

Commission.<sup>8</sup> For this reason and the reasons stated in the Order originally granting the limited exemptions, the Commission finds that extending the exemptions, pursuant to its authority under Rule 612(c) of Regulation NMS, is appropriate in the public interest and consistent with the protection of investors.

THEREFORE, IT IS HEREBY ORDERED that, pursuant to Rule 612(c) of Regulation NMS, each Exchange is granted a limited exemption from Rule 612 of Regulation NMS that allows it to accept and rank orders priced equal to or greater than \$1.00 per share in increments of \$0.001, in connection with the operation of its Retail Liquidity Program, until December 31, 2016.

The limited and temporary exemptions extended by this Order are subject to modification or revocation if at any time the Commission determines that such action is necessary or appropriate in furtherance of the purposes of the Securities Exchange Act of 1934. Responsibility for compliance with any applicable provisions of the Federal securities laws must rest with the persons relying on the exemptions that are the subject of this Order.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-78698; File No. SR-CBOE-2016-061]

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

August 26, 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 August 12, 2016, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "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.

##### 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. Specifically, the Exchange proposes to delete the reference to "Test Center" fees from the Continuing Education Fees sub-section of the Regulatory Fees section of the Fees Schedule to reflect the fact that the Exchange no longer offers test center delivery of the Regulatory Element of the Exchange's continuing education requirement; as of July 5, 2016, delivery of the Regulatory Element of the Exchange's continuing education requirement is entirely Web-based.

On August 8, 2015, the Securities and Exchange Commission ("SEC" or "Commission") approved SR-FINRA-2015-015 and the proposed changes to FINRA Rule 1250 therein, which, among other things, provided for Web-based delivery of the Regulatory Element of certain of FINRA's continuing education programs.<sup>3</sup> Pursuant to SR-FINRA-

2015-015, effective October 1, 2015, Web-based delivery has been available for the Regulatory Element for the S106 Continuing Education Program for Investment Company and Variable Contracts Representatives, the S201 Continuing Education Program for Registered Principals and Supervisors, and the S901 Continuing Education Program for Operations Professionals.<sup>4</sup> Web-based delivery of the S101 General Program, the continuing education program for all other registration categories, became available on January 4, 2016, as contemplated by SR-FINRA-2015-015. In addition, pursuant to SR-FINRA-2015-015, test center delivery of the Regulatory Element of the S101, S106, S201, and S901 continuing education programs was to end after January 4, 2016, but in no case more than six months after January 4, 2016 or July 5, 2016.<sup>5</sup> Since July 5, 2016 has passed, going forward, the Regulatory Element of the above-listed continuing education programs is no longer administered at test centers and is only offered via Web-based delivery.

The Exchange utilizes FINRA's continuing education programs for its own continuing education requirements. Consistent with SR-FINRA-2015-015, the Exchange recently filed SR-CBOE-2015-084<sup>6</sup> relating to continuing education. In the filing, the Exchange proposed substantially similar changes to its rules as those set forth in SR-FINRA-2015-015 with respect to Web-based delivery of the Regulatory Element of the S101 General Program, S106 Continuing Education Program for Investment Company and Variable Contracts Representatives, the S201 Continuing Education Program for Registered Principals and Supervisors, and the S901 Continuing Education Program for Operations Professionals. Consistent with SR-CBOE-2015-084, the Exchange also filed SR-CBOE-2015-093 to amend the Fees Schedule to provide that the fee for Web-based delivery of the Regulatory Elements of the S101, S106, S201, and S901 Continuing Education Programs would be \$55 as opposed to test center delivery, which would continue to be \$100 per session until

Continuing Education Requirements) (SR-FINRA-2015-015).

<sup>4</sup> *Id.*

<sup>5</sup> Test-center delivery of the Regulatory Element will be phased out by no later than six months after January 4, 2016. See Securities Exchange Act Release No. 75581 (July 31, 2015), 80 FR 47018 (August 6, 2015) (Order Approving a Proposed Rule Change To Provide a Web-Based Delivery Method for Completing the Regulatory Element of the Continuing Education) (SR-FINRA-2015-015).

<sup>6</sup> Available at <http://www.cboe.com/publish/RuleFilingsSEC/SR-CBOE-2015-084.pdf>.

<sup>8</sup> See Order, *supra* note 3, 77 FR at 40681.

<sup>9</sup> 17 CFR 200.30-3(a)(83).

