

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 DTC and on DTCC's Web site (<http://dtcc.com/legal/sec-rule-filings.aspx>). 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-DTC-2017-011 and should be submitted on or before August 3, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>25</sup>

**Eduardo A. Aleman,**  
Assistant Secretary.

[FR Doc. 2017-14665 Filed 7-12-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81095; File No. SR-ISE-2017-62]

### Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Establish Ports and Gateways That Members Use To Connect to the Exchange

July 7, 2017.

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 June 23,

2017, Nasdaq ISE, LLC ("ISE" 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

The Exchange proposes to: (1) Establish ports and gateways that members use to connect to the Exchange with the migration of the Exchange's trading system to the Nasdaq INET architecture, and (2) amend the Schedule of Fees to adopt fees for those ports and gateways.

The text of the proposed rule change is available on the Exchange's Web site at [www.ise.com](http://www.ise.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 the Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The purpose of the proposed rule change is to: (1) Establish ports and gateways that members use to connect to the Exchange with the migration of the Exchange's trading system to the Nasdaq INET architecture,<sup>3</sup> and (2) amend the Schedule of Fees to adopt fees for those ports and gateways. In particular, the Exchange proposes to establish and adopt fees for the following connectivity options that are available in connection with the re-platform of the Exchange's trading system: Specialized Quote Feed ("SQF"), SQF Purge, Dedicated SQF

Host, Ouch to Trade Options ("OTTO"), Clearing Trade Interface ("CTI"), Financial Information eXchange ("FIX"), FIX Drop, Disaster Recovery, and Market Data. These port and gateway options, which are described in more detail below, are the same as those currently used to connect to the Exchange's affiliates, including Nasdaq GEMX, LLC ("GEMX"), Nasdaq Phlx LLC ("Phlx"), The Nasdaq Options Market LLC ("NOM"), and Nasdaq BX ("BX").<sup>4</sup>

###### 1. Specialized Quote Feed Port.

SQF is an interface that allows market makers to connect and send quotes, sweeps and auction responses into the Exchange. Data includes the following: (1) Options Auction Notifications (e.g., opening imbalance, Flash, PIM, Solicitation and Facilitation or other information); (2) Options Symbol Directory Messages; (3) System Event Messages (e.g., start of messages, start of system hours, start of quoting, start of opening); (4) Option Trading Action Messages (e.g., halts, resumes); (5) Execution Messages; (6) Quote Messages (quote/sweep messages, risk protection triggers or purge notifications).

###### 2. SQF Purge Port.

SQF Purge is a specific port for the SQF interface that only receives and notifies of purge requests from the market maker. Dedicated SQF Purge Ports enable market makers to seamlessly manage their ability to remove their quotes in a swift manner.

###### 3. Dedicated SQF Host.

The Exchange will also offer dedicated gateways to facilitate member access to the Exchange. A Dedicated SQF Host is an optional offering available to Market Makers<sup>5</sup>—i.e., Primary Market Makers ("PMMs") and Competitive Market Makers ("CMMs")—only for their SQF Port & SQF Purge Port connectivity. A Dedicated SQF Host provides the PMM or CMM with assurance that their SQF Port and SQF Purge Port connection to the Exchange resides on a host that is not shared with other PMMs and CMMs.

###### 4. Ouch to Trade Options Port.

OTTO is an interface that allows market participants to connect and send orders, auction orders and auction responses into the Exchange. Data includes the following: (1) Options Auction Notifications (e.g., Flash, PIM,

<sup>4</sup> See GEMX Schedule of Fees, IV. Access Services, Port Fees, 4. Ports; Phlx Pricing Schedule, VII. Other Member Fees, B. Port Fees; NOM Rules, Chapter XV Options Pricing, Sec. 3 NOM—Ports and other Services; BX Rules, Chapter XV Options Pricing, Sec. 3 BX—Ports and other Services.

<sup>5</sup> The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(25).

<sup>25</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.

