

require a different response. Persons relying upon this exemptive relief shall discontinue transactions involving the Shares of the Fund, pending presentation of the facts for the Commission's consideration, in the event that any material change occurs with respect to any of the facts or representations made by the Requestors, and as is the case with all preceding letters, particularly with respect to the close alignment between the market price of Shares and the Fund's NAV. In addition, persons relying on this exemption are directed to the anti-fraud and anti-manipulation provisions of the Exchange Act, particularly Sections 9(a), 10(b), and Rule 10b-5 thereunder.

Responsibility for compliance with these and any other applicable provisions of the federal securities laws must rest with the persons relying on this exemption. This Order should not be considered a view with respect to any other question that the proposed transactions may raise, including, but not limited to, the adequacy of the disclosure concerning, and the applicability of other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

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

[FR Doc. 2016-05749 Filed 3-14-16; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, March 17, 2016 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Piwowar, as duty officer, voted to consider the items

listed for the Closed Meeting in closed session.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings;

Adjudicatory matters;

Opinion; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: March 10, 2016.

**Lynn M. Powalski,**

Deputy Secretary.

[FR Doc. 2016-05879 Filed 3-11-16; 11:15 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77331; File No. SR-CHX-2016-01]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing of Proposed Rule Change To Adopt and Amend Rules To Permit the Exchange To Initiate CHX SNAP<sup>SM</sup> Cycles

March 9, 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 February 26, 2016, the Chicago Stock Exchange, Inc. ("CHX" 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.

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

CHX proposes to adopt and amend rules to permit the Exchange to initiate CHX SNAP<sup>SM</sup> cycles. The text of this proposed rule change is available on the Exchange's Web site at [http://www.chx.com/rules/proposed\\_](http://www.chx.com/rules/proposed_)

*rules.htm*, 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 self-regulatory organization 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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to adopt and amend rules to permit the Exchange to initiate CHX SNAP ("SNAP") Cycles.<sup>3</sup> Currently, a SNAP Cycle may only be initiated upon receipt of a valid limit order marked Start SNAP ("Start SNAP order") submitted by an order sender.<sup>4</sup> The Exchange now proposes to permit the Exchange to initiate a SNAP Cycle, without receipt of a valid Start SNAP order, if a periodic *pro forma* SNAP review of the contents of the CHX book, SNAP Auction Only Order ("AOO") Queue<sup>5</sup> and Protected Quotations of external markets, in a given security, show that the projected execution size that would result if a SNAP Cycle were to be initiated at that moment would meet certain minimum size and notional value requirements, as applicable ("Exchange-initiated SNAP"). This proposal is designed to permit marketable, yet inactive passive liquidity of a substantial size (*i.e.*, inactive SNAP AOOs), to execute via SNAP in the absence of a Start SNAP order. The proposed rule change does not modify the operation of SNAP Cycles in any other way.

<sup>3</sup> See Securities Exchange Act Release No. 76262 (October 26, 2015), 80 FR 67440 (November 2, 2015) (SR-CHX-2015-05); see also Securities Exchange Act Release No. 76087 (October 6, 2015), 80 FR 61540 (October 13, 2015); see also Securities Exchange Act Release No. 75346 (July 1, 2015), 80 FR 39172 (July 8, 2015) (SR-CHX-2015-03). The approved rule changes are not yet operative and will become operative upon two weeks' notice by the Exchange to its Participants.

<sup>4</sup> See *supra id.*; see also CHX Article 1, Rule 2(h)(1); see also CHX Article 18, Rule 1(b)(1).

<sup>5</sup> See *supra* note 3; see also CHX Article 20, Rule 8(b)(2)(A).

<sup>8</sup> 17 CFR 200.30-3(a)(6) and (9).