<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. 75581 (July 31, 2015), 80 FR 47018 (August 6, 2015) (Order Approving a Proposed Rule Change to Provide a Web-based Delivery Method for Completing the Regulatory Element of the

test center delivery of the Regulatory Element was phased out and the programs were no longer offered at testing centers.<sup>7</sup> In its filing, the Exchange stated that upon cessation of the availability of test-center delivery of the Regulatory Element, the Exchange would submit another fee filing to remove references to test center fees from the Fees Schedule.<sup>8</sup> Accordingly, the Exchange now proposes to amend the Fees Schedule to remove the now-obsolete \$100 fee for test center delivery of the Regulatory Element of the Exchange's continuing education requirement.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>9</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> 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 the Section 6(b)(5)<sup>11</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed rule change is consistent with the Act. Primarily, the Exchange believes that the elimination of obsolete rules helps to eliminate confusion and makes the Exchange's rules more clear and transparent, which is in the interests of both market participants and the general public. The Exchange is continuously updating the Rules to provide additional accuracy, detail, clarity, and transparency regarding its operations, trading systems, and fees. The Exchange believes that the adoption

of detailed, clear, and transparent rules reduces burdens on competition and promotes just and equitable principles of trade. Furthermore, in general, the Exchange believes that promoting the Web-based delivery method for continuing education serves the best interests of market participant's and the general public by lower the costs of participation in the markets. The reduced cost of Web-based delivery of the Regulatory Element of the S106, S201, and S901 Continuing Education Programs lowers barriers to entry and removes impediments to a free and open market and national market system by making it easier and less costly for Trading Permit Holders to participate in the market. The Exchange believes that reducing the costs of continuing education promotes regulatory compliance, which is in the best interests of investors, consistent with the Act.

### 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. Rather, the proposed rule change merely seeks to delete references to a fee that is no longer applicable to any Trading Permit Holder under the Rules. In fact, the Exchange believes that the proposed rule change will relieve any burden on, or otherwise promote, competition by lower costs of entry to the markets and making it easier for market participants to satisfy the Regulatory Element of the Exchange's continuing education requirement.

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

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

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and paragraph (f) of Rule 19b-4<sup>13</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 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](mailto:rule-comments@sec.gov). Please include File No. SR-CBOE-2016-061 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-CBOE-2016-061. 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-CBOE-

<sup>7</sup> See Securities Exchange Act Release No. 76352 (November 4, 2015), 80 FR 69760 (November 10, 2015) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule) (SR-CBOE-2015-093).

<sup>8</sup> See *id.*

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

<sup>10</sup> 15 U.S.C. 78f(b)(5).

<sup>11</sup> *Id.*

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f).

016–061 and should be submitted on or before September 21, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2016–20965 Filed 8–30–16; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–78684; File No. SR–CHX–2016–15]

### Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Modify the Handling of Intermarket Sweep Orders

August 25, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b–4<sup>2</sup> thereunder, notice is hereby given that on August 17, 2016, the Chicago Stock Exchange, Inc. (“CHX” or the “Exchange”) 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

CHX proposes to amend the Rules of the Exchange (“CHX Rules”) to modify the handling of Intermarket Sweep Orders (“ISOs”).

CHX has designated this proposed rule change as non-controversial pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b–4(f)(6)<sup>4</sup> thereunder and has provided the Commission with the notice required by Rule 19b–4(f)(6)(iii).<sup>5</sup>

The text of this proposed rule change is available on the Exchange’s Web site at ([www.chx.com](http://www.chx.com)) and in 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 CHX included statements concerning the purpose of and basis for the proposed rule changes 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 CHX 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 Changes

###### 1. Purpose

The Exchange proposes various amendments to the CHX Rules to amend the operation of the Exchange’s ISO modifiers as follows:

- Amend the operation of the ISO modifier to be similar to the ISO modifiers offered by other national securities exchanges.<sup>6</sup> As amended, a limit order marked ISO (“ISO limit”) would behave like a simple limit order<sup>7</sup> (*i.e.*, executable through multiple price points not beyond its limit price with the unexecuted balance to be immediately cancelled or ranked on the CHX book depending on the attached Time-In-Force<sup>8</sup> and display modifier<sup>9</sup>), but without regard to the Protected Quotations<sup>10</sup> of away markets when it is being processed as a new incoming order.

