

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>34</sup>

**Lynn M. Powalski,**

*Deputy Secretary.*

[FR Doc. 2016-05977 Filed 3-16-16; 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 ("Commission") will hold an Open Meeting on Monday, March 21, 2016, at 11:00 a.m., in the Auditorium (L-002) at the Commission's headquarters building, to hear oral argument in an appeal from an initial decision of an administrative law judge by respondents Edgar Page ("Page") and PageOne Financial, Inc. ("PageOne").

On March 10, 2015, after the Commission instituted proceedings, Page and PageOne submitted an offer of settlement, accepted by the Commission, pursuant to which they consented to entry of an order: finding that they violated the Investment Advisers Act of 1940 by failing to disclose a conflict of interest; imposing a censure and a cease-and-desist order; and ordering additional proceedings to determine what, if any, disgorgement, prejudgment interest, civil penalties, and other remedial action is in the public interest. In an initial decision issued June 25, 2015, the law judge barred Page from the securities industry, revoked PageOne's investment adviser registration, ordered Page and PageOne to disgorge \$2,184,850.30, with prejudgment interest, jointly and severally, and declined to impose a civil penalty.

Page and PageOne appealed the sanctions imposed in the initial decision. The Commission's Division of Enforcement cross-appealed the initial decision's imposition of a time-limited industry bar, as opposed to a permanent industry bar with a right to reapply. The oral argument is likely to address what penalties, if any, are appropriate in the public interest. Also likely to be considered at oral argument is whether these administrative proceedings violate the U.S. Constitution.

For further information, please contact the Office of the Secretary at (202) 551-5400.

Dated: March 14, 2016.

**Lynn M. Powalski,**

*Deputy Secretary.*

[FR Doc. 2016-06130 Filed 3-15-16; 11:15 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77350; File No. SR-BX-2016-014]

### Self-Regulatory Organizations; NASDAQ BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 7018

March 11, 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 29, 2016, NASDAQ BX, Inc. ("BX" 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 Substance of the Proposed Rule Change

The Exchange proposes to amend the fee schedule under Exchange Rule 7018(a) with respect to execution and routing of orders in securities priced at \$1 or more per share.

This filing is being made for immediate effectiveness and will become operative March 1, 2016.

The text of the proposed rule change is also available on the Exchange's Web site at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set

forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange is proposing to amend the fee schedule under BX Rule 7018(a), relating to fees and credits provided for orders in securities priced and \$1 or more per share that execute on BX.

Under BX Rule 7018(a), the Exchange provides credits to member firms that access liquidity on BX. The Exchange is proposing to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging).

Specifically, the first eliminated credit tier is for a member that adds and accesses liquidity equal to or exceeding 0.50% of total consolidated volume ("TCV") during a month to receive a credit of \$0.0017 per share executed. The second eliminated credit tier is for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

Members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit. Specifically, members that previously qualified for the credit of \$0.0017 per share executed for adding and accessing liquidity equal to or exceeding 0.50% of TCV during a month may still receive the same credit, but for meeting the lower TCV threshold and through solely accessing liquidity (no longer includes adding liquidity) equal to or exceeding 0.20% of TCV during a month. Otherwise, members may receive a lower credit. For [sic] members that previously qualified for the credit of \$0.0008 per share executed for accessing liquidity equal to or exceeding 0.05% of TCV during a month will receive a higher credit of \$0.0015 per share executed for meeting the same monthly threshold.

The first amended credit tier reduces the threshold to qualify for a credit of \$0.0016 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.15% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or

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

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

<sup>34</sup> 17 CFR 200.30-3(a)(12).

exceeding 0.10% of TCV during a month.

The second amended credit tier reduces the threshold to qualify for a credit of \$0.0015 per share executed. The current threshold requires a member to access liquidity equal to or exceeding 0.09% of TCV during a month. The proposed rule change lowers this threshold for a member to access liquidity equal to or exceeding 0.05% of TCV during a month.

Additionally, the Exchange is proposing to eliminate the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>3</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>4</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using its facilities which the Exchange operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”<sup>5</sup> Likewise, in *NetCoalition v. Securities and Exchange Commission*<sup>6</sup> (“NetCoalition”) the DC Circuit upheld the Commission’s use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.<sup>7</sup> As the court emphasized, the Commission “intended in Regulation NMS that ‘market forces, rather than regulatory requirements’ play a role in determining the market

data . . . to be made available to investors and at what cost.”<sup>8</sup>

Further, “[n]o one disputes that competition for order flow is ‘fierce.’ . . . As the SEC explained, ‘[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution’; [and] ‘no exchange can afford to take its market share percentages for granted’ because ‘no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers’ . . . .”<sup>9</sup>

The Exchange believes that the proposed rule change to eliminate two credit tiers, as well as to amend the criteria of two other credit tiers, each for orders that access liquidity (excluding orders with midpoint pegging and excluding orders that receive price improvement and execute against an order with midpoint pegging), are reasonable because they refine the opportunities for market participants to receive credits for participation on BX and are designed to incentivize changes in market participant behavior to the benefit of the market overall [sic].

