in connection with the revised date is reprinted below.

Stanley F. Mires,

Attorney, Federal Compliance.

Decision of the Governors of the United States Postal Service Concerning Revised Implementation Date of Mail Classification Schedule Changes for Priority Mail International Flat Rate Envelopes and Priority Mail International Small Flat Rate Boxes (Governors' Decision No. 16–2)

May 12, 2016.

Statement of Explanation and Justification

Pursuant to section 404(b) and Chapter 36 of title 39, United States Code, Governors' Decision No. 16–1 established classification changes to Priority Mail International Flat Rate Envelopes (PMI FREs) and PMI Small Flat Rate Boxes (PMI SFRBs) to be effective June 3, 2016.

Due to operational considerations, I hereby revise the implementation date of the classification changes set forth in Governors' Decision No. 16–1 as indicated in our order below.

Order

The changes in classification to PMI FREs and PMI SFRBs established in Governors' Decision No. 16–1 shall be effective on August 28, 2016.

By The Governors:

James H. Bilbray

Chairman, Temporary Emergency Committee of the Board of Governors

[FR Doc. 2016–12400 Filed 5–25–16; 8:45 am]

BILLING CODE 7710–12–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–77875; File No. SR–ISE–2016–08]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change Related to Market Wide Risk Protection

May 20, 2016.

I. Introduction

On March 17, 2016, the International Securities Exchange, LLC (the ''Exchange'' or ''ISE'') filed with the Securities and Exchange Commission (''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to introduce new activity-based risk protection functionality. The proposed rule change was published for comment in the **Federal Register** on April 6, 2016.[3] No comment letters were received in response to this proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposed to introduce two activity-based risk protection measures that will be mandatory for all members: (1) The ''Order Entry Rate Protection,'' which prevents members from *entering* orders at a rate that exceeds predefined thresholds,[4] and (2) the ''Order Execution Rate Protection,'' which prevents members from *executing* orders at a rate that exceeds their predefined risk settings (together, ''Market Wide Risk Protection''). The Exchange will announce the implementation date of the proposed rule in a circular to be distributed to members prior to implementation.[5]

Pursuant to proposed Rule 714(d), ''Market Wide Risk Protection,'' the Exchange's trading system (the ''System'') will maintain one or more counting programs on behalf of each member that will track the number of orders entered and the number of contracts traded on ISE or, if chosen by the member, across both ISE and its affiliate, ISE Gemini, LLC (''ISE Gemini'').[6] Members may also use multiple counting programs to separate risk protections for different groups established within the member.[7] The counting programs will maintain separate counts, over rolling time periods specified by the member, for each count of: (1) The total number of orders entered in the regular order book; (2) the total number of orders entered in the complex order book with only options legs; (3) the total number of orders entered in the complex order book with both stock and options legs; (4) the total number of contracts traded in regular orders; and (5) the total number of contracts traded in complex orders with only options legs.[8]

According to the Exchange, members will have the discretion to establish the applicable time period for each of the counts maintained under the Market Wide Risk Protection, provided that the selected period is within minimum and maximum time parameters that will be established by the Exchange and announced via circular.[9] By contrast, the Exchange's proposal does not establish minimum or maximum values for any of the order entry or execution parameters described in (1) through (5) above. Nevertheless, the Exchange will establish default values[10] for the time period, order entry, and contracts traded parameters in a circular to be distributed to members. The Exchange represented that such default values will apply only to members that do not submit their own parameters for the Market Wide Risk Protection measures.[11]

The Exchange further proposed to use separate counts for regular orders, complex options orders,[12] and complex orders with a stock component,[13] as it believed that members may want to have different risk settings for these instruments. If the Market Wide Risk Protection is triggered based on any count, however, proposed Rule 714(d) states that the triggered action (discussed below) will be taken across the entire market—with respect to all products traded in both simple and complex instruments and across ISE (or,

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 77489 (Mar. 31, 2016), 81 FR 20004 (''Notice'').

[4] The Exchange stated that it will initiate the Order Entry Rate Protection pre-open, but in a manner that allows members time to load their orders without inadvertently triggering the protection. The Exchange further noted that it will establish and communicate the precise initiation time via circular and prior to implementation. *See* Notice, *supra* note 3, at 20004 n.4.

[5] *See* Notice, *supra* note 3, at 20004.

[6] Members may set different risk parameters for their trading activity on each exchange, or they may set risk parameters that apply to their trading across both ISE and ISE Gemini. *See* proposed Rule 714(d).

[7] The Exchange stated that it will explain how members can go about setting up risk protections for different groups (*e.g.,* business units) in a circular issued to members. *See* Notice, *supra* note 3, at 20004–05 n.7.

