

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

**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) of the Act<sup>17</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>18</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 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
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-BatsEDGX-2017-12 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 No. SR-BatsEDGX-2017-12. 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 No. SR-BatsEDGX-2017-12, and should be submitted on or before April 5, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-80185; File No. SR-ISE-2017-17]

**Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify the Qualified Contingent Cross and Solicitation Rebate Tiers**

March 9, 2017.

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 February 27, 2017, the International Securities Exchange, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II, 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.

<sup>19</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.

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

The Exchange proposes a rule change to amend the Schedule of Fees to modify the Qualified Contingent Cross and Solicitation rebate tiers.

The text of the proposed rule change is available on the Exchange's Web site at [www.ise.com](http://www.ise.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

Currently, members using QCC and/or other solicited crossing orders, including solicited orders executed in the Solicitation, Facilitation or Price Improvement Mechanisms, receive rebates for each originating contract side in all symbols traded on the Exchange. Once a member reaches a certain volume threshold in QCC orders and/or solicited crossing orders during a month, the Exchange provides rebates to that Member for all of its QCC and solicited crossing order traded contracts for that month. The applicable rebates are applied on QCC and solicited crossing order traded contracts once the volume threshold is met. Members receive the Non-"Customer to Customer" rebate for all QCC and/or other solicited crossing orders except for QCC and solicited orders between two Priority Customers. QCC and solicited orders between two Priority Customers receive the "Customer to Customer" rebate or "Customer to Customer" Rebate PLUS, respectively.<sup>3</sup> Non-"Customer to Customer" and "Customer to Customer" volume is aggregated in determining the applicable volume tier.

<sup>3</sup> The PLUS rebate is for Members with total monthly unsolicited originating Facilitation contract side volume of 175,000 or more.

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f).

The current volume threshold and corresponding rebates are as follows:

Originating contract sides	Non-“Customer to Customer” rebate	“Customer to Customer” rebate	“Customer to Customer” rebate PLUS
0 to 99,999 .....	\$0.00	\$0.00	\$0.00
100,000 to 199,999 .....	(0.05)	(0.01)	(0.05)
200,000 to 499,999 .....	(0.07)	(0.01)	(0.05)
500,000 to 699,999 .....	(0.08)	(0.03)	(0.05)
700,000 to 999,999 .....	(0.09)	(0.03)	(0.05)
1,000,000+ .....	(0.11)	(0.03)	(0.05)

The Exchange now proposes to make two changes to the QCC and Solicitation rebate. First, the Exchange proposes to aggregate volume from affiliates in determining the Member’s tier for purposes of the QCC and Solicitation rebate. As proposed, all eligible volume from affiliated Members will be aggregated in determining QCC and Solicitation volume totals, provided there is at least 75% common ownership between the Members as reflected on each Member’s Form BD, Schedule A. The Exchange believes that aggregating volume across Members that share at least 75% common ownership will allow Members to continue to

execute trades on the Exchange through separate broker-dealer entities for different types of volume, while receiving rebates based on the aggregate volume being executed across such entities. The Exchange currently aggregates volume from affiliated Members in determining applicable fees and rebates, including, for example, the Crossing Fee Cap,<sup>4</sup> and believes that it is appropriate to now extend this treatment to the QCC and Solicitation rebate.

In addition, the Exchange proposes to eliminate the current tier 4—*i.e.*, from 500,000 to 699,999 originating contract sides—and merge this tier into current tier 5. With this proposed change,

Members that execute between 500,000 and 999,999 originating contract sides of eligible volume will earn the current tier 5 rebates—*i.e.*, a Non-“Customer to Customer” rebate of \$0.09 per originating contract side, a “Customer-to-Customer” rebate of \$0.03 per originating contract side and a “Customer-to-Customer” rebate PLUS of \$0.05 per originating contract side. The Exchange believes that this change will incentivize members to execute more QCC and/or other solicited crossing orders on the Exchange in order to qualify for enhanced rebates. The new tier schedule and rebates are shown in the following table:

