SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Nasdaq Rule 7018

July 19, 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 July 13, 2016, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 the Substance of the Proposed Rule Change

NASDAQ is proposing changes to amend Nasdaq Rule 7018(a) to: (i) Amend the consolidated volume requirement for a credit tier for providing liquidity in securities of all three Tapes; (ii) delete a credit tier for providing liquidity in securities of all three Tapes; and (iii) provide a new credit for providing liquidity in securities of all three Tapes.

The text of the proposed rule change is available at http://nasdaq.cchwallstreet.com, at Nasdaq’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, NASDAQ 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 purpose of the proposed rule change is to amend certain credits for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades.

Specifically, the Exchange proposes to amend Nasdaq Rule 7018(a)(1), (2), and (3) to: (i) Amend the Consolidated Volume requirement for a credit tier for providing liquidity in securities of all three Tapes; (ii) delete a credit tier for providing liquidity in securities of all three Tapes; and (iii) provide a new credit for providing liquidity in securities of all three Tapes.

First Change

The purpose of the first change is to increase the Consolidated Volume requirement for accessing liquidity in an existing credit tier. Currently, the credit tier requires a member to access more than 0.65% of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, provided that the member also provides a daily average of

3 There are three Tapes, which are based on the listing venue of the security: Tape C securities are Nasdaq-listed; Tape A securities are New York Stock Exchange ("NYSE")-listed; and Tape B securities are listed on exchanges other than Nasdaq and NYSE.
at least 2 million shares of liquidity in all securities during the month. The Exchange is proposing to increase the required Consolidated Volume requirement to more than 0.80%. The current credit will remain as $0.0029 per share executed. The Consolidated Volume requirement will be increased as stated above for all three Tapes.

Increasing the Consolidated Volume criteria will require members to access more liquidity to receive the $0.0029 per share executed credit tier, but the Exchange believes that the members that want to avail themselves of this credit tier will be able to meet the increased Consolidated Volume requirement. Increasing the amount of liquidity accessed should be beneficial to other members as more of their resting limit orders may be accessed by members seeking to attain this credit tier.

Second Change

The purpose of the second change is to delete the credit tier of $0.0030 per share executed for a member with shares of liquidity provided in all securities during the month representing more than 0.20% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs and that qualifies for the additional $0.05 per contract credit under Note c(3) of Nasdaq Options Market (“NOM”) Chapter XV Section 2(1) in securities of all three Tapes.

No market participants qualified for this credit tier recently, thus rendering it ineffective as acting as an incentive. However, since the Exchange is limited in the amount of credits that it can provide to market participants and even though no market participants currently qualify for this credit tier, this can easily shift from month to month so Nasdaq is proposing to delete it. Nasdaq must be selective in providing credits to members, and allocates credits to where it believes it will receive the best result in terms of improvement to market quality. The Exchange believes that eliminating this credit tier for all three Tapes is the only way to ensure that it will not going forward impact the overall balance of credits and fees.

Third Change

The purpose of the third change is to provide an additional credit to members that provide liquidity. Currently, the Exchange provides several credits under Rules 7016(a)(1), (2), and (3), each of which apply to securities of a different Tape, in return for market-improving behavior. The Exchange is proposing to add a new credit tier of $0.0027 per share executed for a member that has shares of liquidity provided in all securities during the month representing more than 0.10% of Consolidated Volume during the month, through one or more of its Nasdaq Market Center MPIDs, and that adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options of 0.40% or more of total industry average daily volume (“ADV”) in the customer clearing range for Equity and exchange-traded fund (“ETF”) option contracts per day in a month on the NOM.

As a general principle, the Exchange chooses to offer credits to members in return for market improving behavior. Under Rule 7018(a), the various credits the Exchange provides for members require them to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, and volume on NOM. The Exchange believes that by adding more in Non-Penny names on NOM that the market for these options on NOM will improve and the Exchange seeks to encourage such behavior.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,9 in general, and furthers the purposes of the Act,10 in particular, in that it encourages such behavior.

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First Change

The Exchange believes that this proposed amendment to the requirements of an existing credit tier provided in securities of all three Tapes is reasonable because it amends a measure of activity with another, both of which represent a significant contribution to that market. Specifically, the Exchange is increasing the requirement that a member with shares of liquidity accessed in all securities through one or more of its Nasdaq Market Center MPIDs representing more than 0.65% of Consolidated Volume during the month. The Exchange is proposing to increase the monthly Consolidated Volume requirement from more than 0.65% to more than 0.80%.

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the criteria required to receive them, to provide the most efficient allocation of credits in terms of market improving behavior.

Specifically, with regard to the eliminated $0.0030 per share executed credit tier, as discussed previously, Nasdaq observed that no market participants qualified for this credit tier recently, thus rendering it ineffective as acting as an incentive. The Exchange is limited in the amount of credits that it can provide to market participants so even though no market participants currently qualified for this credit tier, this can easily shift from month to month. Nasdaq must be selective in providing credits to members, and allocates credits to where it believes it will receive the best result in terms of improvement to market quality. The Exchange believes that it is reasonable to eliminate this credit tier as the only way to ensure that it will not going forward impact the overall balance of credits and fees.

