acquire such ownership or exercise such voting rights; (2) the CHX Holdings board must resolve to expressly permit such ownership or exercise of voting rights;\textsuperscript{221} and (3) such resolution must be filed with and approved by the Commission under Section 19(b) of the Exchange Act.\textsuperscript{222} The proposed NA Casin Holdings Certificate contains substantially identical provisions.\textsuperscript{223}

The Commission believes that these provisions are reasonably designed to assist the Exchange in fulfilling its self-regulatory obligations, and in administering and complying with the requirements of the Exchange Act, by ensuring that the Commission will review and approve, if appropriate, any future change in ownership or voting power that gives rise to its concerns about a stockholder exercising undue control over the operation of the Exchange.\textsuperscript{224} Similarly, the Commission believes that this protection against such future changes in ownership or voting concentration without careful Commission review and approval is reasonably designed to promote just and equitable principles of trade and to protect investors and the public interest under the standards set forth in Section 6(b)(5) of the Exchange Act. The Commission also notes that these requirements for acquiring ownership or exercising voting rights in excess of the ownership and voting limitations are consistent with other such provisions previously approved by the Commission.\textsuperscript{225}

IV. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether Amendment No. 1 to the proposed rule change is consistent with the Exchange 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–CHX–2016–20 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–CHX–2016–20. 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 this 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–CHX–2016–20 and should be submitted on or before September 5, 2017.

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 1, prior to the 30th day after the date of publication of notice of Amendment No. 1 in the Federal Register. As noted above, Amendment No. 1 does not change the structure or purpose of the proposed rule change as it was previously published for notice and comment.\textsuperscript{226} Rather, the Exchange modified its proposed rule change to address certain concerns raised by commenters. The Commission believes that an additional notice and comment period for Amendment No. 1 before approval of the proposed rule change would not be in furtherance of the public interest or the protection of investors. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act,\textsuperscript{227} to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

VI. Conclusion
For the foregoing reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange. It is therefore ordered, pursuant to Section 19(b)(2) of the Exchange Act,\textsuperscript{228} that the proposed rule change (SR–CHX–2016–20), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\textsuperscript{229}

Brent J. Fields,
Secretary.

[FR Doc. 2017–17179 Filed 8–14–17; 8:45 am]
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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange’s Transaction Fees

August 9, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),\textsuperscript{1} and Rule 19b–4 thereunder,\textsuperscript{2} notice is hereby given that on August 1, 2017, The NASDAQ Stock Market LLC ("Nasdaq" or "Exchange") 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

\textsuperscript{221} See supra note 10.
\textsuperscript{224} 17 CFR 200.30–3(a)(12).
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 the Exchange’s transaction fees at Chapter XV, Section 2 entitled “NASDAQ Options Market—Fees and Rebates,” which governs pricing for Nasdaq Participants using the NASDAQ Options Market (“NOM”). Nasdaq’s facility for executing and routing standardized equity and index options.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes two NOM pricing amendments at Chapter XV, Section 2(1), as described below in greater detail.

Customer and Professional Rebate to Add Liquidity

The Exchange proposes to amend an existing method for earning a rebate for adding liquidity for both Customers 3 and Professionals 4 in Penny Pilot 5 and Non-Penny Pilot Options. For Customers and Professionals transacting in Penny Pilot Options, the Exchange currently pays a volume-based tiered Rebate to Add Liquidity, as set forth in Chapter XV, Section 2(1) of NOM Rules. That rebate consists of 8 tiers, ranging from $0.20 per contract to $0.48 per contract, with the volume requirements increasing with each tier. Thus, a NOM Participant would qualify for a rebate of $0.20 per contract in Tier 1 for Customers and Professionals if it added Customer, Professional, Firm, 6 Non-NOM Market Maker 7 and/or Broker-Dealer 8 liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of up to 0.10% of total industry customer equity and ETF option average daily volume ("ADV") contracts per day in a month. In comparison, a Participant would qualify for a rebate of $0.48 in Tier 8 for Customers and Professionals if it added Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month, or if the Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its NASDAQ Market Center MPIDs that represent 1.00% or more of consolidated volume in a month.

