

TABLE 1—REVISED PRA BURDEN UNDER THE AMENDMENT PERMITTING EMERGING GROWTH COMPANIES TO OMIT FINANCIAL INFORMATION FOR CERTAIN HISTORICAL PERIODS—Continued

	Number of responses	Incremental burden hours <sup>6</sup> /form	Total incremental burden hours	25% company	75% professional	Professional costs
	(A)	(B)	(C) = (A) * (B)	(D) = (C) * 0.25	E = (C) * 0.75	(F) = (E) * \$400
Total .....	.....	.....	(68,355)	(17,089)	.....	\$(20,506,400)

**2. Forward Incorporation by Reference on Form S-1 by Smaller Reporting Companies**

For purposes of the PRA, we estimate that all smaller reporting companies will take advantage of the election to forward incorporate by reference. We estimate that the amendments to permit smaller reporting companies to incorporate by reference into the prospectus contained in the registration statement on Form S-1 all documents subsequently filed by the issuer with the Commission after the effective date of

the registration statement would reduce incrementally the annual paperwork burden by approximately 53,125 hours of issuer personnel time and by a cost of approximately \$63,750,000 for the services of outside professionals. The estimate reflects the decrease in disclosure preparation time by eliminating the need to file certain post-effective amendments when that information is disclosed in Exchange Act filings after the effectiveness of the Form S-1. We estimate that forward incorporation by reference would

reduce the paperwork burden in Form S-1 for smaller reporting companies by 212,500 hours on the assumption that the burden to complete a Form S-1 that incorporates by reference would be the same as the burden currently imposed by Form S-3 (472 hours). Therefore, the amount of time eliminated for each Form S-1 that incorporates by reference would be 500 hours (972 hours for a Form S-1 that does not incorporate information by reference minus 472 hours for a Form S-1 that does incorporate information by reference).

TABLE 2—REVISED PRA BURDEN UNDER THE AMENDMENT PERMITTING SMALLER REPORTING COMPANIES TO FORWARD INCORPORATE BY REFERENCE ON FORM S-1

	Number of responses <sup>7</sup>	Incremental burden hours/ Form	Total incremental burden hours	25% company	75% professional	Professional costs
	(A)	(B)	(C) = (A) * (B)	(D) = (C) * 0.25	E = (C) * 0.75	(F) = (E) * \$400
Form S-1 .....	425	(500)	(212,500)	(53,125)	(159,375)	\$(63,750,000)

*Title of Collection:* Simplification of Disclosure Requirements for Emerging Growth Companies and Forward Incorporation by Reference on Form S-1 for Smaller Reporting Companies.

*OMB Control Numbers:* 3235-0065 (Form S-1) and 3235-0258 (Form F-1).

*Type of Review:* Emergency.

*Requested Duration of Authorization:* 6 Months.

Dated: January 19, 2016.

**Robert W. Errett,**  
*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-76929; File No. SR-Phlx-2016-03]

**Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make Nonsubstantive, Clarifying Amendments to Several Rules Relating to the Clearing of Exchange Options Transactions**

January 19, 2016.

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> notice is hereby given that on January 5, 2016, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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.

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

The Exchange proposes to make nonsubstantive, clarifying amendments to several rules relating to clearing of Exchange options transactions.

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

<sup>7</sup> The number of responses equals the average number of Forms S-1 filed by smaller reporting companies (SRCs) during a three-year period. In 2012, SRCs filed 394 Forms S-1; in 2013, SRCs filed 432 Forms S-1; and in 2014, SRCs filed 448 Forms S-1.

<sup>1</sup> 15 U.S.C. 78s(b)(1).  
<sup>2</sup> 17 CFR 240.19b-4.

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 make minor nonsubstantive amendments to four rules relating to options clearing responsibilities of members. The changes are intended to correct minor drafting errors, and to update and improve readability of the rules. The Exchange is also proposing to extend applicability of a rule concerning violations of The Options Clearing Corporation ("OCC") rules to off-floor transactions as well as to on-floor transactions.

Phlx Rule 1046, Clearing Arrangements, currently provides that a member or member organization conducting an options business must either be: (i) A clearing member of OCC; or (ii) have a clearing arrangement with an Exchange member organization that is a clearing member of OCC. The Exchange is revising the rule to simply state that a member or member organization conducting an options business must be a Clearing Member or have a clearing arrangement with a Clearing Member. The revision simply makes use of the existing defined term "Clearing Member"<sup>3</sup> to improve readability. No change in meaning is intended.

Phlx Rule 1050, Violation Of By-Laws And Rules Of Options Clearing Corporation, currently provides for Exchange penalties in the event a member, member organization or director of a member organization that is a corporation "shall be adjudged guilty in a proceeding under Article XVIII of the by-laws of a violation of any provision of the rules of the Options Clearing Corporation with respect to the reporting, clearance or settlement of any transaction on the options trading floor of this Corporation. . . ." The Exchange is deleting the reference to a proceeding under Article XVIII of the by-laws, which the Exchange deleted in

<sup>3</sup> Exchange Rule 1000(b)(3) defines "Clearing Member" as "a member organization which has been admitted to membership in the Options Clearing Corporation pursuant to the provisions of the rules of the Options Clearing Corporation."

