

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. Please include File Number SR-MSRB-2016-04 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

All submissions should refer to File Number SR-MSRB-2016-04. 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 MSRB. 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-MSRB-2016-04 and should be submitted on or before April 8, 2016.

For the Commission, pursuant to delegated authority.²²

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77365; File No. SR-CBOE-2016-018]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule To Amend the Fees Schedule

March 14, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on March 11, 2016, Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") 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 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 Fees Schedule. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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.

²² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

1. Purpose

The Exchange proposes to amend the Fees Schedule.³

On March 2, 2015 and March 9, 2015, the Exchange commenced Extended Trading Hours⁴ ("ETH") for VIX and SPX/SPXW options, respectively. The Exchange also established fees for the ETH session as well as adopted a rebate for Lead Market-Makers ("LMMs").⁵

By way of background, ETH LMMs, like any ETH Market-Maker, must maintain continuous two-sided quotes in 60% of the series with less than nine months to expiration in their appointed products for at least 90% of the time they are quoting during ETH (to be determined on a monthly basis) and satisfy all other Market-Maker obligations set forth in Rule 8.7 during ETH (see CBOE Rule 8.7). Additionally, for SPX and VIX, if an LMM (1) provides continuous electronic quotes in at least the lesser of 99% of the non-adjusted series or 100% of the non-adjusted series minus one call-put pair in an ETH allocated class (excluding intra-day add-on series on the day during which such series are added for trading) during ETH in a given month and (2) ensures an opening of the same percentage of series by 2:05 a.m. for at least 90% of the trading days during ETH in a given month, the LMM will receive a rebate for that month and will receive a pro-rata share of a compensation pool equal to \$25,000 times the number of LMMs in that class. For example, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$75,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will

³ The Exchange initially filed the proposed fee changes on February 29, 2016 (SR-CBOE-2016-015). On March 11, 2016, the Exchange withdrew that filing and submitted this filing.

⁴ The Extended Trading Hours session is from 2:00 a.m. to 8:15 a.m. Chicago time, Monday through Friday.

⁵ Pursuant to subparagraph (e)(iii)(A) of Rule 6.1A (Extended Trading Hours), the Exchange may approve one or more Market-Makers to act as LMMs in each class during Extended Trading Hours in accordance with Rule 8.15A for terms of at least one month. On September 22, 2014, the Exchange issued Regulatory Circular RG14-134, which announced that the Exchange had appointed 3 LMMs in SPX options and 3 LMMs in VIX options during ETH. The LMM appointments are effective for a one-year period and began on the launch date for ETH trading of the applicable class. On February 24, 2016, the Exchange issued Regulatory Circular RG16-038, which announced that the Exchange made new LMM appointments for a one-year period beginning after the current one-year period ends.

receive \$25,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs would each receive \$37,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$75,000 and the other two would receive nothing.

The Exchange proposes to reduce the rebate that the LMMs would receive if they meet the heightened quoting standard effective March 2, 2016 for VIX LMMs and March 9, 2016 for SPX LMMs (which dates correspond to the beginning of the new appointment term for LMMs). Specifically, the Exchange proposes to provide that if an LMM meets the heightened quoting standard in a month, the LMM will receive a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that class.⁶ Accordingly, under the proposed new rebate amount, if three LMMs are appointed in SPX, a compensation pool will be established each month totaling \$45,000. If each LMM meets the heightened continuous quoting standard in SPX during a month, each will receive \$15,000. If two LMMs meet the heightened continuous quoting standard in SPX during a month, those two LMMs would each receive \$22,500 and the third LMM would receive nothing. If only one LMM meets the heightened continuous quoting standard in SPX during a month, that LMM would receive \$45,000 and the other two would receive nothing. The Exchange proposes to replace the current example in Footnote 38 with the example described above. The Exchange notes that although it is reducing the rebate, it still believes the amount provided will incent appointed LMMs to increase liquidity during ETH.

Additionally, the Exchange proposes, if an appointment begins after the first [sic] day of the month or ends prior to the last [sic] day of the month, the amount of the rebate will be prorated for that month.⁷ For example, the

appointments for the original LMMs in SPX ended on March 8, 2016, and the new appointments began on March 9, 2016. If the three previous LMMs each satisfied the heightened continuous quoting standard through March 8, they will each receive a pro-rata share of a \$75,000 compensation pool, which pool will be prorated based on the number of trading days through March 8. Similarly, if the three new LMMs (whose appointments began on March 9) each satisfy the heightened continuous quoting standard during the period of March 9 through March 31, they will each receive a pro-rata share of a \$45,000 compensation pool, which pool will be prorated based on the remaining trading days in March.

