more flexible interface for Participants to access Redemptions services, process their Redemptions allocations, and view event information, replacing the less efficient PTS/PBS interface for Redemptions with CA Web, and (b) provide clarity to Participants by updating and streamlining the Guide to better reflect DTC's Redemptions services and practices, including the migration to ISO 20022 messaging and the transition to CA Web, and by making ministerial updates and corrections. Therefore, by promoting efficiencies for Participants' processing of Redemptions at DTC, and updating the Guide to reflect the current state of DTC's services in this regard, the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

In addition, by establishing the Fee Start Date for the Reorganizations CCF File Fee and the retirement dates for CCF files for Distributions, Redemptions, and Reorganizations Announcements, the proposed rule change would require Participants to complete their transition to ISO 20022 messaging by a date certain. ISO 20022 messaging provides Participants with (a) more data fields than are in CCF files, increasing transparency about the events being announced, and (b) near real-time industry standard messaging, which is not available for CCF files, providing consistency for Participants and accelerating the flow of information, therefore increasing efficiency. Ultimately, DTC expects that Participants would better process their announcements, instructions, entitlements and allocations, promoting the prompt and accurate clearance and settlement of securities transactions consistent with the requirements of the Act, in particular Section 17A(b)(3)(F), cited above.

(B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change would have any impact on competition, because the transition from PTS/PBS functions for the processing of Redemptions to CA Web would only enhance and simplify a current service and process, and the retirement of the CCF Announcement files would remove an outdated process and replace it with an improved standard of messaging. Both the CA Web and ISO 20022 messaging would be available to Participants without additional costs. In addition, since Participants have been aware of these forthcoming changes, and any related operational impact on their systems, for several years, DTC believes that, they have had sufficient time to mitigate any implementation costs.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

Written comments relating to the proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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) [25] of the Act and subparagraph (f)(4) of Rule 19b–4 [26] 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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–DTC–2016–2016–014 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–DTC–2016–014. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of 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–2016–014 and should be submitted on or before February 1, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[27]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–00369 Filed 1–10–17; 8:45 am]

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[25] 15 U.S.C. 78s(b)(3)(A).

[26] 17 CFR 240.19b–4(f)(4).

[27] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79743; File No. SR–C2–2016–021]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Order Approving a Proposed Rule Change Relating to Opening and Closing Rotations for Series Trading on the Exchange

January 5, 2017.

I. Introduction

On November 4, 2016, C2 Options Exchange, Incorporated (''Exchange'' or ''C2'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b-4 thereunder,[2] a proposed rule change to amend its rules relating to the opening and closing of

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

series for trading on the Exchange. The Commission published the proposed rule change for comment in the **Federal Register** on November 21, 2016.[3] The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change

C2 proposes to amend its rules relating to the opening and closing of series for trading on the Exchange. Rule 6.11 describes the process that the automated trading system used by the Exchange for the trading of options contracts (the ''System'') uses to open series on the Exchange each trading day. The Exchange may also use this process for closing series or opening series after a trading halt. The Exchange is proposing various changes to reorganize and simplify the rule and to more accurately reflect current System functionality.[4]

According to the Exchange, the System generally processes the opening of each series in four stages: [5]

(1) *Pre-Opening Period:* During the pre-opening period, the System accepts orders and quotes and disseminates messages that contain information based on resting orders and quotes in the book, which may include the expected opening price (''EOP''), expected opening size (''EOS''), any reason why a series may not open, and imbalance information, including the size and side of an imbalance (collectively, ''expected opening information'' or ''EOIs'').

(2) *Initiation of the Opening Rotation:* The System then initiates the opening rotation procedure and distributes a ''Rotation Notice'' to market participants.

(3) *Opening Rotation Period:* During the opening rotation period, the System matches and executes orders and quotes against each other to establish an opening Exchange best bid and offer (''BBO'') and trade price for each series while continuing to disseminate EOIs.

(4) *Opening of Trading:* The System then opens series for trading, subject to the satisfaction of certain conditions.

According to C2, the proposed rule change is designed to more clearly organize Rule 6.11 in this sequential order and makes the additional specific changes discussed in more detail below.