Originating contract sides	Non-“Customer to Customer” rebate	“Customer to Customer” rebate	“Customer to Customer” rebate PLUS
0 to 99,999 .....	\$0.00	\$0.00	\$0.00
100,000 to 199,999 .....	(0.05)	(0.01)	(0.05)
200,000 to 499,999 .....	(0.07)	(0.01)	(0.05)
500,000 to 999,999 .....	(0.09)	(0.03)	(0.05)
1,000,000+ .....	(0.11)	(0.03)	(0.05)

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup> in general, and Section 6(b)(4) of the Act,<sup>6</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to aggregate volume amongst corporate affiliates for purposes of the QCC and Solicitation rebate as this change is intended to avoid disparate treatment of firms that have divided their various business activities between separate corporate entities as compared to firms that operate those business activities within a single

corporate entity. By way of example, many firms that are Members of the Exchange operate several different business lines within the same corporate entity. In contrast, other firms may be part of a corporate structure that separates those business lines into different corporate affiliates, either for business, compliance or historical reasons. Those corporate affiliates, in turn, are required to maintain separate memberships with the Exchange in order to access the Exchange. The Exchange currently aggregates volume executed by affiliates for other fees and rebates,<sup>7</sup> and now proposes to similarly aggregate volume executed by affiliates for purposes of the QCC and Solicitation rebate. The proposed definition of “affiliate” to be used to aggregate volume for the QCC and Solicitation

rebate is consistent with definitions used by the Exchange in other contexts.<sup>8</sup>

In addition, the Exchange believes that the proposed changes to the QCC and Solicitation rebate tier schedule are reasonable and equitable as the proposed changes simplify the Exchange’s tier structure, and provide more favorable rebates to members due to the reduced volume thresholds for achieving current tier 5 rebates. As explained above, the Exchange is eliminating the current tier 4 and merging it into current tier 5, thereby giving members a higher rebate for the same volume. The Exchange believes that this change will incentivize members to bring additional QCC and/or other solicited crossing order volume to the Exchange in order to benefit from the enhanced rebates. The Exchange also believes that the proposed changes

<sup>4</sup> See Securities Exchange Act Release No. 70873 (November 14, 2013), 78 FR 69714 (November 20, 2013) (SR-ISE-2013-56).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>7</sup> See *e.g.*, supra note 4.

<sup>8</sup> *Id.*

to the tier schedule are not unfairly discriminatory as all members will be able to attain higher rebates by executing the required volume of QCC and/or other solicited crossing orders on the Exchange.

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

In accordance with Section 6(b)(8) of the Act,<sup>9</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change merely allows for the aggregation of volume from affiliates for purposes of the QCC and Solicitation rebate, consistent with treatment of volume for other purposes in the Schedule of Fees, and with volume aggregation on other options markets. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

#### *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,<sup>10</sup> and Rule 19b-4(f)(2)<sup>11</sup> thereunder. 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.

<sup>9</sup> 15 U.S.C. 78f(b)(8).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

### **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-ISE-2017-17 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-ISE-2017-17. 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-ISE-2017-17 and should be submitted on or before April 5, 2017.

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

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-80193; File No. SR-FINRA-2017-006]

### **Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 6191 To Implement an Anonymous, Grouped Masking Methodology for Over-the-Counter Activity in Connection With Web Site Data Publication of Appendix B Data Pursuant to the Regulation NMS Plan To Implement a Tick Size Pilot Program**

March 9, 2017.

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 March 3, 2017, 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. 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 Substance of the Proposed Rule Change**

FINRA is proposing to amend Rule 6191 to implement an anonymous, grouped masking methodology for over-the-counter ("OTC") activity in connection with Web site data publication of Appendix B data pursuant to the Regulation NMS Plan to Implement a Tick Size Pilot Program ("Plan").

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.

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

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