[8] *See* proposed Rule 714(d). The Exchange clarified that a member's allowable order rate for the Order Entry Rate Protection will be comprised of parameters (1) to (3), while the allowable contract execution rate for the Order Execution Rate Protection will be comprised of parameters (4) and (5). The Exchange further explained that contracts executed on the agency and contra-side of a two-sided crossing order will be counted separately for the Order Execution Rate Protection. *See* Notice, *supra* note 3, at 20005.

[9] *Id.* The Exchange stated that it anticipated setting these minimum and maximum time parameters at one second and a full trading day, respectively. *See* Notice, *supra* note 3, at 20005 n.9.

[10] *See* proposed Rule 714(d); *see also* Notice, *supra* note 3, at 20005.

[11] *Id.*

[12] The Exchange explained that the contract execution count for complex orders with only options legs will be the sum of the number of contracts executed with respect to each leg. *Id.*

[13] Complex orders that contain a stock component will not be included as part of the complex order execution count. The Exchange stated its belief that the separate components of stock-option orders (*i.e.,* options components executed in contracts and stock components executed in shares) could not be combined in a way that would provide a meaningful measure of risk exposure. *See* Notice, *supra* note 3, at 20005 n.10.

if set by the member, across ISE and ISE Gemini).[14]

Under proposed Rule 714(d), the System will trigger the Market Wide Risk Protection when it determines that the member has either (1) entered a number of orders exceeding its designated allowable order rate for the specified time period, or (2) executed a number of contracts exceeding its designated allowable contract execution rate for the specified time period.[15] If the member's thresholds have been exceeded in either simple or complex instruments, the Market Wide Risk Protection will be triggered and the System will automatically reject all subsequent incoming orders entered by the member on ISE or, if set by the member, across both ISE and ISE Gemini.[16] In addition, if the member has opted in to this functionality, the System will automatically cancel all of the member's existing orders.[17] The Market Wide Risk Protection will remain engaged until the member manually (*e.g.,* via email) notifies the Exchange to enable the acceptance of new orders.[18]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act[19] and rules and regulations thereunder applicable to a national securities exchange.[20] In particular, the Commission finds that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act, which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms of a free and open market and a national market system, and, in general, to protect investors and the public interest.[21]

The Commission believes that the Exchange's proposed activity-based order protections will provide an additional tool to members to assist them in managing their risk exposure.[22] Specifically, the Commission believes that the Market Wide Risk Protection functionality may help members to mitigate the potential risks associated with entering and/or executing a level of orders that exceeds their risk management thresholds that may result from, for example, technology issues with electronic trading systems. Further, the Commission notes that other exchanges have established risk protection mechanisms for members and market makers that are similar in many respects to ISE's proposal.[23]

Proposed Rule 714(d) imposes a mandatory obligation on ISE members to utilize the Market Wide Risk Protection functionality. The Commission notes that, although the Exchange will establish minimum and maximum permissible parameters for the time period values, members will have discretion to set the threshold values for the order entry and order execution parameters.[24] If members do not independently set such parameters, they will be subject to the default parameters established by ISE.[25] While the Commission believes that the Exchange's proposed rule provides members flexibility to tailor the Market Wide Risk Protection to their respective risk management needs, the Commission reminds members to be mindful of their obligations to, among other things, seek best execution of orders they handle on an agency basis and consider their best execution obligations when establishing parameters for the Market Wide Risk Protection or utilizing the default parameters set by ISE.[26] For example, an abnormally low order entry parameter, set over an abnormally long specified time period should be carefully scrutinized, particularly if a member's order flow to ISE contains agency orders. To the extent that a member chooses sensitive parameters, a member should consider the effect of its chosen settings on its ability to receive a timely execution on marketable agency orders that it sends to ISE in various market conditions. The Commission cautions brokers considering their best execution obligations to be aware that the agency orders they represent may be rejected as a result of the Market Wide Risk Protection functionality.

As discussed above, ISE determined not to establish minimum and maximum permissible settings for the order entry and order execution parameters in its rule and indicated its intent to set a minimum and maximum for the time period parameters that provide broad discretion to members (*i.e.,* one second and a full trading day, respectively).[27] In light of these broad limits, the Commission expects ISE to periodically assess whether the Market Wide Risk Protection measures are operating in a manner that is consistent with the promotion of fair and orderly markets, including whether the default values and minimum and maximum permissible parameters for the applicable time period established by ISE continue to be appropriate and operate in a manner consistent with the Act and the rules thereunder.

Finally, the Commission believes that it is consistent with the Act for ISE to offer its Market Wide Risk Protection across both ISE and its affiliate, ISE Gemini, as such functionality could assist members in managing and reducing inadvertent exposure to excessive risk across both of these markets if the member desires to avail itself of that feature. Further, the Commission notes that it previously approved ISE's proposal to offer cross-market risk protections for market maker quotes, and approval of the cross-market application of the Market Wide Risk Protection functionality is consistent with that prior approval.[28]

[14] Proposed Rule 714(d)(1); *see also* Notice, *supra* note 3, at 20005.