Pre-Opening Period

Rule 6.11(a) currently provides that the System accepts orders and quotes for a period of time before the opening of trading in the underlying security or, in the case of index options, prior to 8:30 a.m.[6] The Exchange proposes to amend Rule 6.11(a) to provide that the pre-opening period will begin no later than 15 minutes prior to the expected initiation of an opening rotation and no earlier than 2:00 a.m.[7]

Under the proposal, the Exchange generally will not restrict the size or origin code of orders that may be submitted during the pre-opening period. Therefore, the proposed rule change amends Rule 6.11(a)(1) to delete the provision that requires the Exchange to designate on a class-by-class basis the eligible order size, eligible order type, and eligible order origin code which the System will accept.[8] Additionally, the proposed rule change clarifies that the System will accept all quotes and all order types during the pre-opening period except for immediate-or-cancel, fill-or-kill, intermarket sweep orders, and Market-Maker trade prevention orders.[9]

The proposed rule change amends Rule 6.11(a)(2) in several ways. First, it defines EOIs and specifies the timing of their dissemination. EOIs contain information based on resting orders and quotes in the Book, including the EOP, the EOS, any reason why a series may not open pursuant to paragraph (d) of Rule 6.11,[10] and any imbalance information, including the size and side of the imbalance. EOIs will be disseminated to all market participants that have elected to receive them beginning at a time determined by the Exchange, which will be no earlier than three hours prior to the expected initiation of an opening rotation for a series. The System will then disseminate EOIs at regular intervals of time, or less frequently if there are no updates since the previously disseminated EOI.[11]

The proposed rule change further modifies Rule 6.11(a)(2) to redefine the terms EOP and EOS and address when that information will be disseminated. Currently, Rule 6.11(a)(2) states that the EOP is the price at which the greatest number of orders and quotes in the book are expected to trade and provides that an EOP will only be calculated if (a) there are market orders in the book, or the book is crossed or locked and (b) at least one quote is present. The proposed rule change revises this language to state that the EOP is the price at which any opening trade is expected to execute and adds that the EOS is the size of any expected opening trade. The proposed rule change further states the System will only disseminate EOP and EOS messages if the width between the highest quote bid and lowest quote offer on the Exchange or disseminated by other exchanges is no wider than the ''Opening Exchange Prescribed Width range'' or ''OEPW range'' (as described below).[12]

Opening Rotation Initiation and Notice

Rule 6.11(b) currently provides that, unless unusual circumstances exist, at a randomly selected time within a number of seconds after the opening trade and/or the opening quote is disseminated in the market for the underlying security[13] (or after 8:30 a.m. for index options), the System initiates the opening rotation procedure and sends a notice (''Rotation Notice'') to market participants.

The Exchange proposes to amend Rule 6.11(b) to provide that the System will initiate the opening rotation procedure and send out a Rotation Notice on a class-by-class basis as follows:

○ With respect to equity and ETP options, after the opening trade or the opening quote is disseminated in the market for the underlying security, or at 8:30 a.m. for classes determined by the Exchange (including over-the-counter equity classes); or

○ with respect to index options, at 8:30 a.m., or at the later of 8:30 a.m. and the time the Exchange receives a

[3] *See* Securities Exchange Act Release No. 79315 (November 15, 2016), 81 FR 83313 (''Notice'').

[4] *See id.* at 83313.

[5] *See id.*

[6] All times set forth in Rule 6.11 are central time. *See id.* at 83313, n.3. In addition, since the System begins the pre-opening period at the same time for each class within each type of option (equity, index and exchange-traded products (''ETPs'')), the proposed rule change deletes the provision of the current rule that says the Exchange will determine the time on a class-by-class basis. *See id.* at 83313.

[7] The Exchange notes that the pre-opening period currently begins at approximately 6:30 a.m. *See id.* at 83313, n.4.

[8] *See id.* at 83313.

[9] *See id.* at 83313–14 for a discussion of these order types, which are defined in Rule 6.10.

[10] Proposed paragraph (d) of Rule 6.11 sets forth certain opening conditions, which are discussed in greater detail below.

[11] *See* Notice, *supra* note 3, at 83314.