<sup>3</sup> See Securities Exchange Act Release No. 80432 (April 11, 2017), 82 FR 18191 (April 17, 2017) (SR-ISE-2017-03).

Solicitation and Facilitation or other information); (2) Options Symbol Directory Messages; (3) System Event Messages (*e.g.*, start of messages, start of system hours, start of quoting, start of opening); (5) Option Trading Action Messages (*e.g.*, halts, resumes); (6) Execution Messages; (7) Order Messages (order messages, risk protection triggers or purge notifications).

#### 5. *Clearing Trade Interface Port.*

CTI is a real-time clearing trade update message that is sent to a member after an execution has occurred and contains trade details. The message containing the trade details is also simultaneously sent to The Options Clearing Corporation. The information includes, among other things, the following: (i) The Clearing Member Trade Agreement or “CMTA” or The Options Clearing Corporation or “OCC” number; (ii) Exchange badge or house number; (iii) the Exchange internal firm identifier; and (iv) an indicator which will distinguish electronic and non-electronically delivered orders; (v) liquidity indicators and transaction type for billing purposes; (vi) capacity.

#### 6. *Financial Information eXchange Port.*

FIX is an interface that allows market participants to connect and send orders and auction orders into the Exchange. Data includes the following: (1) Options Symbol Directory Messages; (2) System Event Messages (*e.g.*, start of messages, start of system hours, start of quoting, start of opening); (3) Option Trading Action Messages (*e.g.*, halts, resumes); (4) Execution Messages; (5) Order Messages (order messages, risk protection triggers or purge notifications).

#### 7. *FIX Drop Port.*

FIX Drop is a real-time order and execution update message that is sent to a member after an order been received/modified or an execution has occurred and contains trade details. The information includes, among other things, the following: (1) Executions; (2) cancellations; (3) modifications to an existing order (4) busts or post-trade corrections.

#### 8. *Disaster Recovery Port.*

Disaster Recovery ports provide connectivity to the exchange's disaster recovery data center in Chicago to be utilized in the event the exchange has to fail over during the trading day. DR Ports are available for SQF, SQF Purge, Dedicated SQF, CTI, OTTO, FIX and FIX Drop.

#### 9. *Market Data Port.*

Market Data ports provide connectivity to the Exchange's proprietary market data feeds, including the Nasdaq ISE Real-time Depth of

Market Raw Data Feed (“Depth of Market Feed”),<sup>6</sup> the Nasdaq ISE Order Feed (“Order Feed”),<sup>7</sup> the Nasdaq ISE Top Quote Feed (“Top Quote Feed”),<sup>8</sup> the Nasdaq ISE Trades Feed (“Trades Feed”),<sup>9</sup> and the Nasdaq ISE Spread Feed (“Spread Feed”).<sup>10</sup> Each of the feeds described above, with the exception of the Trades Feed, have previously been established as market data offerings of the Exchange,<sup>11</sup> and market participants are charged for subscriptions to these products.<sup>12</sup> The

<sup>6</sup> The Depth Feed, provides aggregate quotes and orders at the top five price levels on the Exchange, and provides subscribers with a consolidated view of tradable prices beyond the BBO, showing additional liquidity and enhancing transparency for ISE traded options. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status. In addition, subscribers are provided with total quantity, customer quantity (if present), price, and side (*i.e.*, bid/ask). This information is provided for each of the five indicated price levels on the Depth Feed. The feed also provides participants of imbalances on opening/reopening.

<sup>7</sup> The Order Feed provides information on new orders resting on the book. In addition, the feed also announces auctions. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status. The feed also provides participants of imbalances on opening/reopening.

<sup>8</sup> The Top Quote Feed calculates and disseminates its best bid and offer position, with aggregated size (Total & Customer), based on displayable order and quote interest in the options market system. The feed also provides last trade information along with opening price, cumulative volume, high and low prices for the day. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status.

<sup>9</sup> The Trades Feed displays last trade information along with opening price, cumulative volume, high and low prices for the day. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status.