[15] *Id.; see also* proposed Rule 714(d)(1). Specifically, after a member enters or executes an order, the System will look back over the specified time period to determine whether the member has exceeded the relevant thresholds. *See* Notice, *supra* note 3, at 20005. In the Notice, the Exchange provided examples illustrating how the Market Wide Risk Protection functionality would work both for order entry and order execution protections. *See* Notice, *supra* note 3, at 20005–06.

[16] According to the Exchange, members that set different risk parameters for ISE and ISE Gemini will only have their orders rejected on the exchange whose threshold was exceeded. *See* Notice, *supra* note 3, at 20005 n.11.

[17] Proposed Rule 714(d)(2).

[18] Proposed Rule 714(d)(3). Members who have not opted to cancel all existing orders under proposed Rule 714(d)(2), however, will still be able to interact with their existing orders entered before the Market Wide Risk Protection was triggered. For instance, such members may send cancel order messages and/or receive trade executions for those orders. *Id.; see also* Notice, *supra* note 3, at 20005.

[19] 15 U.S.C. 78f(b).

[20] In approving these proposed rule changes, the Commission has considered the proposed rules' impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[21] 15 U.S.C. 78f(b)(5).

[22] The Exchange currently provides members with limit order price protections that reject orders priced too far outside of the Exchange's best bid or offer. *See* ISE Rule 714(b)(2).

[23] *See, e.g.,* Miami International Securities Exchange, LLC Rule 519A (''Risk Protection Monitor''); BATS BZX Exchange, Inc. Rule 21.16 (''Risk Monitor Mechanism'').

[24] The Exchange has represented that it anticipates that the minimum and maximum values for the applicable time period will be initially set at one second and a full trading day, respectively, which the Commission believes gives members wide latitude in establishing the applicable time periods. *See* Notice, *supra* note 3, at 20005 n.9.

[25] Proposed Rule 714(d).

[26] *See* Securities Exchange Act Release No. 37619A (Sept. 6, 1996), 61 FR 48290, at 48323 (Sept. 12, 1996) (Order Execution Obligations adopting release); *see also* Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37537–8 (June 29, 2005) (Regulation NMS adopting release).

[27] *See* Notice, *supra* note 3, at 20005 n.9; *see also supra* note 24.

[28] *See* ISE Rule 804(g); *see also* Securities Exchange Act Release No. 73147 (Sept. 19, 2014), 79 FR 57639 (Sept. 25, 2014) (SR–ISE–2014–09) (approval order).

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[29] that the proposed rule change (SR–ISE–2016–08) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[30]

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–12384 Filed 5–25–16; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–77880; File No. SR–NYSE–2016–17]

Self-Regulatory Organizations; New York Stock Exchange LLC; Order Approving Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Add Additional Order Types to the NYSE Bonds℠ Platform, Codify Functionality of Order Types Currently Available on NYSE Bonds, and Provide Greater Detail as to How an Indicative Match Price Is Established With Respect to Bond Auctions

May 20, 2016.

I. Introduction

On March 16, 2016, New York Stock Exchange LLC (''NYSE'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend Rule 86 to add additional order types to the NYSE Bonds℠ platform, to codify functionality of order types currently available on NYSE Bonds, and to amend the definition of Indicative Match Price (''IMP'') in current Rule 86(b)(2)(G) to provide greater detail as to how an IMP is established with respect to Bond Auctions. On March 29, 2016, the Exchange filed Amendment No. 1 to the proposal.[3] The proposed rule change was published for comment in the **Federal Register** on April 5, 2016.[4] No comment letters were received in response to the Notice. This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposed Rule Change

The Exchange proposes to amend Rule 86 to add NYSE Bonds Fill-or-Kill Order, NYSE Bonds All-or-None Order and NYSE Bonds Minimum Quantity Order as new order types to the NYSE Bonds platform,[5] and to codify the operation of NYSE Bonds Good 'Til Date Order and NYSE Bonds Timed Order that, according to the Exchange, are currently available on the NYSE Bonds platform.[6] The Exchange also proposes to amend the definition of IMP to provide greater detail as to how an IMP is established with respect to Bond Auctions.

