes that this is equitable because the Refunds will be given to all Specialists and Market Makers that are eligible. The Exchange believes that this is not unfairly discriminatory because the Refunds will be given only to those Specialists and Market Makers that, in fact, paid an overage for the April billing period.

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

The Exchange does not believe that the proposed rule change will impose an undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

The Exchange believes that offering Specialists and Market Makers the opportunity to utilize certain Active SQF Ports and returning to eligible Specialists and Market Makers the overages between the variable Active SQF Port Fee and fixed Active SQF Port Fee for the April billing period does not burden competition. The Exchange continues to charge all Specialists and Market Makers the Active SQF Port Fee.

by the technology refresh, a few members still need to keep the same number of ports.

<sup>17</sup> See supra note 13.

The Exchange operates in a highly competitive market, comprised of twelve options exchanges, in which market participants can easily and readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or rebates to be inadequate. Accordingly, the fees that are assessed by the Exchange are influenced by these robust market forces and therefore must remain competitive with fees charged and rebates paid by other venues and therefore must continue to be reasonable and equitably allocated to those members that opt to direct orders to the Exchange rather than competing venues.

Finally, in establishing the pricing structure for Active SQF Ports, the Exchange has considered the competitive nature of the market and believes that it has considered all relevant factors and has not considered irrelevant factors in order to establish fair, reasonable, and not unreasonably discriminatory fees and an equitable allocation of fees among all users. The Exchange believes that its proposal to return the overages from the April billing period complement this process.

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

No written comments were either solicited or received.

#### **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 (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2015-79 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-Phlx-2015-79. 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-Phlx-2015-79 and should be submitted on or before November 3, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

### **Submission for OMB Review; Comment Request**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services,

<sup>18</sup> 17 CFR 200.30-3(a)(12).

100 F Street NE., Washington, DC 20549-2736.

*Extension:*

Rule 17f-2(a). SEC File No. 270-34, OMB Control No. 3235-0034.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in the Rule 17f-2(a), (17 CFR 240.17f-2(a)), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*).

Rule 17f-2(a) (Fingerprinting Requirements for Securities Professionals) requires that securities professionals be fingerprinted. This requirement serves to identify security-risk personnel, to allow an employer to make fully informed employment decisions, and to deter possible wrongdoers from seeking employment in the securities industry. Partners, directors, officers, and employees of exchanges, brokers, dealers, transfer agents, and clearing agencies are included.

The Commission staff estimates that approximately 4,500 respondents will submit an aggregate total 300,700 new fingerprint cards each year or approximately 67 fingerprint cards per year per registrant. The staff estimates that the average number of hours necessary to complete a fingerprint card is one-half hour. Thus, the total estimated annual burden is 150,350 hours for all respondents (300,700 times one-half hour). The average internal labor cost of compliance per hour is approximately \$283. Therefore, the total estimated annual internal labor cost of compliance for all respondents is \$42,549,050 (150,350 times \$283).

This rule does not involve the collection of confidential information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following Web site: [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: [Shagufta Ahmed@omb.eop.gov](mailto:Shagufta.Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information

Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or by sending an email to: [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: October 6, 2015.

**Robert W. Errett,**

*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76087; File No. SR-CHX-2015-03]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Adopt and Implement CHX SNAP<sup>SM</sup>, an Intra-day and On-Demand Auction Service

October 6, 2015.

#### I. Introduction

On June 23, 2015, the Chicago Stock Exchange, Inc. (“CHX” or “Exchange”) 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 to implement CHX SNAP<sup>SM</sup>, an intra-day and on-demand auction service initiated at the request of market participants seeking to trade securities in bulk. The proposed rule change was published for comment in the **Federal Register** on July 8, 2015.<sup>3</sup> On August 6, 2015, 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 August 24, 2015, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>6</sup> Amendment No. 1 was published for comment in the **Federal**

<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. 75346 (July 1, 2015), 80 FR 39172.

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

<sup>5</sup> See Securities Exchange Act Release No. 75630, 80 FR 48375 (August 12, 2015). The Commission designated October 6, 2015, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>6</sup> Amendment No. 1 is publicly available on the Commission’s Web site at: <https://www.sec.gov/comments/sr-chx-2015-03/chx201503-1.pdf>.

**Register** on September 9, 2015.<sup>7</sup> The Commission did not receive any comment letters regarding the proposed rule change.

This order approves the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

#### II. Summary of the Proposal, as Modified by Amendment No. 1

The Exchange proposes to adopt and implement a new auction, titled the Sub-second Non-displayed Auction Process (“SNAP”), that is designed to facilitate the bulk trading<sup>8</sup> of a security within the Exchange’s matching system (the “Matching System”). As proposed, SNAP is a fully-hidden, on-demand auction for a security<sup>9</sup> that may be initiated only by the Exchange’s Participants and may occur only during the Exchange’s regular trading session.<sup>10</sup> Members may initiate multiple SNAPS for a security throughout the course of the regular trading session.

During the stages of a SNAP (the “SNAP Cycle”), the Exchange temporarily suspends automated trading on the Exchange for the security subject to the SNAP. At the conclusion of the SNAP Cycle, the Exchange transitions back to automated trading on the Exchange for the subject security.<sup>11</sup> The SNAP Cycle has the following five stages, which are set forth in proposed CHX Article 18, Rule 1:<sup>12</sup> (1) Initiating the SNAP; (2) SNAP Order Acceptance Period; (3) Pricing and Satisfaction Period; (4) Order Matching Period; and (5) Transition to Open Trading State.<sup>13</sup>

<sup>7</sup> See Securities Exchange Act Release No. 75816 (September 2, 2015), 80 FR 54331 (“Notice”).

<sup>8</sup> As explained further below, under the proposal, an order must meet a minimum size requirement to be eligible to initiate a SNAP. See *infra*, note 39 and accompanying text.

<sup>9</sup> Under the proposal, the SNAP functionality will be available for all securities traded within the Matching System. The Exchange represents that it will announce any future changes to the securities eligible for the SNAP functionality via an Information Memorandum and that any such change would be effective no sooner than the trading day after it issues the Information Memorandum. See Notice, *supra* note 7, 80 FR at 54332, n.15.

<sup>10</sup> The Exchange’s regular trading session begins at 8:30 a.m. Central Standard Time and concludes at 3:00 p.m. Central Standard Time on the days that the Exchange is open for the transaction of business. See CHX Article 20, Rules 1(b) and (c).

<sup>11</sup> The Exchange represents that the SNAP Cycle on CHX is designed to occur simultaneously with automated trading in the subject security elsewhere in the national market system. See Notice, *supra* note 7, 80 FR at 54332.

<sup>12</sup> In the filing, the Exchange provides examples demonstrating the procedures and functionalities of each stage of the SNAP Cycle. See Notice, *supra* note 7, 80 FR at 54342-46.

<sup>13</sup> The Exchange proposes to define “Open Trading State” under proposed CHX Article 1, Rule 1(qq) as the period of time during the regular trading session when orders are eligible for