

proposed rule change (SR-NYSEArca-2017-09), as modified by Amendment No. 2, be, and it hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80656; File No. SR-BX-2017-022]

Self-Regulatory Organizations; NASDAQ BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 4770 To Modify the Date of Appendix B Web Site Data Publication

May 11, 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 April 28, 2017, NASDAQ BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 4770 to modify the date of Appendix B Web site data publication pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program (“Plan”).

The text of the proposed rule change is available on the Exchange’s Web site at <http://nasdaqbx.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

Rule 4770(b) (Compliance with Data Collection Requirements)³ implements the data collection and Web site publication requirements of the Plan.⁴ Commentary .08 to Rule 4770 provides, among other things, that the requirement that the Exchange provide information to the SEC within 30 days following month end pursuant to Appendix B and C of the Plan shall commence at the beginning of the Pilot Period.⁵ Commentary .08 to Rule 4770 also provides that, with respect to data for the Pre-Pilot and Pilot Period, the requirement that the Exchange or DEA make Appendix B data publicly available on the Exchange’s or DEA’s Web site shall commence on April 28, 2017.⁶

BX is now proposing to amend Commentary .08 to Rule 4770 to delay the date by which Pre-Pilot and Pilot Appendix B data is to be made publicly

³ See Rule 4770(b). See also Securities Exchange Act Release No. 77457 (March 28, 2016), 81 FR 18913 (April 1, 2016) (SR-BX-2016-019).

⁴ The Participants filed the Plan to comply with an order issued by the Commission on June 24, 2014. See Letter from Brendon J. Weiss, Vice President, Intercontinental Exchange, Inc., to Secretary, Commission, dated August 25, 2014 (“SRO Tick Size Plan Proposal”). See Securities Exchange Act Release No. 72460 (June 24, 2014), 79 FR 36840 (June 30, 2014); see also Securities Exchange Act Release No. 74892 (May 6, 2015), 80 FR 27513 (May 13, 2015).

⁵ Unless otherwise defined herein, capitalized terms have the meaning ascribed to them in Rule 4770.

⁶ On November 30, 2016, the SEC granted exemptive relief to the Participants to, among other things, delay the publication of Web site data pursuant to Appendices B and C to the Plan until February 28, 2017, and to delay the ongoing Web site publication by ninety days such that data would be published within 120 calendar days following the end of the month. See Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Marcia E. Asquith, Senior Vice President and Corporate Secretary, FINRA, dated November 30, 2016; see also Securities Exchange Act Release No. 79549 (December 14, 2016), 81 FR 92886 (December 20, 2016) (SR-BX-2017-067). The SEC subsequently extended this exemptive relief to April 28, 2017. See Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Robert L.D. Colby, Executive Vice President and Chief Legal Officer, FINRA, dated February 28, 2017.

available on the Exchange’s Web site from April 28, 2017 to August 31, 2017.⁷

In the SRO Tick Size Plan Proposal, the Participants stated that the public data will be made available for free “on a disaggregated basis by trading center” on the Web sites of the Participants and the Designated Examining Authorities.⁸ However, market participants have expressed confidentiality concerns regarding this approach for over-the-counter (“OTC”) data.⁹ Thus, BX is filing the instant proposed rule change to provide additional time to assess a means of addressing the confidentiality concerns raised in connection with the publication of Appendix B data related to OTC activity in furtherance of the objectives of the Plan.¹⁰ Pursuant to this amendment, Appendix B data publication will be delayed until August 31, 2017. The Participants anticipate filing additional proposed rule changes to address Appendix B data publication.

BX has filed the proposed rule change for immediate effectiveness. The operative date of the proposed rule change will be the date of filing.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, 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. BX also believes that the proposal is consistent with Section

⁷ Commentary .08 to Rule 4770 initially required that the Exchange make Pre-Pilot and Pilot Appendix B data publicly available by February 28, 2017. BX filed a proposed rule change to extend this date to April 28, 2017. See Securities Exchange Act Release No. 80228 (March 13, 2017), 82 FR 14256 (March 17, 2017) (SR-BX-2017-016).