That rebate consists of 8 tiers, ranging from $0.20 per contract to $0.48 per contract, with the volume requirements increasing with each tier. Thus, a NOM Participant would qualify for a rebate of $0.20 per contract in Tier 1 for Customers and Professionals if it added Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 0.75% or more of total industry customer equity and ETF option ADV contracts per day in a month, or if the Participant adds: (1) Customer and/or Professional liquidity in Penny Pilot Options and/or Non-Penny Pilot Options of 0.20% or more of total industry customer equity and ETF option ADV contracts per day in a month, and (2) has added liquidity in all securities through one or more of its NASDAQ Market Center MPIDs that represent 1.00% or more of consolidated volume in a month.

2. Statutory Basis

The Exchange proposes adding a new rebate for Penny Pilot Options Rebate to Add Liquidity, as set forth in Chapter XV, Section 2(1) of NOM Rules. In addition, footnote “1” in Chapter XV, Section 2(1) provides that a Participant that qualifies for a Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 2, 3, 4, 5 or 6 in a month will receive an additional $0.10 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 7 or 8 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options.

3. Conclusion

Currently, Customers and Professionals transacting in Non-Penny Pilot Options on NOM receive a $0.80 per contract Rebate to Add Liquidity, as set forth in Chapter XV, Section 2(1) of NOM Rules. In addition, footnote “1” in Chapter XV, Section 2(1) provides that a Participant that qualifies for a Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 2, 3, 4, 5 or 6 in a month will receive an additional $0.10 per contract Non-Penny Pilot Options Rebate to Add Liquidity in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 7 or 8 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 7 or 8 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month. A Participant that qualifies for Customer or Professional Penny Pilot Options Rebate to Add Liquidity in Tiers 7 or 8 in a month will receive an additional $0.20 per contract Non-Penny Pilot Options Rebate to Add Liquidity for each transaction which adds liquidity in Non-Penny Pilot Options in that month.
Non-Penny Pilot Options as Customer or Professional, if that NOM Participant (a) adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.45% of total industry customer equity and ETF option ADV contracts per day in a month (“NOM Volume Threshold”), (b) executes greater than 0.04% of Consolidated Volume (“CV”) via Market-on-Close/Limit-on-Close (“MOC/LOC”)12 volume within the NASDAQ Stock Market Closing Cross within a month, and (c) adds greater than 1.5 million shares per day of non-displayed volume within the NASDAQ Stock Market within a month. Participants that qualify for this rebate would not be eligible for any other rebates in Tiers 1 through 8 or other rebate incentives on NOM for Customer and Professional order flow in Chapter XV, Section 2(1).

The Exchange now proposes to amend the current qualifications for earning the Rebate to Add Liquidity in note “f” by lowering the NOM Volume Threshold. Specifically, the Exchange is proposing to continue to pay a $0.55 per contract Rebate to Add Liquidity in Penny Pilot Options as Customer or Professional, and a $1.05 per contract Rebate to Add Liquidity in Non-Penny Pilot Options as Customer or Professional, if that NOM Participant (a) adds Customer, Professional, Firm, Non-NOM Market Maker and/or Broker-Dealer liquidity in Penny Pilot Options and/or Non-Penny Pilot Options above 1.20% of total industry customer equity and ETF option ADV contracts per day in a month, (b) executes greater than 0.04% of CV via MOC/LOC volume within the NASDAQ Stock Market Closing Cross within a month, and (c) adds greater than 1.5 million shares per day of non-displayed volume within the NASDAQ Stock Market within a month.13

The Exchange’s proposal to lower the NOM Volume Threshold from above 1.45% of total industry customer equity and ETF option ADV contracts per day in a month to above 1.20% should provide Participants the ability to qualify for this incentive by executing less contracts which represent industry volume in a given month. The Exchange believes that this amendment should incentivize Participants to transact more volume to qualify for the rebate in footnote “f” since one of the qualifiers requires a lower percentage of total industry customer equity and ETF option ADV contracts per day in a month as compared to the current percentage.