The proposed rule change also makes nonsubstantive changes to delete two apostrophes inadvertently included in this fee provision.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁸ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,¹⁰ which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory to offer LMMs that meet a certain heightened quoting standard (described above) a pro-rata share of a compensation pool equal to \$15,000 times the number of LMMs in that class

given the potential added costs that an LMM may undertake in order to satisfy that heightened quoting standard. Additionally, the Exchange believes that the proposed amount is reasonable, because although it is less than previously offered, appointed LMMs that meet the heightened quoting standard still receive a rebate for doing so. The Exchange also notes that if an LMM does not satisfy the heightened quoting standard, then it will not receive the proposed rebate. The Exchange believes it is equitable and not unfairly discriminatory to only offer the rebate to LMMs because it benefits all market participants in ETH to encourage LMMs to satisfy the heightened quoting standards, which may increase liquidity during those hours and provide more trading opportunities and tighter spreads. The Exchange believes it is reasonable for the previous rebate amount to have remained in place through the end of the appointment term for the previous LMMs so that the same rebate amount applied through the entire term for those LMMs. Additionally, the Exchange believes it is reasonable to prorate the amount of the compensation pool if an LMM appointment only covered part of a month so that the amount of any rebate made to LMMs corresponds to the number of trading days on which it was quoting during that month.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because, while the LMM rebate is offered only to certain market participants (*i.e.*, LMMs that meet a heightened quoting standard), those market participants must meet heightened quoting standards and the rebate encourages those market participants to bring liquidity to the Exchange during ETH (which benefits all market participants).

The Exchange does not believe that the proposed rule changes will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because SPX/SPXW and VIX, are proprietary products that will only be traded on CBOE. To the extent that the proposed changes make CBOE a more attractive marketplace for market

⁶ The compensation pool equal to \$25,000 times the number of LMMs in a class remained in effect through March 1, 2016 for VIX and March 8, 2016 for SPX, which dates correspond to the end of the current appointment term. In other words, the three previous LMMs were eligible to receive a share of a \$75,000 compensation pool, prorated through the end of their appointment, and the three new LMMs are eligible to receive a share of a \$45,000 compensation pool (which will be prorated for the month of March 2016).

⁷ If an appointment begins after the first trading day of the month, the compensation pool will be prorated based on the remaining trading days in the calendar month. If an appointment ends prior to the last trading day of the month, the compensation pool will be prorated based on the number of

trading days in the calendar month the appointment was in effect.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

¹⁰ 15 U.S.C. 78f(b)(4).

participants at other exchanges, such market participants are welcome to become CBOE market participants.

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

The Exchange neither solicited nor received comments on the proposed rule change.

II. 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 Act¹¹ and paragraph (f) of Rule 19b-4¹² 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 will institute proceedings to determine whether the proposed rule change 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. Please include File Number SR-CBOE-2016-018 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-CBOE-2016-018. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2016-018, and should be submitted on or before April 8, 2016.

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

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77357; File No. SR-NYSEARCA-2016-41]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Extending the Deadline for Implementing Rule 6.61(a)(2) and (3)

March 14, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on March 4, 2016, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. 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 extend the deadline for implementing Rule 6.61(a)(2) and (3) until July 31, 2016. The proposed rule change is available on the Exchange's Web site at www.nyse.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 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 is proposing to extend the deadline for implementing Rule 6.61(a)(2) and (3) until July 31, 2016. The current implementation deadline is March 4, 2016.

In March 2015, the Commission approved Rule 6.61, which provides a price protection risk mechanism for Market Maker quotes.⁴ Rule 6.61 provides two layers of price protection to incoming Market Maker quotes, rejecting those Market Maker quotes that exceed certain parameters, as a risk mitigation tool.⁵ The Exchange has

⁴ See Securities Exchange Act Release No. 74441 (March 4, 2015), 80 FR 12664 (March 10, 2015) (SR-NYSEArca-2014-150) (Approval Order); see also Securities Exchange Act Release No. 74018 (January 8, 2015), 80 FR 1982 (January 14, 2015) (SR-NYSEArca-2014-150) (Notice).

⁵ The first layer of price protection assesses incoming sell quotes against the NBB and incoming buy quotes against the NBO (the "NBBO Price Reasonability Check"). Specifically, per Rule 6.61(a)(1), provided that an NBBO is available, a Market Maker quote would be rejected if it is priced a specified dollar amount or percentage through the contra-side NBBO. The second layer of price protection assesses the price of call or put bids against a specified benchmark (the "Underlying Stock Price/Strike Price Check"), per Rule 6.61(a)(2) and (3). This second layer of protection applies to bids in call options or put options when (1) there is no NBBO available, for example, during pre-

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

¹⁵ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.