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

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

## Background

In sum, a SNAP Cycle<sup>6</sup> is comprised of the following five stages:

- Stage one—Initiating the SNAP Cycle;
- Stage two—SNAP Order Acceptance Period;
- Stage three—Pricing and Satisfaction Period;
- Stage four—Order Matching Period; and
- Stage five—Transition to the Open Trading State.<sup>7</sup>

Currently, only Start SNAP orders that meet minimum size, price and time of receipt requirements could initiate a SNAP Cycle.<sup>8</sup> Moreover, a Start SNAP order sender may instruct the Exchange to cancel the SNAP Cycle if a minimum execution size condition would not be met.<sup>9</sup> Upon receipt and acceptance of a valid Start SNAP order, order cancellations in the security would be prohibited<sup>10</sup> and a SNAP Cycle would proceed as follows:

- During the stage one Initiating the SNAP Cycle, automated trading in the subject security on the Exchange would be suspended and remain suspended for the duration of the SNAP Cycle.
- During the stage two SNAP Order Acceptance Period, the Exchange will transition precedent SNAP Eligible Orders<sup>11</sup> to the SNAP CHX book and accept new SNAP Eligible Orders for a randomized time period for inclusion on the SNAP CHX book.<sup>12</sup>
- During the stage three Pricing and Satisfaction Period, the Exchange will attempt to ascertain a single auction price (*i.e.*, “SNAP Price”)<sup>13</sup> from SNAP Eligible Orders resting on the SNAP CHX book based on a new market snapshot (“stage three market snapshot”). If the SNAP Price is determined to be at a price that would require orders to be routed away, the Exchange would route away SNAP Eligible Orders resting on the SNAP CHX book.<sup>14</sup> Immediately after the necessary orders are routed away, the

SNAP Cycle would enter the Satisfaction Period, during which time the Exchange would delay proceeding to the stage four Order Matching Period for a period of time not to exceed 200 milliseconds to allow for confirmations of routed orders to be received from external markets. However, if the SNAP Price does not require orders to be routed away, the SNAP Cycle would immediately proceed to the stage four Order Matching Period. Moreover, if the SNAP Price could not be confirmed, the SNAP Cycle would be aborted and immediately proceed to the stage five Transition to the Open Trading State.<sup>15</sup>

- During the stage four Order Matching Period, SNAP Eligible Orders on the SNAP CHX book would execute at the SNAP Price within the Matching System.<sup>16</sup>
- During the stage five Transition to the Open Trading State, unexecuted SNAP Eligible Orders, as well as other orders and cancel messages that have been queued during the SNAP Cycle, would be transitioned to the CHX book for automated trading based on a new market snapshot.<sup>17</sup> During the transition, orders may, among other things, be executed within the Matching System or be routed away in a manner consistent with how orders are currently executed and routed during automated trading.<sup>18</sup>

## Proposed Article 18, Rule 1A (Initiating SNAP)

The Exchange now proposes to adopt Article 18, Rule 1A, which describes the current and proposed mechanisms for initiating SNAP Cycles. Thereunder, proposed paragraph (a) provides that subject to current Article 18, Rule 1(c),<sup>19</sup> a SNAP Cycle in a security shall be initiated either (1) upon receipt of a valid limit order marked Start SNAP, as defined under current Article 1, Rule 2(h)(1), or (2) by the Exchange pursuant to proposed paragraph (b). Specifically,

<sup>15</sup> See *supra* note 3; see also CHX Article 1, Rule 1(qq).

<sup>16</sup> See *supra* note 3; see also CHX Article 18, Rule 1(b)(4).

<sup>17</sup> See *supra* note 3; see also CHX Article 18, Rule 1(b)(5).

<sup>18</sup> See CHX Article 19, Rule 3(a)(1)–(3); see also CHX Article 20, Rule 8(e)(1).

<sup>19</sup> See *supra* note 3; CHX Article 18, Rule 1(c) provides, among other things, that if a trading halt, pause or suspension is in effect for the subject security that requires the Exchange to suspend trading in that security at the time a limit order marked Start SNAP is received, a SNAP Cycle shall not be initiated. In light of the proposed Exchange-initiated SNAP mechanism, the Exchange proposes to amend CHX Article 18, Rule 1(c) to provide generally that a SNAP Cycle shall not begin in a security if a trading halt, pause or suspension is in effect for a subject security that requires the Exchange to suspend trading in that security.

proposed paragraph (a)(1) is a restatement of language from current Article 18, Rule 1(b)(1) that provides that a SNAP Cycle would be initiated upon receipt of a limit order marked Start SNAP,<sup>20</sup> whereas proposed paragraph (a)(2) is new language that refers to the proposed Exchange-initiated SNAP mechanism, as described in detail under proposed paragraph (b).