Specifically, the proposed rule change eliminates the credit tier for a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month to receive a credit of \$0.0017 per share executed. Additionally, the proposed rule change eliminates the credit tier for a member that accesses liquidity equal to or exceeding 0.05% of TCV during a month to receive a credit of \$0.0008 per share executed.

The proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0016 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.15% to equal to or exceeding 0.10%. Similarly, the proposed rule change to the criteria for a member that accesses liquidity to receive a credit of \$0.0015 per share executed, lowers the TCV threshold during a month from equal to or exceeding 0.09% to equal to or exceeding 0.05%. The Exchange believes that the proposed rule change to lower the threshold in each of these instances is reasonable since it makes it easier for a member to qualify for the respective credit and will provide the opportunity for more firms to attain the tier and further incentivize participation in the market.

The Exchange also believes that the proposed elimination of the two credit tiers, coupled with the amending of two other credit tiers as stated above, are [sic] reasonable because the overall effect is to improve market quality by providing better targeted incentives to market participants to access beneficial displayed liquidity. To achieve this, the Exchange must, from time to time, adjust the levels of credits and the related qualification requirements in reaction to market behavior. In the present case, the Exchange is proposing to eliminate two credit tiers and amend two other credit tiers. The Exchange believes that the proposed changes are reasonable because it is [sic] reflective of the Exchange’s desire to make BX an attractive venue to any member organization that is willing to access displayed liquidity. BX wants to further incentivize member firms to participate in the Exchange by removing liquidity and believes these refinements are a means to that end.

The Exchange believes that the proposed elimination of the two credit tiers, coupled with the amending of the two other credit tiers as stated above, are consistent with an equitable allocation of fees and are not unfairly discriminatory because they apply to all members that access displayed liquidity through BX and meet the criteria of the credit tier [sic]. In addition, the Exchange believes the elimination of the two credit tiers is consistent with an equitable allocation of fees and are [sic] is not unfairly discriminatory because members that previously would have qualified under the eliminated tiers may continue to qualify for and receive either an equal or higher credit (although they may instead qualify for a lower credit as stated previously). Additionally, the Exchange will provide the same credits to all similarly situated members that achieve the level of TCV required by the amended tiers.

BX believes that elimination of the fee of \$0.0014 per share executed for displayed orders entered by a member that adds and accesses liquidity equal to or exceeding 0.50% of TCV during a month is reasonable because eliminating the fee may still allow a member the opportunity to qualify for this same fee if the displayed order is entered by a Qualified Market Maker (“QMM”) (as described in BX Rule 7018(a)). Also, even if the member is not a QMM, the member remains eligible to receive other fees lower than the base fee rate of \$0.0020 per share executed.

The Exchange also believes that this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the removal of

<sup>3</sup> 15 U.S.C. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>5</sup> Securities Exchange Act Release No. 34–51808 (June 9, 2005).

<sup>6</sup> *NetCoalition v. SEC* 615 F.3d 525 (D.C. Cir. 2010).

<sup>7</sup> *Id.* at 534–535.

<sup>8</sup> *Id.* at 537.

<sup>9</sup> *Id.* at 539 (quoting ArcaBook Order, 73 FR at 74782–74783).

this fee will help the Exchange offset the payment of credits to other members and maintain an overall balance between the payment of credits and collection of fees, all in an effort to encourage liquidity on the market and to the benefit of market participants. BX also believes this proposed rule change is an equitable allocation of fees and is not unfairly discriminatory because the Exchange will apply the elimination of this fee equally to all similarly situated members. Additionally, the elimination of this fee combined with the elimination and amending of the credit tiers are [sic] evidence that the current fee and credit combinations did not have the intended effect of increasing activity so the Exchange is pursuing other avenues of credit and fee combinations.

Finally, BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or credit opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because they are designed to incentivize changes in market participant behavior to the benefit of the market overall.

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

The Exchange does not believe that the proposed rule change will result in a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.<sup>10</sup> In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or credit opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and credits to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange

believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, the proposed eliminated and amended credit tiers, as well as the eliminated fee, are subject to extensive competition both from other exchanges and from off-exchange venues.

In sum, if the changes proposed herein are unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

#### *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 change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>11</sup> and paragraph (f) of Rule 19b-4<sup>12</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 necessary or appropriate in the public interest, for the protection of investors, or 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-BX-2016-014 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-BX-2016-014. 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-BX-2016-014, and should be submitted on or before April 7, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

**Lynn M. Powalski,**  
*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-77355; File No. SR-NASDAQ-2016-031]**

### **Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees Under Rule 7018(a)**

March 11, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>10</sup> 15 U.S.C. 78f(b)(8).

<sup>11</sup> 15 U.S.C. 78f(b)(3)(A).

<sup>12</sup> 17 CFR 140.19n-4(f).

<sup>13</sup> 17 CFR 200.30-3(a)(12).