NOM Market Maker Non-Penny Pilot Options Fee for Adding Liquidity

The Exchange proposes to offer Participants that send NOM Market Maker14 order flow an opportunity to lower their Fee for Adding Liquidity in Non-Penny Pilot Options, as set forth in Chapter XV, Section 2(1). In particular, the Exchange proposes to offer Participants the opportunity to reduce the NOM Market Maker Non-Penny Pilot Options Fee for Adding Liquidity from $0.35 to $0.00 per contract, provided the Participant adds NOM Market Maker liquidity in Non-Penny Pilot Options of 7,500 or more ADV contracts per day in a month.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,15 in general, and further the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,16 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, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Customer and Professional Rebate to Add Liquidity

The Exchange’s proposal to lower the NOM Volume Threshold is reasonable because the rebates in footnote “f” should continue to attract Customer and Professional order flow to NOM. The additional Customer and Professional order flow to NOM benefits other market participants by providing additional liquidity with which to interact. Customer liquidity offers unique benefits to the market by providing more trading opportunities, which attracts market makers. An increase in the activity of market makers in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. Furthermore, the Exchange believes that encouraging Participants to add Professional liquidity creates competition among options exchanges because the amended note “f” rebates may cause market participants to select NOM as a venue to send Professional order flow. Amending the existing NOM Volume Threshold affords more Participants the ability to qualify for the note “f” rebates because it requires less volume as a result of the proposed lower percentage of industry volume. With this proposal, Participants that consistently send order flow to the Exchange may continue to qualify for the rebates in note “f” and other Participants may send additional order flow to qualify for the note “f” rebates with the lower requirement.

The Exchange’s proposal to lower the trailing order flow from other market participants with the opportunity to interact with such liquidity.

Furthermore, the Exchange believes that its proposal will incentivize Participants to select NOM as a venue and in turn benefit other market participants with the opportunity to interact with such liquidity.

The Exchange’s proposal will incentivize Participants to add NOM as a venue and in turn benefit other market participants with the opportunity to interact with such liquidity.

12MOC/LOC, as set forth in NASDAQ Rule 4754, represents the volume in the NASDAQ Stock Market Closing Cross that allows market participants to contribute order flow that will result in executions at the official closing price for the day in the NASDAQ listed security. A “MOC Order” is an order type entered without a price that may be executed only during the NASDAQ Closing Cross, which refers to the equity closing cross. A “LOC Order” is an order type entered with a price that may be executed only in the NASDAQ Closing Cross.

13Participants that meet the new qualifications for the note “f” incentive would continue to be ineligible for any other rebates in Tiers 1 through 8 or other rebate incentives on NOM for Customer and Professional order flow in Chapter XV, Section 2(1).

14The term “NOM Market Maker” or (“3”) is a Participant that has registered as a Market Maker on NOM pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security.

1515 U.S.C. 786(b).

1615 U.S.C. 786(b)(4) and (5).

17Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market transactions and ETF option ADV contracts per day.
commitment of capital. In addition, encouraging NOM Market Makers to add greater liquidity benefits all Participants in the quality of order interaction. The Exchange believes it is equitable and not unfairly discriminatory to offer only NOM Market Makers the opportunity to earn the discounted fee described above because of the obligations borne by these market participants, as noted herein.

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. The Exchange believes that the proposed pricing changes are competitive and does not impose a burden on inter-market competition. If the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

As it relates to the proposed fee change to lower the NOM Volume Threshold, the Exchange does not believe that its proposal imposes an undue burden on intra-market competition because all Participants are eligible to earn rebates and these rebates would be uniformly paid to all qualifying Participants. The Exchange also does not believe that its proposal to offer Participants an opportunity to reduce the NOM Market Maker Non-Penny Pilot Options Fee for Adding Liquidity from $0.35 to $0.00 if they meet the volume-based standard described above imposes an undue burden on intra-market competition because NOM Market Makers, unlike other market participants, add value through continuous quoting and the commitment of capital.

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

The foregoing rule 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: (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–2017–080 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–2017–080. 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 be submitted on or before September 5, 2017.

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

Eduardo A. Aleman, Assistant Secretary.

[FR Doc. 2017–17169 Filed 8–14–17; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Market Access and Routing Subsidy Program

August 9, 2017

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”), and Rule 19b–4 thereunder, notice is hereby given that on August 1, 2017, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) 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 Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

18 See note 17 above.