Proposed paragraph (b) details the circumstances under which the Exchange would initiate a SNAP Cycle in a security. It provides that during the Open Trading State for each SNAP-eligible security and at preprogrammed intervals,<sup>21</sup> the Exchange shall review the CHX book, SNAP AOO Queue and Protected Quotations of external markets to determine whether sufficient liquidity exists to initiate a SNAP Cycle without the receipt of a valid limit order marked Start SNAP (“*pro forma* SNAP review”). Proposed paragraph (b) continues by providing that in conducting the *pro forma* SNAP review, the Exchange shall take a market snapshot of the Protected Quotations of external markets in the subject security and calculate a *pro forma* SNAP Price, as defined under current Article 1, Rule 1(rr),<sup>22</sup> to determine:

(1) Whether the projected execution size (“PES”) at the *pro forma* SNAP Price is equal to or greater than the corresponding minimum PES, as described under paragraph (d); and

(2) whether the PES within the Matching System at the *pro forma* SNAP Price would be equal to or greater than 80% of the corresponding minimum PES.

If the conditions set forth under proposed paragraphs (b)(1) and (2) are

<sup>20</sup> Correspondingly, the Exchange proposes to amend current Article 18, Rule 1(b)(1) to contemplate proposed Rule 1A and to amend the subtitle of current Rule 1(b)(1) to provide “Beginning the SNAP Cycle,” so as to clarify the distinction between the initiation of a SNAP Cycle, as described under proposed Rule 1A, and the initial steps that would be taken thereafter.

<sup>21</sup> On a technical level, the Matching System is comprised of several Matching Engines and each security traded on the Exchange is placed into only one Matching Engine. The Exchange proposes to conduct *pro forma* SNAP reviews of each SNAP-eligible security in a given Matching Engine consecutively and continuously in a preset order. The Exchange will not modify this procedure absent an approved filing pursuant to Rule 19b–4 under the Act.

<sup>22</sup> The Exchange notes that the calculation of the *pro forma* SNAP Price is identical to the calculation of the SNAP Price during the stage three Pricing and Satisfaction Period, except that the *pro forma* SNAP Price calculation would not include any new orders received during the stage two Order Acceptance Period, as a SNAP Cycle would not have yet been initiated. Example 2 below describes how the *pro forma* SNAP Price would be calculated.

<sup>6</sup> See *supra* note 3; see also CHX Article 18, Rule 1(b).

<sup>7</sup> See *supra* note 3; see also CHX Article 1, Rule 1(qq).

<sup>8</sup> See *supra* note 3; see also CHX Article 1, Rule 2(h)(1).

<sup>9</sup> See *id.*

<sup>10</sup> Among other things, order cancellation messages would be queued for processing at the conclusion of the SNAP Cycle. See *supra* note 3; see also CHX Article 18, Rule 1(b)(2)(C)(i).

<sup>11</sup> See *supra* note 3; see also CHX Article 1, Rule 1(ss).

<sup>12</sup> See *supra* note 3; see also CHX Article 18, Rule 1(b)(2); see also CHX Article 20, Rule 8(b)(3).

<sup>13</sup> See *supra* note 3; see also CHX Article 1, Rule 1(rr).

<sup>14</sup> See *supra* note 3; see also CHX Article 19, Rule 3(a)(4) and (5).

met, the Exchange shall initiate a SNAP Cycle pursuant to current Article 18, Rule 1(b), subject to proposed paragraph (c). Proposed paragraphs (b) is designed to ensure that a SNAP Cycle would only be initiated by the Exchange if marketable passive liquidity of a substantial size is available at the Exchange.<sup>23</sup> Specifically, the condition set forth under proposed paragraph (b) is intended to avoid a scenario where the market snapshot taken pursuant to proposed paragraph (b) shows substantial liquidity displayed away from the Exchange, but by the time the SNAP Cycle is initiated and the stage three market snapshot is taken to determine the actual SNAP Price, the away liquidity has disappeared, thus resulting in an aggregate SNAP execution size that is much smaller than the PES. By requiring that 80% of the PES be projected to occur within the Matching System, this scenario is avoided.<sup>24</sup>

