

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76955; File No. SR-NYSEArca-2015-93]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change, as Modified by Amendment No. 1, Relating To Listing and Trading of Shares of the Cumberland Municipal Bond ETF Under NYSE Arca Equities Rule 8.600

January 21, 2016.

On November 24, 2015, NYSE Arca, Inc. filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to list and trade shares of the Cumberland Municipal Bond ETF, a series of the ETF is Series Trust I. The proposed rule change was published for comment in the *Federal Register* on December 14, 2015.<sup>3</sup> On December 29, 2015, the Exchange submitted Amendment No. 1 to the proposed rule change.<sup>4</sup> The Commission received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act<sup>5</sup> provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The Commission is extending this 45-day time period. The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change.

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

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

<sup>3</sup> See Securities Exchange Act Release No. 76590 (December 8, 2015), 80 FR 77384 ("Notice").

<sup>4</sup> In Amendment No. 1, which replaces and supersedes the original filing in its entirety, the Exchange made clarifying changes, added a representation regarding municipal bonds, deleted a sentence regarding redemption, and clarified pricing information for certain assets. Amendment No. 1 is not subject to notice and comment because it is a technical amendment that does not materially alter the substance of the proposed rule change or raise any novel regulatory issues. It is available at: <http://www.sec.gov/comments/sr-nysearca-2015-93/nysearca201593-1.pdf>.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates April 27, 2016, as the date by which the Commission should either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-NYSEArca-2015-93), as modified by Amendment No. 1.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

Brent J. Fields,

Secretary.

[FR Doc. 2016-01536 Filed 1-26-16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76966; File No. SR-Phlx-2016-06]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend a Quote Spread Parameter Provision

January 22, 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 January 14, 2016, NASDAQ OMX PHLX LLC ("Phlx" 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 Rule 1014(c)(i)(A)(1)(b) respecting U.S. dollar-settled foreign currency options ("FCO") quote spread parameters, also known as bid/ask differentials, as described further below.

The text of the proposed rule change is below; proposed new language is italicized.

\* \* \* \* \*

#### NASDAQ OMX PHLX Rules

\* \* \* \* \*

<sup>6</sup> *Id.*

<sup>7</sup> 17 CFR 200.30-3(a)(31).

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

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

### Rule 1014. Obligations and Restrictions Applicable to Specialists and Registered Options Traders

(a)-(b) No change.

(c) In Classes of Option Contracts to Which Assigned—Affirmative Obligations. With respect to classes of option contracts to which his assignment extends, a Specialist and an ROT, whenever the ROT (except an RSQT) enters the trading crowd in other than a floor brokerage capacity or is called upon by an Options Exchange Official or a Floor Broker, to make a market, are expected to engage, to a reasonable degree under the existing circumstances, in dealing for his own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of and demand for a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class. Without limiting the foregoing, a Specialist and an ROT is expected to perform the following activities in the course of maintaining a fair and orderly market:

(i) Options on Equities (including Exchange-Traded Fund Shares), Index Options, and U.S. dollar-settled Foreign Currency Options.

(A)(1) Quote Spread Parameters (Bid/Ask Differentials)—

(a) Options on equities and index options bidding and/or offering so as to create differences of no more than \$.25 between the bid and the offer for each option contract for which the prevailing bid is less than \$2; no more than \$.40 where the prevailing bid is \$2 or more but less than \$5; no more than \$.50 where the prevailing bid is \$5 or more but less than \$10; no more than \$.80 where the prevailing bid is \$10 or more but less than \$20; and no more than \$1 where the prevailing bid is \$20 or more, provided that, in the case of equity options, the bid/ask differentials stated above shall not apply to in-the-money series where the market for the underlying security is wider than the differentials set forth above. For such series, the bid/ask differentials may be as wide as the quotation for the underlying security on the primary market, or its decimal equivalent rounded up to the nearest minimum increment. The Exchange may establish differences other than the above for one or more series or classes of options.

(b) Options on U.S. dollar-settled FCO. With respect to all U.S. dollar-settled FCO bidding and/or offering so as to create differences of no more than \$.25 between the bid and the offer for each option contract for which the

prevailing bid is less than \$2.00; no more than \$.40 where the prevailing bid is \$2.00 or more but less than \$5.00; no more than \$.50 where the prevailing bid is \$5.00 or more but less than \$10.00; no more than \$.80 where the prevailing bid is \$10.00 or more but less than \$20.00; and no more than \$1.00 where the prevailing bid is \$20.00 or more. *The Exchange may establish differences other than the above for one or more series or classes of options.*

(2) No change.

(d)–(g) No change.

\* \* \* *Commentary:* \_\_\_\_\_

.01–.19 No change.

\* \* \* \* \*

## 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 purpose of the proposal is to update and clarify the quote spread parameters applicable to FCOs. Quote spread parameters establish the maximum permissible width between the bid and the offer in a particular option series. Quote spreads apply to quotes, not orders, and are thus only applicable to the quoting participants who are required to submit two-sided quotes. This includes specialists and the various types of Registered Options Traders ("ROTs") enumerated in Rule 1014(b).

