submitted on or before February 17, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.18
Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–76950; File No. SR–
NASDAQ–2016–003]

Self-Regulatory Organizations; The
NASDAQ Stock Market LLC; Notice of
Filing and Immediate Effectiveness of
Proposed Rule Change To Amend the
Options Regulatory Fee

January 21, 2016.

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 January 8,
2016, The NASDAQ Stock Market LLC
(“Nasdaq” or “Exchange”) filed with the
Commission a proposed rule change in
Order No. 2016–003 (the “Proposed
Rule Change”).

The Commission received no comments
concerning the proposed rule change.

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

The Exchange proposes to amend
Chapter XV, entitled “NASDAQ
Options Pricing,” at Section 5, entitled “NASDAQ
Options Regulatory Fee,” which governs
pricing for Exchange Participants using
the NASDAQ Options Market (“NOM”),
the Exchange’s facility for executing and
routing standardized equity and index
options. The Exchange proposes to
increase the current Options Regulatory
Fee.

While changes to the Pricing Schedule pursuant to this proposal are
effective upon filing, the Exchange has
designated these changes to be operative
on February 1, 2016.

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

The Exchange proposes to (1) increase
the ORF from $0.0015 to $0.0019 as of
February 1, 2016 to balance the
Exchange’s regulatory revenue against
the anticipated costs; and (2) remove the requirement that the ORF may only be
modified semi-annually.

Background

The ORF is assessed to each
Participant for all options transactions
executed or cleared by the Participant
that are cleared at The Options Clearing
Corporation ("OCC") in the Customer
range (i.e., that clear in the Customer
account of the Participant’s clearing
firm at OCC). The Exchange monitors
the amount of revenue collected from
the ORF to ensure that it, in
combination with other regulatory fees
and fines, does not exceed regulatory
costs. The ORF is imposed upon all
transactions executed by a Participant,
even if such transactions do not take
place on the Exchange.3 The ORF also
includes options transactions that are not
executed by a Participant but are
ultimately cleared by a Participant.4 The
ORF is charged for Participant
proprietary options transactions because
Participants incur the costs of owning
memberships and through their
membership are charged transaction
fees, dues and other fees that are not
applicable to non-members. The dues
and fees paid by Participants go into the
general funds of the Exchange, a portion
of which is used to help pay the costs
of regulation. The ORF is collected
indirectly from Participants through
their clearing firms by OCC on behalf of
the Exchange.

The ORF is designed to recover a
portion of the costs to the Exchange of
the supervision and regulation of its
Participants, including performing
routine surveillances, investigations,
examinations, financial monitoring, and
policy, rulemaking, interpretive, and
enforcement activities. The Exchange
believes that revenue generated from the
ORF, when combined with all of the
Exchange’s other regulatory fees, will
cover a material portion, but not all, of
the Exchange’s regulatory costs. The
Exchange will continue to monitor the
amount of revenue collected from the
ORF to ensure that it, in combination
with its other regulatory fees and fines,
does not exceed regulatory costs. If the
Exchange determines regulatory
revenues exceed regulatory costs, the
Exchange will adjust the ORF by
submitting a fee change filing to the
Commission.

ORF Adjustments

The Exchange proposes to increase
the ORF from $0.0015 to $0.0019 as of
February 1, 2016 in order to balance the
Exchange’s regulatory revenue against
the anticipated costs. The Exchange
regularly reviews its ORF to ensure that
the ORF, in combination with its other
regulatory fees and fines, does not exceed regulatory costs. The Exchange
believes this adjustment will permit the
Exchange to cover a material portion of
its regulatory costs, while not exceeding
regulatory costs.

Semi-Annual Changes to ORF

Currently, the ORF specifies the
Exchange may only increase or decrease
the ORF semi-annually, and any such
fee change will be effective on the first
business day of February or August.5

The Exchange is proposing to eliminate
this requirement because the Exchange
believes it requires the flexibility to
amend its ORF to meet its regulatory
requirements and adjust its ORF to
account for the regulatory revenue that
it receives and the costs that it incurs,
as needed. While the Exchange is
eliminating the requirement to adjust
only semi-annually, it will continue to
submit a rule proposal with the
Commission for each modification to
the ORF and notify participants via an
Options Trader Alert of any anticipated


4 In the case where one Participant both executes
a transaction and clears the transaction, the ORF is
assessed to the Participant on the Exchange.

3 The ORF applies to all “C” account origin code
orders executed by a Participant on the Exchange.

5 See NOM Rules at Chapter XV, Section 5.
change in the amount of the fee at least thirty (30) calendar days prior to the effective date. The Exchange believes that the prior notification to market participants will provide guidance on the timing of any changes to the ORF and ensure market participants are prepared to configure their systems to properly account for the ORF. The Exchange notified Participants of this ORF adjustment thirty (30) calendar days prior to the proposed operative date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act, in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that increasing the ORF from $0.0015 to $0.0019 as of February 1, 2016 is reasonable because the Exchange’s collection of ORF needs to be balanced against the amount of regulatory revenue collected by the Exchange. The Exchange believes that the proposed adjustments noted herein will serve to balance the Exchange’s regulatory revenue against the anticipated regulatory costs.