Proposed paragraph (d) is similar to current Article 1, Rule 2(h)(1)(A)(i) and provides that the minimum PES for an Exchange-initiated SNAP pursuant to proposed paragraph (b) shall either be (1) 2,500 shares with a minimum aggregate notional value of \$250,000 based on the midpoint of the National Best Bid and Offer (“NBBO”) ascertained from the market snapshot taken pursuant to paragraph (b) above or (2) 20,000 shares with no minimum aggregate notional value requirement; provided, however, Berkshire Hathaway, Inc. (BRK-A) will be a flat 100 shares minimum PES, due to its extraordinary share price.

Proposed paragraph (c) places conditions on Exchange-initiated SNAP that are virtually identical to conditions for a valid Start SNAP order under

<sup>23</sup> The Exchange notes that the aggregate size of the stage three SNAP executions may be substantially larger than the PES due to, among other things, the possibility of new orders being received during the stage two Order Acceptance Period. See *supra* note 3; see also CHX Article 18, Rule 1(b)(2).

<sup>24</sup> Since order cancellations are prohibited during a SNAP Cycle, the liquidity at the Exchange ascertained from the *pro forma* SNAP review would always be available by the stage three market snapshot if a SNAP Cycle were initiated by the Exchange. See *supra* note 3; see also CHX Article 18, Rule 1(b)(2)(C)(i).

current Article 1, Rule 2(h)(1). Similar to current Article 1, Rule 2(h)(1)(A)(iii), proposed paragraph (c)(1) provides that the Exchange shall not initiate a SNAP Cycle within five minutes of the first two-sided quote in the subject security having been received by the Exchange from the primary market disseminated after either the beginning of the regular trading session or a trading halt, pause or suspension that required the Exchange to suspend trading in the subject security; within five minutes of the end of the regular trading session; during a SNAP Cycle; or within one minute after the completion of the previous SNAP Cycle. Also, similar to Article 1, Rule 2(h)(1)(A)(iv), proposed paragraph (c)(2) provides that the Exchange shall not initiate a SNAP Cycle if the CHX Routing Services, as described under Article 19, are not available at the time of the market snapshot taken pursuant to proposed paragraph (b) above. Finally, similar to current Article 1, Rule 2(h)(1)(A)(ii), proposed paragraph (c)(3) provides that the Exchange shall not initiate a SNAP Cycle if the National Best Bid and Offer (“NBBO”) ascertained from the market snapshot taken pursuant to proposed paragraph (b) is crossed or a two-sided NBBO does not exist.

Incidentally, the Exchange proposes to amend current CHX Article 1, Rule 2(h)(1)(A)(iii) to replace a reference to “trading halt or pause” with the more accurate, “trading halt, pause or suspension,” as the Exchange had updated the CHX Rules previously to adopt this term change elsewhere in the CHX Rules.<sup>25</sup>

#### Examples

The following Examples 1 and 2 are illustrative of the proposed Exchange-initiated SNAP mechanism, but do not exhaustively depict every possible scenario. Moreover, the charts used herein are illustrative and do not necessarily depict the actual technical processes involved in sorting orders.

*Example 1: Precedent Orders.* Assume that at 10:59:58 a.m. the NBBO for

<sup>25</sup> See Securities Exchange Act No. 76262 (October 26, 2015), 80 FR 67440 (November 2, 2015) (SR-CHX-2015-05); see also *supra* note 3.

security XYZ is \$99.99 × \$100.01 and Protected Quotations of external markets in security XYZ are as follows:

- *Protected Bid A* at Exchange 1 displaying 500 shares at \$99.99
- *Protected Offer A* at Exchange 2 displaying 1000 shares at \$100.01.

Assume also that the CHX book is empty, but that the Exchange receives the following orders in security XYZ at 10:59:59 a.m.:

- *Buy Order A* for 500 shares priced at \$99.98/share marked Do Not Display.<sup>26</sup>
- *Buy Order B* for 500 shares priced at \$100.01/share marked SNAP AOO—Day.
- *Buy Order C* for 1,000 shares marked SNAP AOO—Day and SNAP AOO—Pegged—Midpoint.
- *Sell Order A* for 3,000 shares priced at \$99.98/share marked SNAP AOO—Day.