<sup>10</sup> The Spread Feed is a real-time feed that consists of options quotes and orders for all complex orders (*i.e.*, spreads, buy-writes, delta neutral strategies, etc.) aggregated at the top price level on both the bid and offer side of the market as well as all aggregated quotes and orders for complex orders at the top five price levels on both the bid and offer side of the market. In addition, the Spread Feed provides real-time updates every time a new complex limit order that is not immediately executable at the BBO is placed on the ISE complex order book. The Spread Feed shows bid/ask quote size for Customer and Professional Customer option orders for ISE traded options.

<sup>11</sup> See Securities Exchange Act Release Nos. 59949 (May 20, 2009), 74 FR 25593 (May 20, 2009) (SR-ISE-2007-97) (Depth Feed); 62117 (May 18, 2010), 75 FR 29381 (May 25, 2010) (SR-ISE-2010-34) (Order Feed); 65000 (August 1, 2011), 76 FR 47627 (August 5, 2011) (SR-ISE-2011-44) (Top Quote Feed and Spread Feed); 65295 (September 8, 2011). The other market data products in the Schedule of Fees are not subject to Market Data Port Fees.

<sup>12</sup> See Schedule of Fees, Section VIII, Market Data.

Trades Feed is a free market data product provided to subscribers of at least one of the fee liable market data products described above. In connection with the adoption of Market Data ports described above, the Exchange further proposes to establish the Trades Feed. Market Data ports are available via multicast, TCP, or as an intra-day snapshot, except that the intra-day snapshot option is available solely for the Depth of Market Feed, Top Quote Feed, and Spread Feed.

#### 10. *Fees.*

Currently, the Exchange charges Market Makers an application programming interface (“API”) fee for connecting to the Exchange. Each Market Maker session enabled for quoting, order entry, and listening is billed at a rate of \$1,000 per month, and allows the Market Maker to submit an average of up to 1.5 million quotes per day.<sup>13</sup> Market Makers must pay for a minimum of two of these sessions, and incremental usage above 1.5 million quotes per day results in the Market Maker being charged for an additional session. Market Makers that achieve Market Maker Plus<sup>14</sup> in 200 or more symbols (other than SPY) have their API fees capped at 200 quoting sessions per month. Market Makers that achieve Market Maker Plus in SPY receive credit for five quoting sessions. Market Makers that quote in all FX option products<sup>15</sup> do not have their FX option quotes counted towards the 1.5 million quote threshold, and receive additional credit for twelve quoting sessions. All credited sessions are applied after the 200 API session cap. Each Market Maker API session that is enabled for order entry and listening is billed at a rate of \$750 per month, and each Market Maker API session that is enabled for listening only

<sup>13</sup> Quoting sessions also support order entry and listening. The Exchange separately offers Market Maker API sessions for listening only (\$175 per month per API), and order entry and listening (\$750 per month per API).

<sup>14</sup> A Market Maker Plus is a Market Maker who is on the National Best Bid or National Best Offer a specified percentage of the time for series trading between \$0.03 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium in each of the front two expiration months. The specified percentage is at least 80% but lower than 85% of the time for Tier 1, at least 85% but lower than 95% of the time for Tier 2, and at least 95% of the time for Tier 3. A Market Maker's single best and single worst quoting days each month based on the front two expiration months, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for Market Maker Plus, if doing so will qualify a Market Maker for Market Maker Plus.

<sup>15</sup> The complete set of FX option products offered is: NZD, PZO, SKA, BRB, AUX, BPX, CDD, EUI, YUK, SFC, AUM, GBP, EUU, and NDO.

is billed at a rate of \$175 per month.<sup>16</sup> In addition, the Exchange charges Electronic Access Members (“EAMs”) that connect to the Exchange via API a session fee of \$250 per month each for the first five sessions and \$100 per month each additional session for connectivity to both ISE and the Exchange’s affiliate, GEMX. And the Exchange charges EAMs that connect to the Exchange via FIX a session fee of \$250 per month each for the first two sessions and \$50 per month for each additional session for connectivity to both ISE and GEMX. Finally, the Exchange charges gateway fees that are \$750 per gateway per month for shared gateways and \$2,250 per gateway pair per month for dedicated gateways, in each case for connectivity to both ISE and GEMX.