Specifically, the Exchange proposes to amend Rule 1014(c)(i)(A)(1)(b) respecting FCOs to parallel the following language in Rule 1014(c)(i)(A)(1)(a) respecting equity and index options: the Exchange may establish differences other than the above for one or more series or classes of options. The Exchange inadvertently did not add this language respecting FCOs, even though the ability to establish different quote spread parameters is contemplated in Options

Floor Procedure Advice ("Advice") F-6.<sup>3</sup> Option Quote Parameters. Advice F-6 provides that relief from the established bid/ask differentials may be granted upon the receipt of an approval of an Options Exchange Official.<sup>4</sup> This relief is clearly available for FCOs under Advice F-6 based on the placement of the language. The Exchange believes that, although the relief language in Advice F-6 implies (but does not expressly require) that a request must be made to the Exchange, the result of any such relief would be to establish a different quote spread parameter.<sup>5</sup> If relief is granted, such relief applies to all market participants, regardless of whether a request was specifically made or whether it was made by one particular market participant. The Exchange certainly would not require that such relief be doled out participant-by-participant. The Exchange commonly announces such relief by issuing an Options Regulatory Alert.

Accordingly, the Exchange believes that adopting the proposed language to expressly permit different bid/ask differentials is clearer and parallels the language applicable to other options products, all of which trade on the same trading floor and through the same trading system. There is no reason why different quote spread parameters should be available to equity and index options and not FCOs, much like the relief provision in Advice F-6 applies to all options, including FCOs.

#### 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>6</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>7</sup> in particular, in that it is designed to promote just and equitable principles of trade and protect investors and the public interest by making it clear that respecting FCOs, just like all other options, different quote spread parameters can be established by the Exchange to address specific requests as well as general market events. This should promote just and equitable principles of trade and protect investors

<sup>3</sup> Options floor procedures advices generally correspond to Exchange rules and comprise the Exchange's minor rule violation plan establishing preset fines for certain violations pursuant to Rule 19d-1(c) under the Act. 17 CFR 240.19d-1(c).

<sup>4</sup> An Options Exchange Official is an Exchange staff member or contract employee designated as such by the Chief Regulatory Officer. See Rule 1(w).

<sup>5</sup> Some of the circumstances that may result in wider quote spread parameters include volatility in the underlying, recent news affecting the underlying and heavy volume in the underlying or the overlying option.

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

<sup>7</sup> 15 U.S.C. 78f(b)(5).

by having quote spread parameters reflect potential volatility and activity in the underlying currency, and thereby encourage robust market making in FCOs that reflects current market conditions.

### 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 not necessary or appropriate in furtherance of the purposes of the Act. With respect to intra-market competition, the proposed language will apply to all quoting market participants equally. With respect to inter-market competition, market participants who disagree with the quote spread parameters that the Exchange establishes may choose to trade FCOs on another exchange.

### 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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>9</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: (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>8</sup> 15 U.S.C. 78s(b)(3)(a)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

#### 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-Phlx-2016-06 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-Phlx-2016-06. 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-Phlx-2016-06 and should be submitted on or before February 17, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Brent J. Fields,**

*Secretary.*

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#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76969; File No. SR-NYSEArca-2016-13]

#### **Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the Exchange's Schedule of Fees and Charges To Define the Term "Exchange Traded Products" and To Provide for the Proration of Annual Fees Applicable to Exchange Traded Products That Have Liquidated**

January 22, 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 January 14, 2016, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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.<sup>3</sup> 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 Exchange's Schedule of Fees and Charges to define the term "Exchange Traded Products" and to provide for the proration of Annual Fees applicable to Exchange Traded Products that have liquidated. The proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> The Exchange originally filed this proposed rule change on December 23, 2015 under File No. SR-NYSEArca-2015-126, and the Exchange subsequently withdrew that filing on January 5, 2016. The Exchange refiled this proposed rule change on January 5, 2016 under File No. SR-NYSEArca-2016-07. The Exchange subsequently withdrew that filing on January 14, 2016 and filed this filing.

#### **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 amend its Schedule of Fees and Charges for NYSE Arca Equities listing fees ("Schedule") to define the term "Exchange Traded Products," to revise the Annual Fees paid by issuers of Exchange Traded Products, and to make technical, non-substantive changes to the Schedule.

The term "Derivative Securities Products" is currently defined in Footnote 3 of the Schedule to mean the securities described in NYSE Arca Equities Rules 5.2(j)(3) (Investment Company Units); 8.100 (Portfolio Depositary Receipts); 8.200 (Trust Issued Receipts); 8.201 (Commodity-Based Trust Shares); 8.202 (Currency Trust Shares); 8.203 (Commodity Index Trust Shares); 8.204 (Commodity Futures Trust Shares); 8.300 (Partnership Units); 8.500 (Trust Units); 8.600 (Managed Fund Shares), and 8.700 (Managed Trust Securities). The Exchange proposes to replace the term "Derivative Securities Products" with the term "Exchange Traded Products" as a term that is more commonly used by investors and the public with respect to the equity securities that list and trade on the Exchange and distinguishes them from derivatives, such as futures or swaps. To effect this change, the Exchange proposes to amend footnote 3 of the Schedule and to replace the term "Derivative Securities Products" with the term "Exchange Traded Products" throughout the Schedule.

The Schedule includes "Annual Fees" payable by issuers of Exchange Traded Products listed on the Exchange. Pursuant to Footnote 8 of the Schedule, issuers are subject to Annual Fees in the year of listing, pro-rated based on days listed that calendar year. The Annual Fees for Exchange Traded Products are billed in January for the forthcoming