2011,<sup>4</sup> and is replacing it with a more general and accurate reference to "an Exchange disciplinary proceeding." The Exchange is also replacing the reference to "any transaction on the options trading floor of this Corporation" with a reference to "any Exchange options transaction" in view of today's electronic options trading which is not limited to the trading floor and the fact that the Exchange is not otherwise referred to in the rulebook as "this Corporation." The Exchange did not amend Rule 1050 when it introduced off-floor trading, but is doing so now because whether a transaction takes place on-floor or off-floor has no bearing on the significance of any violation of the OCC rules. The Exchange has determined that there is no reason for off-floor transactions to be excluded from a requirement that transactions must be conducted in accordance with OCC rules. The new rule should ensure that off-floor transactions as well as on-floor transactions are conducted in a manner consistent with OCC rules.

Phlx Rule 1052, Responsibility Of Clearing Options Members For Exchange Options Transactions, currently provides for the clearing of transactions of non-Clearing Members by a "member organization which is a clearing member of the Options Clearing Corporation. . . ." The Exchange again is replacing this quoted language with the more succinct defined term "Clearing Member."<sup>5</sup> The word "Options" is deleted from the rule's title as superfluous.

Finally, Rule 1054, Verification Of Trades And Reconciliation Of Uncompared Trades, imposes certain trade verification and reconciliation obligations on any "member organization which is a clearing member of the Options Clearing Corporation." Once again the Exchange is replacing the cumbersome language in quotation marks with the succinct, defined term "Clearing Member." The change is made simply to improve readability.

<sup>4</sup> See Securities Exchange Act Release No. 63981 (February 25, 2011), 76 FR 12180 (March 4, 2011) (SR-Phlx-2011-13) (a rule proposal to, among other things, amend the Limited Liability Company Agreement and By-Laws to substantially conform to The NASDAQ Stock Market's Second Amended Limited Liability Company Agreement and By-Laws).

<sup>5</sup> Rule 1052 currently provides that every member organization which is a clearing member of the Options Clearing Corporation shall be responsible for the clearance of the Exchange options transactions of such member organization and of each member or member organization who gives up the name of such clearing member in an Exchange options transaction, provided the clearing member has authorized such member or member organization to give up its name with respect to Exchange options transactions.

2. Statutory Basis

The Exchange believes that its proposal is consistent with section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to 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, by improving the accuracy and readability of the amended rules.

With respect to Rules 1046, 1052 and 1054, employing the defined term "Clearing Member" rather than "a clearing member of the Options Clearing Corporation" shortens the rule and makes it more readable. With respect to Rule 1050, deletion of a reference to a nonexistent provision of the Exchange's bylaws and replacing it with a general reference to the Exchange's disciplinary proceedings should make the rule more understandable. Additionally with respect to Rule 1050, extending the applicability of the rule to off-floor transactions as well as to on-floor transactions should incentivize those who engage in off-floor transactions to comply with OCC rules, which is in the public interest.

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

The Exchange does not believe that the clarifying amendments proposed herein will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act inasmuch as they simply improve the accuracy and readability of the rules. Additionally, Rule 1050, as amended, will apply to members transacting off the trading floor as well as those transacting on the trading floor, which should reduce a burden on competition on members who transact primarily on the trading floor and also on members of other markets whose rules require compliance with OCC rules in connection with transactions not occurring on a trading floor.

*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.

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

### 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)(iii) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</sup>

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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2016-03 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-2016-03. 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 such 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-2016-03, and should be submitted on or before February 16, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76931; File No. SR-FINRA-2016-002]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Alternative Trading System Volume and Trading Information

January 19, 2016.

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> notice is hereby given that on January 8, 2016, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as

constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to (i) delete from the FINRA rulebook Rule 4552, which requires each alternative trading system ("ATS") that has filed a Form ATS with the SEC to report to FINRA weekly volume information and number of trades regarding equity securities transactions within the ATS; (ii) amend Rules 6110 and 6610 to add provisions regarding FINRA's publication of ATS volume and trade count information for equity securities, including information similar to what is currently reported by ATSS pursuant to Rule 4552 as well as information regarding ATS block transactions; and (iii) amend Rules 6183 and 6625 to require ATSS seeking an exemption from FINRA trade reporting rules to provide FINRA with a link to a publicly-available Web site that displays their weekly equity volume information in a format substantially similar to that used by FINRA.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA 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

##### (i) Background

On January 17, 2014, the SEC approved a proposed rule change to (i) adopt Rule 4552 (Alternative Trading

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).