The Exchange believes that increasing the ORF from $0.0015 to $0.0019 as of February 1, 2016 is equitable and not unfairly discriminatory because this adjustment would be applicable to all members on all of their transactions that clear as Customer at OCC. In addition, the ORF seeks to recover the costs of supervising and regulating members, including performing routine surveillances, examinations, financial monitoring, and policy, rulemaking, interpretive, and enforcement activities.

The ORF is not charged for member proprietary options transactions because members incur the costs of owning memberships and through their memberships are charged transaction fees, dues and other fees that are not applicable to non-members. Moreover, the Exchange believes the ORF ensures fairness by assessing higher fees to those members that require more Exchange regulatory services based on the amount of Customer options business they conduct.

Regulating Customer trading activity is more labor intensive and requires greater expenditure of human and technical resources than regulating non-Customer trading activity. Surveillance, regulation and examination of non-Customer trading activity generally tends to be more automated and less labor intensive. As a result, the costs associated with administering the Customer component of the Exchange’s overall regulatory program are anticipated to be higher than the costs associated with administering the non-Customer component of its regulatory program. The Exchange proposes assessing higher fees to those members that will require more Exchange regulatory services based on the amount of Customer options business they conduct. Additionally, the dues and fees paid by members go into the general funds of the Exchange, a portion of which is used to help pay the costs of regulation. The Exchange has in place a regulatory structure to surveil for, exam (sic) and monitor the marketplace for violations of Exchange Rules. The ORF assists the Exchange to fund the cost of this regulation of the marketplace.

The Exchange believes that the proposed rule change to remove the limit to amend the ORF only semi-annually, with advance notice, is reasonable because the Exchange will continue to provide market participants with thirty (30) days advance notice of amending its ORF. Also, the Exchange is required to monitor the amount of revenue collected from the ORF to ensure that it, in combination with its other regulatory fees and fines, does not exceed regulatory costs. Therefore, the Exchange believes it is reasonable to remove the semi-annual limit to amend its ORF in order to permit the Exchange to make amendments to its ORF as necessary to comply with the Exchange’s obligations.

The Exchange believes that the proposed rule change to remove the limit to amend the ORF only semi-annually, with advance notice, is equitable and not unfairly discriminatory because it will apply in the same manner to all members that are subject to the ORF. Also, all members will continue to receive advance notice of changes to the ORF.

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. In terms of inter-market competition, 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 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 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.

The Exchange does not believe that increasing its ORF creates an undue burden on intra-market competition because the adjustment will apply to all members on all of their transactions that clear as Customer at OCC. The Exchange is obligated to ensure that the amount of regulatory revenue collected from the ORF, in combination with its other regulatory fees and fines, does not exceed regulatory costs. Additionally, the dues and fees paid by members go into the general funds of the Exchange, a portion of which is used to help pay the costs of regulation. The Exchange’s members are subject to ORF on other options markets.

The Exchange does not believe that removing the limit to amend the ORF semi-annually, with advance notice, creates an undue burden on competition. The Exchange will continue to provide the same advance notice of changes to the ORF as it does today.

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*6 The ORF is not charged for orders that clear in categories other than the Customer range at OCC (e.g., NOM Market Maker orders) because members incur the costs of memberships and through their memberships are charged transaction fees, dues and other fees that go into the general funds of the Exchange, a portion of which is used to help pay the costs of regulation.

8 The following options exchanges assess an ORF, (sic) Chicago Board Options Exchange, Incorporated (“CBOE”), C2 Options Exchange, Inc. (“C2”), the International Securities Exchange, LLC (“ISE”), NYSE Arca, Inc. (“NYSEArca”) and (sic) NYSE AMEX LLC (“NYSEAmex”), BATS Exchange, Inc. (“BATS”) and NASDAQ OMX PHILX LLC (“PHILX” (sic)).
G. 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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.10

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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–NASDAQ–2016–003 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–NASDAQ–2016–003. 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–NASDAQ–2016–003 and should be submitted on or before February 17, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.11

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Establishing the NYSE Arca Order Imbalances Proprietary Market Data Product

January 22, 2016.

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 January 13, 2016, 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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

1. Purpose

The Exchange proposes to establish the NYSE Arca Order Imbalances datafeed as a separate, stand-alone market data product. The NYSE Arca Order Imbalances product would be a real-time datafeed of the information that the Exchange provides in advance of an auction.

The Exchange is establishing the NYSE Arca Order Imbalances product in connection with the implementation of Pillar, the Exchange’s proposed new technology trading platform.4 Pillar is the integrated trading technology platform designed to use a single specification for connecting to the equities and options markets operated by NYSE Arca and its affiliates, New York Stock Exchange LLC (“NYSE”) and NYSE MKT LLC (“NYSE MKT”). NYSE Arca Equities would be the first trading