Under this Example 1, Buy Order A would be immediately posted to the CHX book and ranked in the CHX book pursuant to current Article 20, Rule 8(b)(1)(A)–(C), whereas Buy Orders B and C and Sell Order A would be placed in the SNAP AOO Queue, pursuant to Article 20, Rule 8(b)(2)(A), and not immediately ranked, as SNAP AOOs are never active during the Open Trading State.

*Example 2: Pro forma SNAP review.* Assume the same as Example 1. Assume also that at 11:00:00 a.m., the Exchange conducts a *pro forma* SNAP review of security XYZ and that the NBBO, CHX book and SNAP AOO Queue for security XYZ has not changed.

Under this Example 2, pursuant to proposed Article 18, Rule 1A(b), the Exchange would take a market snapshot of the Protected Quotations of external markets in security XYZ and then create a *pro forma* SNAP CHX book based on the contents of the CHX book (*i.e.*, Buy Order A), SNAP AOO Queue (*i.e.*, Buy Orders B and C and Sell Order A) and the Protected Quotations of external markets (*i.e.*, Protected Bid A and Protected Offer A). Thus, the *pro forma* SNAP CHX book in security XYZ would be as follows:

<sup>26</sup> See CHX Article 1, Rule 2

PRO FORMA SNAP CHX BOOK—EXAMPLE 2

Buy orders				Price point	Sell orders			
Total away buy size at price point	Total CHX buy size at price point	Total buy size better than price point	Total buy size at and better than price point		Total sell size at and better than price point	Total sell size better than price point	Total CHX sell size at price point	Total away sell size at price point
0	0	0	0	100.02	4000	4000	0	0
0	500	0	500	100.01	4000	3000	0	1000
0	1000	500	1500	100.00 (Midpoint)	3000	3000	0	0
500	0	1500	2000	99.99	3000	3000	0	0
0	500	2000	2500	99.98	3000	0	3000	0

Based on this *pro forma* SNAP CHX book, the Matching System would calculate a *pro forma* SNAP Price, pursuant to proposed Article 18, Rule 1A(b). Pursuant to current Article 1, Rule 1(rr), the SNAP Price is a single price at which the greatest number of shares may be executed during a SNAP Cycle, which would not trade-through any more aggressively priced orders on either side of the market. Under this Example 2, the *pro forma* SNAP Price would be \$99.98 with a PES of 2500 shares.

Pursuant to proposed Article 18, Rule 1A(b)(1), the Exchange would then determine if the PES at the *pro forma* SNAP Price is equal to or greater than the corresponding minimum PES, as described under proposed Article 18, Rule 1A(d). Since the PES is 2,500 shares and the NBBO midpoint is \$100.00, the aggregate notional value for this PES would be \$250,000, which meets the minimum PES requirement of 2,500 shares and an aggregate notional value of \$250,000.

Pursuant to proposed Article 18, Rule 1A(b)(2), the Exchange would also determine whether the PES within the Matching System at the *pro forma* SNAP Price is at least 80% of the minimum PES. Since the PES within the Matching System of 2,000 shares (*i.e.*, 2,500 total PES – 500 away PES = 2,000) is exactly 80% of the corresponding minimum PES of 2,500, this requirement is met.

Thus, the Exchange would initiate a SNAP Cycle in security XYZ and conduct the SNAP Cycle pursuant to current Article 18, Rule 1(b).

Operative Date

In the event the proposed rule change is approved by the SEC, the Exchange proposes to make the proposed rule change operative pursuant to one week notice by the Exchange to its Participants. Prior to the operative date, the Exchange will ensure that policies and procedures are in place to allow Exchange operations personnel to effectively monitor the operation of the proposed Exchange-initiated SNAP mechanism.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act in general,<sup>27</sup> and furthers the objectives of Section 6(b)(5) in particular,<sup>28</sup> in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments and perfect the mechanisms of a free and open market, and, in general, to protect investors and the public interest.