⁸ See Securities Exchange Act Release No. 73511 (November 3, 2014), 79 FR 66423 (November 7, 2014) (Notice of Filing of Proposed National Market System Plan to Implement a Tick Size Pilot Program on a One-Year Pilot Basis, File No. 4-657) (“Tick Size Plan Proposal”).

⁹ See letters from Adam C. Cooper, Senior Managing Director and Chief Legal Officer, Citadel Securities, to Brent J. Fields, Secretary, Commission, dated December 21, 2016 (“Citadel letter”); and William Hebert, Managing Director, Financial Information Forum, to Robert W. Errett, Deputy Secretary, Commission, dated December 21, 2016 (“FIF letter”).

¹⁰ In connection with its filing to implement a similar change in its rules, the Financial Industry Regulatory Authority, Inc. is also submitting an exemptive request to the SEC on behalf of all Plan Participants requesting relief from the relevant requirements of the Plan.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

²⁶ 15 U.S.C. 78s(b)(2).

²⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

6(b)(8) of the Act,¹³ which requires that Exchange rules not impose any burden on competition that is not necessary or appropriate.

The Plan is designed to allow the Commission, market participants, and the public to study and assess the impact of increment conventions on the liquidity and trading of the common stock of small-capitalization companies. BX believes that this proposal is consistent with the Act because it is in furtherance of the objectives of Section VII(A) of the Plan in that it is designed to provide BX with additional time to assess a means of addressing the confidentiality concerns raised in connection with the publication of Appendix B data, to comply with the Plan's requirements that the data made publicly available will not identify the trading center that generated the data.

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 not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change implements the provisions of the Plan, and all Participants are filing similar proposals to extend the publication date of Appendix B data.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

A proposed rule change filed under Rule 19(b)-4(f)(6) normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii), the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The

Exchange has filed the proposed rule change for immediate effectiveness and has requested that the Commission waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing so that it may become operative on the date of filing.

The Exchange notes that the proposed rule change is intended to mitigate confidentiality concerns raised in connection with Section VII(A) of the Plan, which provides that the data made publicly available will not identify the Trading Center that generated the data. The Exchange states that the additional time would allow consideration of a methodology to mitigate concerns related to the publication of Appendix B data.¹⁶

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will synchronize the timing for publication of Appendix B data for all Participants, which should enhance the consistency and usefulness of the data.¹⁷ Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative on the date of filing.¹⁸

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. If the

Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-BX-2017-022 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-BX-2017-022. 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-BX-2017-022 and should be submitted on or before June 7, 2017.

¹⁶ The Commission recently approved a FINRA proposal to implement an aggregated, anonymous grouped masking methodology for the publication of Appendix B data related to OTC trading activity. See Securities Exchange Release No. 80551. (April 28, 2017), 82 FR 20948 (May 4, 2017). See also Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Marcia E. Asquith, Executive Vice President FINRA, dated April 28, 2017.

¹⁷ The Commission recently granted exemptive relief to the Participants to delay the publication of their Appendix B data until August 31, 2017. See Letter from David S. Shillman, Associate Director, Division of Trading and Markets, Commission, to Jennifer Piorko Mitchell, Vice President and Deputy Corporate Secretary, FINRA, dated April 28, 2017. The Commission notes that other Participants have submitted proposed rule changes to delay the publication of Appendix B data until August 31, 2017. See e.g., SR-BatsBYX-2017-10; SR-BatsBZX-2017-31; SR-BatsEDGA-2017-10; SR-BatsEDGX-2017-19; SR-CHX-2017-07; SR-FINRA-2017-010; SR-IEX-2017-12; SR-NASDAQ-2017-044; SR-Phlx-2017-33; SR-NYSE-2017-19; SR-NYSEArca-2017-49; SR-NYSEMKT-2017-24.

¹⁸ For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹³ 15 U.S.C. 78f(b)(8).

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6).

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. 34-80659; File No. SR-PEARL-2017-21]

Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 519C

May 11, 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 May 5, 2017, MIAx PEARL, LLC (“MIAx 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 amend Exchange Rule 519C.