- Require a limit order marked by any one of the Exchange’s three ISO modifiers (*i.e.*, BBO ISO,<sup>11</sup> Price-Penetrating ISO,<sup>12</sup> and ISO<sup>13</sup>) to be handled as if it were marked ISO, as amended.<sup>14</sup>

The Exchange also proposes to clarify the current handling of cross orders<sup>15</sup> marked ISO (“ISO cross”) and Participants’<sup>16</sup> obligations with respect to ISOs.

The Exchange believes that the proposed rule change will harmonize the operation of the Exchange’s ISO

<sup>6</sup> See *e.g.*, NYSE ARCA Equities Rule 7.31(e)(2); see also *e.g.*, Bats BYX Rule 11.9(d).

<sup>7</sup> See CHX Article 1, Rule 2(a)(1).

<sup>8</sup> See CHX Article 1, Rule 2(d).

<sup>9</sup> See CHX Article 1, Rule 2(e).

<sup>10</sup> See 17 CFR 242.600(b)(58).

<sup>11</sup> See CHX Article 1, Rule 2(b)(1)(A).

<sup>12</sup> See CHX Article 1, Rule 2(b)(1)(E).

<sup>13</sup> See CHX Article 1, Rule 2(b)(3)(B).

<sup>14</sup> In order to facilitate the transition to the amended ISO, the Exchange does not propose to eliminate the BBO ISO and Price-Penetrating ISO modifiers at this time.

<sup>15</sup> See CHX Article 1, Rule 2(a)(2).

<sup>16</sup> A “Participant” is a “member” of the Exchange for purposes of the Act. See CHX Article 1, Rule 1(s).

modifier with ISO modifiers offered by other national securities exchanges, as well as clarify and simplify the order types and modifiers offered by the Exchange, all of which further the objectives of the Act, as described below.

##### Current CHX ISOs

The Exchange currently offers three different ISO modifiers: BBO ISO, Price-Penetrating ISO, and ISO.<sup>17</sup> While all three modifiers can be used to mark an order as required by Rule 600(b)(30) of Regulation NMS,<sup>18</sup> each modifier is handled differently by the CHX Matching System (“Matching System”).<sup>19</sup>

An incoming BBO ISO will execute against orders resting on the CHX book at prices not to exceed the more restrictive of its limit price or the contra-side displayed best bid or offer. Any unexecuted balance of the BBO ISO will be immediately cancelled if -1-marked Immediate Or Cancel (“IOC”)<sup>20</sup> or -2- the incoming BBO ISO sell (buy) order could execute against any resting order(s) priced below (above) the displayed best bid (offer), regardless of the Time-In-Force. If the unexecuted balance of the BBO ISO would not be cancelled as described above, it will be ranked on the CHX Book and will be displayable at its limit price. A limit order marked BBO ISO may not be marked Do Not Display.<sup>21</sup> The Matching System, in executing the ISO as soon as the order is received by the Matching System, will not take any of the actions described in Article 20, Rule 5 to prevent an improper trade-through or any of the actions described in Article 20, Rule 6 to prevent a locked or crossed market; provided, however, that in executing any initially unexecuted balance of the ISO that is placed in the Matching System, the requirements of Article 20, Rule 5 will be followed. These orders shall be executed on the assumption that the Participant routing the order to the Matching System has already satisfied the quotations of other markets as required by Rule 600(b)(30)<sup>22</sup> and shall be displayed

<sup>17</sup> BBO ISO and Price-Penetrating ISOs are limit order modifiers, whereas ISO is a limit and cross order modifier. The Exchange last modified the operation of BBO ISO and Price-Penetrating ISO in 2014. See Securities Exchange Act Release No. 73572 (November 10, 2014), 79 FR 68736 (November 18, 2014) (SR–CHX–2014–18).

<sup>18</sup> See 17 CFR 242.600(b)(30).

<sup>19</sup> The Matching System is an automated order execution system, which is a part of the Exchange’s “Trading Facilities,” as defined under CHX Article 1, Rule 1(z).

<sup>20</sup> See CHX Article 1, Rule 2(d)(4).

<sup>21</sup> See CHX Article 1, Rule 2(c)(2).

<sup>22</sup> 17 CFR 242.600(b)(30).

<sup>14</sup> 17 CFR 200.30–3(a)(12).

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

<sup>16</sup> 17 CFR 240.19b–4.

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

<sup>18</sup> 17 CFR 240.19b–4(f)(6).

<sup>19</sup> 17 CFR 240.19b–4(f)(6)(iii).