In addition to the reasons stated under the original SNAP rule filing,<sup>29</sup> the Exchange believes that proposed Exchange-initiated SNAP mechanism will promote just and equitable principles of trade because it will promote bulk executions resulting from, among other things, SNAP AOOs that may remain unexecuted if the Exchange were not to receive a valid Start SNAP order that would trigger a SNAP Cycle. The Exchange believes that promoting such bulk executions will enhance market liquidity and the price discovery process for all securities, which protects investors and the public interest.

Also, the Exchange believes that the proposed rule change would promote just and equitable principles because the proposed Exchange-initiated SNAP mechanism will further minimize any information leakage that would result from SNAP executions. Currently, SNAP Cycles could only be initiated upon receipt of a valid Start SNAP order, which must meet certain size and pricing requirements. However, with the adoption of the proposed Exchange-initiated SNAP mechanism, SNAP executions may result even without receipt of a Start SNAP order. Thus, the proposed rule change will further minimize any information leakage from SNAP executions, as a market participant will not be able to discern with certainty which initiating mechanism triggered a given SNAP

Cycle. Under either initiation scenario, market participants would continue to know that resting liquidity of a substantial size exists at the Exchange when a SNAP Cycle is initiated.

Moreover, the Exchange believes the proposed rule change furthers the objectives of Section 6(b)(1)<sup>30</sup> in that the proposed amendment to current Article 1, Rule 2(h)(1)(A)(iii) to replace a reference to “trading halt or pause” with “trading halt, pause or suspension” would result in consistent references to “trading halt, pause or suspension” throughout the CHX Rules, which would further enable the Exchange to be so organized as to have the capacity to be able to carry out the purposes of the Act and to comply, and to enforce compliance by its Participants and persons associated with its Participants, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange.

The Exchange notes that the proposed rule change does not implicate Regulation NMS or Regulation SHO considerations as the proposed Exchange-initiated SNAP mechanism is based on a *pro forma* SNAP review that does not involve displaying, executing or routing any orders. If the *pro forma* SNAP review were to trigger a SNAP Cycle, the SNAP Cycle would be conducted in compliance with Regulation NMS and Rule 201 of Regulation SHO, as described under current CHX rules and applicable exemptive relief.<sup>31</sup>

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 that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that any

<sup>30</sup> 15 U.S.C. 78f(b)(1).

<sup>31</sup> See *supra* note 3; see also Letter from Josephine Tao, Assistant Director, Securities and Exchange Commission (the “Commission” or “SEC”), Division of Trading and Markets, to Albert J. Kim, Vice President and Associate General Counsel, CHX, dated October 6, 2015.

<sup>27</sup> 15 U.S.C. 78f(b).

<sup>28</sup> 15 U.S.C. 78f(b)(5).

<sup>29</sup> See *supra* note 3.

burden on competition is necessary and appropriate in furtherance of the purposes of Section 6(b)(5) of the Act because it enhances and promotes the frequency of SNAP Cycles, which is a functionality that seeks to deemphasize speed as a key to trading success in order to further serve the interests of investors, as recently noted by Chair White, and thereby removes impediments and perfects the mechanisms of a free and open market.<sup>32</sup>

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

No written comments were solicited or received with respect to the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be 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-CHX-2016-01 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-2016-01. 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 and on its Internet Web site at [www.chx.com](http://www.chx.com). 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-2016-01, and should be submitted on or before April 5, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2016-05752 Filed 3-14-16; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-77330; File No. SR-BATS-2016-26]

**Self-Regulatory Organizations; Bats BZX Exchange, Inc. f/k/a BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.**

March 9, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 1, 2016, Bats BZX Exchange, Inc. f/k/a BATS Exchange, Inc. (the "Exchange"

or "BZX") 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with 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 Substance of the Proposed Rule Change**

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.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 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 Exchange proposes to modify its fee schedule applicable to the Exchange's options platform to: (i) Modify the standard fees for both

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

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

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

<sup>32</sup> See Mary Jo White, Chair, Securities and Exchange Commission, Speech at Sandler O'Neil & Partners L.P. Global Exchange and Brokerage Conference (June 5, 2014).

<sup>33</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.