The Exchange proposes to adopt the NYSE Bonds Fill-or-Kill Order (''NYSE Bonds FOK Order''), a NYSE Bonds Limit Order that would be executed immediately in its entirety at the best price available against a single contra party and, if not executed immediately in its entirety, would be cancelled.[7] A NYSE Bonds FOK Order would be eligible to participate in all trading sessions,[8] but could be executed only during the trading session in which the order is sent; otherwise the order would be rejected. A NYSE Bonds FOK Order cannot participate in either the Opening Bond Auction or the Core Bond Auction.[9]

The Exchange proposes to adopt the NYSE Bonds All-or-None Order (''NYSE Bonds AON Order''), a NYSE Bonds Limit Order (whose AON contingency would be displayed on the order book) that would be executed in its entirety against one or more contra party, or not at all.[10] If a NYSE Bonds AON Order is not executed in full, NYSE Bonds would post the order to the order book at its limit price until it is executed in full, or is cancelled. Incoming contra-side orders that cannot meet the AON quantity may trade at or bypass the price of the NYSE Bonds AON Order. A NYSE Bonds AON Order would not participate in either the Opening Bond Auction or the Core Bond Auction and the order is eligible for execution only during the trading session for which it is designated. A NYSE Bonds AON Order must be designated as ''day,'' ''good 'til cancelled,'' or ''good 'til date.''[11]

The Exchange also proposes to adopt the NYSE Bonds Minimum Quantity Order, a NYSE Bonds Limit Order (whose minimum quantity contingency would be displayed on the order book) that would trade against one or more contra side orders, provided the order's quantity requirement is met.[12] In the event there is not enough contra-side liquidity available at the time a NYSE Bonds Minimum Quantity Order is submitted, NYSE Bonds would post the order on the order book at its limit price until it is executed in full, or is cancelled. Incoming contra-side orders that cannot meet the minimum quantity may trade at or bypass the price of a NYSE Bonds Minimum Quantity Order. A NYSE Bonds Minimum Quantity Order would be rejected if the minimum quantity entered on the order is greater than the total number of bonds of the order. A NYSE Bonds Minimum Quantity Order may be partially executed as long as each partial execution is for the minimum number of bonds or greater. If a balance remains after one or more partial executions and such balance is for less than the minimum quantity specified on the order, such balance would be treated as a regular limit order and placed on the order book in price-time priority. A NYSE Bonds Minimum Quantity Order would not participate in either the Opening Bond Auction or the Core Bond Auction and the order would be eligible for execution only in the trading session during which it was sent. A

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[29] 15 U.S.C. 78s(b)(2).

[30] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] In Amendment No. 1, the Exchange proposed changes to amend the proposed rule text of Rule 86(j)(A)(ii) in Exhibit 5 and the purpose section of each of the Form 19b–4 and Exhibit 1 to clarify the effective time used to determine the priority of Timed Orders. The Exchange also amended the purpose section of each of the Form 19b–4 and Exhibit 1 to add that all-or-none and minimum quantity contingencies are displayed.

[4] *See* Securities Exchange Act Release No. 77477 (March 30, 2016), 81 FR 19671 (''Notice'').

[5] NYSE Bonds is the Exchange's electronic system for receiving, processing, executing and reporting bids, offers, and executions in bonds. *See* Notice, *supra* note 4, at 19672. NYSE Bonds currently allows Users to submit limit orders and reserve orders. Current Rule 86(b)(2)(M) defines a User as any Member or Member Organization, Sponsored Participant, or Authorized Trader that is authorized to access NYSE Bonds. A NYSE Bonds Limit Order and a NYSE Bonds Reserve Order are defined in current Rules 86(b)(2)(B) and (C), respectively. The Exchange is also proposing non-substantive organizational changes to renumber sections of Rule 86.

[6] *See* Notice, *supra* note 4, at 19672.

[7] A NYSE Bonds FOK Order cannot be a NYSE Bonds Reserve Order. *See* proposed Rule 86(b)(2)(B)(ii).

[8] The Opening Bond Trading Session commences with the Opening Bond Auction at 4:00 a.m. ET and concludes at 8:00 a.m. ET. *See* Rule 86(i)(1)(A). The Core Bond Trading Session commences with the Core Bond Auction at 8:00 a.m. ET and concludes at 5:00 p.m. ET. *See* Rule 86(i)(2)(A). The Late Bond Trading Session commences at 5:00 p.m. ET and concludes at 8:00 p.m. ET. *See* Rule 86(i)(3)(A).

[9] The Notice provides additional details and examples related to the NYSE Bonds FOK Order. *See* Notice, *supra* note 4, at 19672. *See also* proposed Rule 86(b)(2)(B)(vii).

[10] A NYSE Bonds AON Order cannot be a NYSE Bonds Reserve Order. *See* proposed Rule 86(b)(2)(B)(ii).

[11] The Notice provides additional details and examples related to the NYSE Bonds AON Order. *See* Notice, *supra* note 4, at 19672–73. *See also* proposed Rule 86(b)(2)(B)(viii).

[12] A NYSE Bonds Minimum Quantity Order cannot be a NYSE Bonds Reserve Order. *See* proposed Rule 86(b)(2)(B)(ii).