The Exchange believes that the proposed change to delete the credit tier described above in Rule 7018(a) is an equitable allocation and is not unfairly discriminatory because the Exchange will eliminate the same credit for all similarly situated members. The credits Nasdaq provides are designed to improve market quality for all market participants, and Nasdaq allocates its credits in a manner that it believes are the most likely to achieve that result. Elimination of the existing credit tier under the rule is an equitable allocation and is not unfairly discriminatory because no participants qualified under this credit tier, therefore, its elimination will not impact any members.

Third Change
The Exchange believes that the proposed rule change to add a new credit tier of $0.0027 per share executed is reasonable because it is consistent with other credits that the Exchange provides to members that provide liquidity. As discussed previously, as a general principle the Exchange chooses to offer credits to members in return for market improving behavior. Under Rule 7018(a), the various credits the Exchange provides for members require them to significantly contribute to market quality by providing certain levels of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs, and volume on NOM. The proposed credit will be provided to members that not only contribute to the Exchange by providing more than 0.10% of Consolidated Volume through one or more of its Nasdaq Market Center MPIDs during the month, but also adds

Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options of 0.40% or more of total industry ADV in the customer clearing range for Equity and ETF option contracts per day in a month on the NOM.

The Exchange believes that the proposed new credit tier is reasonable because although it provides for a lower credit than some other NOM-linked credit tiers, it also has a corresponding lower Consolidated Volume threshold of 0.10%. Also, the proposed new credit tier specifically requires adding liquidity in Non-Penny Pilot Options. Currently, the credit tier referencing the NOM fee schedule that is being deleted in the Second Change (described above) also has a Non-Penny liquidity component as part of the criteria, so using liquidity in Non-Penny Pilot Options as a tiering criteria is not novel.

The Exchange believes that the proposed $0.0027 per share executed credit is an equitable allocation and is not unfairly discriminatory because the Exchange will apply the same credit to all similarly situated members. Thus, if a member meets the requirements, it will receive the credit. A member achieving this credit tier will be providing liquidity in less liquid options classes (i.e., Non-Penny names). The Exchange believes that by adding more in Non-Penny names on NOM that the market for these options on NOM will improve and the Exchange seeks to encourage such behavior.

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.

In this instance, the changes to the credits provided for the use of the order execution and routing services of the Nasdaq Market Center by members for all securities priced at $1 or more that it trades are reflective of the intense competition among trading venues in capturing order flow. Moreover, the proposed changes do not impose a burden on competition because Exchange membership is optional and is also the subject of competition from other trading venues. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that the Exchange will lose market share as a result of the changes if they are unattractive to market participants.

C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others
Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action
The foregoing change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act. 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:

Electronic Comments
• Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml); or

See NOM Chapter XV, Note c(3)(b) to Section 2(1), which also supports members to add Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Non-Penny Pilot Options.

SMALL BUSINESS ADMINISTRATION

[Disaster Declaration # 14775 and # 14776]

Oklahoma Disaster # OK–00105

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a Notice of the Presidential declaration of a major disaster for Public Assistance Only for the State of Oklahoma (FEMA–4274–DR), dated 07/15/2016.

Incident: Severe Storms and Flooding.

Incident Period: 06/11/2016 through 06/13/2016.

Effective Date: 07/15/2016.

Physical Loan Application Deadline Date: 09/13/2016.

Economic Injury (EIDL) Loan Application Deadline Date: 04/17/2017.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.


SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the President’s major disaster declaration on 07/15/2016, Private Non-Profit organizations that provide essential services of governmental nature may file disaster loan applications at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: Caddo; Comanche; Cotton; Garvin; Grady; Stephens.

The Interest Rates are:

| For Physical Damage: Non-Profit Organizations With Credit Available Elsewhere: | Percent |
| --- |
| Non-Profit Organizations Without Credit Available Elsewhere: | 2.625 |

| For Economic Injury: Non-Profit Organizations Without Credit Available Elsewhere: | 2.625 |

The number assigned to this disaster for physical damage is 14775B and for economic injury is 14776B.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

Lisa Lopez-Suarez,
Acting Associate Administrator for Disaster Assistance.

[FR Doc. 2016–17454 Filed 7–22–16; 8:45 am]

BILLING CODE 0030–01–P

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

[Summary Notice No. 2016–85]

Petition for Exemption; Summary of Petition Received; Florida Air Transport

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice.

SUMMARY: This notice contains a summary of a petition seeking relief from specified requirements of Title 14 of the Code of Federal Regulations. The purpose of this notice is to improve the public’s awareness of, and participation in, the FAA’s exemption process. Neither publication of this Notice nor the inclusion or omission of information in the summary is intended to affect the legal status of the petition or its final disposition.

DATES: Comments on this petition must identify the petition docket number and must be received on or before August 15, 2016.

ADDRESSES: Send comments identified by docket number FAA–2016–7045 using any of the following methods:

• Federal eRulemaking Portal: Go to http://www.regulations.gov and follow the online instructions for sending your comments electronically.

• Mail: Send comments to Docket Operations, M–30; U.S. Department of Transportation (DOT), 1200 New Jersey Avenue SE., Room W12–140, West Building Ground Floor, Washington, DC 20590–0001.

• Hand Delivery or Courier: Take comments to Docket Operations in Room W12–140 of the West Building.