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.miaxoptions.com/rule-filings/pearl> at MIAx 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend Rule 519C, Mass Cancellation of Trading Interest, to adopt new section (c) entitled “Detection of Loss of Communication,” to codify the use of current functionality in the Exchange’s System ³ which is designed to assist Members ⁴ in the event of a loss of communication with either their assigned MIAx Express Orders Interface (“MEO Interface” or “MEO”) ⁵ port or Financial Information eXchange Interface (“FIX Interface” or “FIX”) ⁶ port due to a loss of connectivity. This functionality is designed to protect Members from inadvertent exposure to excessive risk. The Exchange also proposes to adopt new Interpretations and Policies .01 and .02 as discussed below. Additionally, the Exchange proposes to make minor non substantive changes to Rule 100, Definitions, as described below. The Exchange notes that this filing is substantially similar in all material respects to a recent filing by the Exchange’s affiliate, Miami International Securities Exchange, LLC (“MIAx Options”).⁷

MIAx PEARL Members may connect to the System using the MEO Interface and/or the FIX Interface. These two connection protocols are not mutually exclusive and Members, specifically Market Makers (“MMs”) ⁸ on the Exchange, primarily use the MEO Interface for providing liquidity to the Exchange via their Market Making activities, while Electronic Exchange

³ The term “System” means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

⁴ The term “Member” means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAx PEARL Rules for the purpose 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.

⁵ As proposed, the term “MEO Interface” means a binary order interface used for submitting certain order types (as set forth in MIAx PEARL Rule 516) to the MIAx PEARL System. See proposed Exchange Rule 100.

⁶ As proposed, the term “FIX Interface” means the Financial Information Exchange interface used for submitting certain order types (as set forth in MIAx PEARL Rule 516) to the MIAx PEARL System. See proposed Exchange Rule 100.

⁷ See Securities Exchange Act Release No. 80151 (March 3, 2017), 82 FR 13146 (March 9, 2017) (SR-MIAx-2017-08).

⁸ The term “Market Maker” or “MM” means a Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of MIAx PEARL Rules. See Exchange Rule 100.

Members (“EEMs”) ⁹ primarily use the FIX Interface for submitting orders.¹⁰

These Interface ports provide the mechanism by which Members maintain a connection to the Exchange and through which a Member communicates its quotes and/or orders to the System. Market Makers may submit quotes ¹¹ to the Exchange from one or more MEO ports. Similarly, Members may submit orders to the Exchange from one or more FIX ports. When the System detects a loss of communication with a Member, the System has the capability to remove the Member’s quotes and/or orders, if so elected and configured by the Member. The Exchange notes that this functionality is mandatory for Members using MEO and optional for Members using FIX, as discussed in more detail below.

MEO Connections

Members connect to their assigned MEO port using the MIAx Session Management Protocol (“SesM”). The SesM protocol uses Heartbeat ¹² packets to detect link failures between the Member and the Exchange. The SesM protocol requires that the Exchange must send a Heartbeat packet anytime more than one (1) second has passed since the Exchange last sent any data. Further, the SesM protocol requires that the Member must send a Heartbeat packet anytime more than one (1) second has passed since the Member last sent any data. If a certain number of consecutive Heartbeats are missed,¹³ or if the Member fails to send data or Heartbeats within “xx” period of time (“Heartbeat Interval”), the System will automatically close the connection and listen for the Member to establish a new connection. The default Heartbeat

⁹ The term “Electronic Exchange Member” or “EEM” means the holder of a Trading Permit who is a Member representing as agent Public Customer Orders or Non-Customer Orders on the Exchange and those non-Market Maker Members conducting proprietary trading. Electronic Exchange Members are deemed “members” under the Exchange Act. See Exchange Rule 100.

¹⁰ The term “order” means a firm commitment to buy or sell option contracts. See Exchange Rule 100.

¹¹ The term “quote” or “quotation” means a bid or offer entered by a Market Maker as a firm order that updates the Market Maker’s previous bid or offer, if any. When the term order is used in these Rules and a bid or offer is entered by the Market Maker in the option series to which such Market Maker is registered, such order shall, as applicable, constitute a quote or quotation for purposes of these Rules. See Exchange Rule 100.

¹² A Heartbeat message is a communication which acts as a virtual pulse between the Exchange System and the Member’s system. The Heartbeat message sent by the Member and received by the Exchange allows the Exchange to continually monitor its connection with the Member.

¹³ The Exchange notes that the current setting is three (3) Heartbeats.

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.