With the re-platform of the Exchange’s trading system, the Exchange will now be offering a new set of ports and gateways for connecting to the Exchange as described in more detail above. The Exchange therefore proposes to adopt fees for these connectivity options, which will initially be \$0 per port per month.<sup>17</sup> The Exchange believes that it is appropriate to provide these connectivity options without charge during this initial migration period to avoid double charging members that are connected to both the current T7 trading system and the new INET trading system. In addition, adding these fees to the Schedule of Fees now will alert members to the fact that they will not be charged for access through these new connectivity options at this time. The current API/FIX session and gateway fees will remain in place as members are still using these connectivity options to connect to the Exchange during the migration of the Exchange’s trading system to INET.<sup>18</sup> The Exchange also proposes to add the Trades Feed to the Schedule of Fees at a price of \$0 per month. As explained earlier in the filing, the Trades Feed is a free offering of the Exchange; however, the Exchange believes that it would be beneficial to note this fee product in the Schedule of Fees.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Securities Exchange

Act of 1934 (the “Act”),<sup>19</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>20</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest. In addition, the Exchange believes that the proposed fees being adopted for INET ports and gateways, as well as the fees for the Trades Feed, are consistent with the provisions of Section 6 of the Act,<sup>21</sup> in general, and Section 6(b)(4) of the Act,<sup>22</sup> in particular, in that they are designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest as it establishes ports and gateways used to connect to the ISE INET trading system. The Exchange’s offerings are changing with the re-platform as the ports and gateways used by INET differ from those used to connect to the T7 trading system. Market participants that connect to the INET trading system may use the following connectivity options mentioned above: SQF, SQF Purge, Dedicated SQF Hosts, OTTO, CTI, FIX, FIX Drop, Disaster Recovery, and Market Data. With the exception of Dedicated SQF Hosts, these connectivity options are the same as those currently used by the Exchange’s affiliates, and therefore offer a familiar experience for market participants. The ports and gateways described in this filing provide a range of important features to market participants, including the ability to submit orders and quotes, receive market data, and perform other functions necessary to manage trading on the Exchange. The Exchange believes that filing to establish these port and gateway options will increase transparency to market participants regarding connectivity options provided by the Exchange.

With respect to Dedicated SQF Hosts, the Exchange notes that this offering is meant to be similar to a current offering of the ISE, which currently offers both shared gateways and dedicated gateways for members that desire their own dedicated gateways as a risk management alternative. Adding this new offering on the Exchange will allow

members that currently use dedicated gateways on the Exchange’s T7 trading system to continue to use a similar connectivity option with the migration to INET. The Exchange believes that market makers are the participants that are likely to benefit from dedicated gateways, and is therefore only offering dedicated gateways for the SQF interface. The Exchange does not believe that it is unfairly discriminatory to offer dedicated gateways only for SQF ports, which are only available to market makers. Other exchanges also have gateways that are restricted to market makers. The New York Stock Exchange, for example, offers DMM Gateways that are only available to their Designated Market Makers.<sup>23</sup> Currently, on the Exchange’s T7 trading system, all of the market participants that use the dedicated gateway offering are market makers.<sup>24</sup> Dedicated SQF is designed to provide a more deterministic experience for ISE market makers when quoting on the Exchange by allowing them to better load balance their trading sessions, but does not provide any latency benefit when compared to using the shared gateways, which are built on identical hardware to the dedicated gateways. Market makers provide liquidity on the Exchange and have continuous quoting obligations<sup>25</sup> to the market that require the ability to quickly and efficiently interact with their quotes and orders. The Exchange therefore believes that these participants are likely to benefit from the load balancing provided by the dedicated gateways, which will aid market makers in their obligations to maintain tight markets—a benefit that ultimately accrues to the benefit of all market participants that trade on the Exchange. Based on the Exchange’s experience with the T7 dedicated gateway offering, the Exchange does not believe that market participants using other protocols discussed in this filing are likely to use dedicated gateways, and the Exchange is therefore not offering such dedicated gateways for any of the other ports. Building a dedicated gateway offering for the other ports would require an additional technology investment. Since the only interest in such technology to date has

<sup>23</sup> See Securities Exchange Act Release No. 79748 (January 6, 2017), 82 FR 3828 (January 12, 2017) (SR-NYSE-2016-93).

<sup>24</sup> While some market makers have used the dedicated gateways for order entry sessions, the Exchange believes that the primary use of these dedicated gateways is for the firms’ market making function. The Exchange has widely announced and talked to members about its plans to offer dedicated gateways for SQF, and no firms have requested that the Exchange provide dedicated gateways for the other ports.

<sup>25</sup> See ISE Rule 804(e).

<sup>16</sup> A listener may engage in any activity except submit orders and quote, alter orders and cancel orders.

<sup>17</sup> Fees apply only to connectivity to the ISE INET trading system.

<sup>18</sup> The Exchange will eliminate current API/FIX session fees at a later date when those connectivity options are no longer available to members.

<sup>19</sup> 15 U.S.C. 78f(b).

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> 15 U.S.C. 78f.

<sup>22</sup> 15 U.S.C. 78f(b)(4).

been from the market making community, the Exchange has determined not to build technology that it believes other members are not likely to use.

The Exchange also believes that it is consistent with the protection of investors and public interest to establish the Trades Feed as this feed, which is currently provided free of charge, provides valuable trade information to subscribers. The Trades Feed designed to promote just and equitable principles of trade by providing all subscribers with data that should enable them to make informed decisions on trading in ISE options by using the data to assess current market conditions that directly affect such decisions. The market data provided by this feed removes impediments to, and is designed to further perfect, the mechanisms of a free and open market and a national market system by making the ISE market more transparent and accessible to market participants making routing decisions concerning their options orders. Furthermore, the Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to add the Trades Feed to the Schedule of Fees at a cost of \$0 per month to alert members to the availability of this market data product. The Exchange notes that the Trades Feed is a current offering that the Exchange is adding to its Schedule of Fees at this time to increase transparency to members.

Finally, the Exchange believes that it is reasonable and equitable to adopt fees for the various ports and gateways used to connect to the Exchange's new INET trading system. As explained above, the ports and gateways that will be used to connect to the INET trading system are generally the same as those currently used by the Exchange's affiliates, and in the case of Dedicated SQF Hosts, mirrors a current offering of the Exchange. The Exchange has determined to offer these connectivity options free of cost for the time being in order to aid in the migration of the Exchange's trading system to INET technology. Adding these fees to the Schedule of Fees will clarify to members that they will not have to pay for access to both T7 and INET trading systems. The Exchange also does not believe that the proposed fee change is unfairly discriminatory as each of the proposed port and gateway fees are initially proposed to be free of charge for all members.

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

In accordance with Section 6(b)(8) of the Act,<sup>26</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As explained above, the Exchange is establishing the ports and gateways used to connect to the ISE INET trading system. In addition, the Exchange is adopting fees for access to these connectivity options, which will be offered initially free of cost to aid in the migration of the Exchange's trading system to Nasdaq INET technology. The Exchange does not believe that establishing these ports and gateways, or providing them to members free of charge, will have any competitive impact. Similarly, the exchange does not believe that establishing the Trades Feed, which is also a free offering and is being added to the Schedule of Fees, will have any competitive impact.

#### *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>27</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>28</sup>

In its filing, ISE requested that the Commission waive the 30-day operative delay in order to enable the Exchange to establish ports and gateways for members to connect to the Exchange's INET trading system and access a related market data offering. The Commission believes that such waiver is consistent with the protection of

investors and the public interest. ISE notes that members have received numerous communications indicating the availability of ISE INET ports and gateways and will be using these connectivity options as soon as symbols migrate to the INET architecture. Similarly, members have been made aware of the availability of the Trades Feed. To avoid disrupting member usage of ISE's connectivity and data options, the Commission designates the proposed rule change to be operative upon filing.<sup>29</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.

#### **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-ISE-2017-62 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-ISE-2017-62. 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

<sup>26</sup> 15 U.S.C. 78f(b)(8).

<sup>27</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>28</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.

<sup>29</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-ISE-2017-62, and should be submitted on or before August 3, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-14664 Filed 7-12-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81102; File No. SR-NYSE-2017-31]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing of Proposed Rule Change To Amend the Listed Company Manual To Adopt Initial and Continued Listing Standards for Subscription Receipts

July 7, 2017.

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 on June 26, 2017, New York Stock Exchange LLC ("NYSE" or the "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 Listed Company Manual (the "Manual") to adopt initial and continued listing standards for subscription receipts. 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.

#### 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 initial and continued listing standards for the listing of subscription receipts ("Subscription Receipts").

Subscription Receipts are a financing technique that has been used for many years by Canadian public companies. Typically, Canadian companies use Subscription Receipts as a means of providing cash consideration in merger or acquisition transactions. Subscription Receipts are sold in a public offering that occurs after the execution of an acquisition agreement. The proceeds of the Subscription Receipt offering are held in a custody account and, if the related acquisition closes, the Subscription Receipt holders receive a specified number of shares of the issuer. If the acquisition does not close, then the Subscription Receipts are redeemed for their original purchase price plus any interest accrued on the custody account. The benefit of Subscription Receipts to the issuer is that they provide a contingent form of financing that only becomes permanent if the acquisition is completed. By contrast, a company financing the cash consideration for an acquisition by means of a traditional equity or debt offering is at risk of having incurred unnecessary dilution of its shareholders

or indebtedness if the related acquisition fails to close. Subscription Receipts provide investors with flexibility to elect to invest in the post-merger company and not in the company in its pre-merger form.

A number of Canadian issuers whose common stock is listed on the Exchange have approached the Exchange in recent years about the possibility of dually-listing on the Exchange Subscription Receipts that they planned to list in Canada. More recently, market participants have also inquired about the possibility of the use of Subscription Receipts as a fundraising alternative for U.S. domestic issuers. As a result of this interest, the Exchange is now proposing to adopt proposed Section 102.08 of the Manual as a listing standard for Subscription Receipts.

The Exchange will list Subscription Receipts pursuant to proposed Section 102.08 only if they meet the following requirements:

(a) The issuer must be an NYSE listed company that is not currently non-compliant with any applicable continued listing standard.

(b) The proceeds of the Subscription Receipts offering are designated solely for use in connection with the consummation of a specified acquisition that is the subject of a binding acquisition agreement (the "Specified Acquisition").

(c) The proceeds of the Subscription Receipts offering will be held in an interest-bearing custody account by an independent custodian.

(d) The Subscription Receipts will promptly be redeemed for cash (i) at any time the Specified Acquisition is terminated, or (ii) if the Specified Acquisition does not close within twelve months from the date of issuance of the Subscription Receipts, or such earlier time as is specified in the operative agreements. If the Subscription Receipts are redeemed, the holders will receive cash payments equal to their proportion share of the funds in the custody account, including any interest earned on those funds.

(e) If the Specified Acquisition is consummated, the holders of the Subscription Receipts will receive the shares of common stock for which their Subscription Receipts are exchangeable.

(f) At the time of initial listing, the Subscription Receipts must have a price per share of at least \$4.00, a minimum total market value of publicly-held shares of \$100 million, 1,100,000

<sup>30</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.