[12] *See id.* at 83313–14, for more detailed discussion of these changes to the pre-opening period. According to the Exchange, the OEPW range is a price protection measure intended to prevent orders from executing at extreme prices on the open. *See id.* at 83317.

[13] The ''market for the underlying security'' is currently the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security. Since the Exchange does not designate the primary volume market as the market for the underlying security for any class, the proposed rule change deletes that option. The proposed rule change also changes the term ''market'' to ''exchange'' and clarifies that the Exchange determines on a class-by-class basis which market is the market for the underlying security. *See id.* at 83314, n.8.

disseminated index value for classes determined by the Exchange.[14]

Opening Rotation Period

Rule 6.11(c) provides that after the Rotation Notice is sent, the System enters into a rotation period, during which the opening price is established for each series. The proposed rule change reorganizes paragraph (c) to more clearly demarcate and further describe (1) when the opening rotation period begins, (2) what happens during the period, (3) the handling of EOIs during the period, and (4) when the period ends.[15]

During the opening rotation period, the System establishes the opening trade price and the opening BBO by matching and executing resting orders and quotes against each other. The proposed rule change modifies the definition of the opening trade price of a series to be the ''market-clearing'' price, which is the single price at which the largest number of contracts in the book can execute, leaving bids and offers that cannot trade with each other.[16] The proposed rule change also states that all orders (except complex orders) and quotes in a series in the book prior to the opening rotation period participate in the opening rotation for a series. The Exchange notes that contingency orders that participate in the opening rotation may execute during the opening rotation period only if their contingencies are triggered.[17]

The proposed rule change clarifies that the System will continue to disseminate EOIs (not just the EOP and EOS) during the opening rotation period, which may be disseminated at more frequent intervals closer to the opening.[18] In addition, the proposed rule change updates the description of the length of the opening rotation period and adds detail to the description of how the System processes series to open following the opening rotation period. Specifically, current subparagraph (c)(2) states that the System will process the series of a class in a random order and the series will begin opening after a period following the Rotation Notice, which period may not exceed sixty seconds and will be established on a class-by-class basis by the Exchange.[19] Proposed subparagraph (c)(3) retains that process, but clarifies that C2 will determine the length and number of these intervals for all classes.[20]

Opening Quote and Trade Price

In its filing, the Exchange represented that, pursuant to the Options Price Reporting Authority (''OPRA'') Plan, once a series opens, the System disseminates all quote and trade price information to OPRA, including opening quote and trade price information.[21] Accordingly, the Exchange proposes to delete text in current paragraph (d) of Rule 6.11 stating that the opening price is determined by series and that C2 disseminates opening quote and trade information through OPRA, because the Exchange already disseminates such information pursuant to the OPRA Plan, and therefore believes that this provision is unnecessarily repetitive.[22] Despite the deletion of that language from the rule concerning reporting data through OPRA, the Exchange is not proposing a substantive change to reporting this information through OPRA.

Opening Conditions

Current Rule 6.11(e) provides that the System will not open a series if one of a number of specified conditions is met, including the absence of a quote or if the opening price would not be within an acceptable range, or if the opening trade would be at a price that is not the national best bid or offer (''NBBO'') or would leave a market order imbalance.[23] Current Rule 6.11(f) describes what happens when each of these conditions is present, including matching orders and quotes to the extent possible or exposing marketable orders at the NBBO under certain conditions. The proposed rule change would amend the opening conditions as follows:

(1) If there are no quotes on the Exchange or disseminated from at least one away exchange present in the series, the System will not open the series;

(2) if the width between the best quote bid and best quote offer, which may consist of Market-Makers quotes or bids and offers disseminated from an away exchange, is wider than an acceptable opening price range (as determined by the Exchange on a class-by-class and premium basis) (the OEPW range)[24] and there are orders or quotes marketable against each other or that lock or cross the OEPW range, the System will not open the series. However, if the opening quote width is no wider than the intraday acceptable price range for the series (''IEPW range'') and there are no orders or quotes marketable against each other or that lock or cross the OEPW range, the System will open the series. If the opening quote width is wider than the IEPW range, the System will not open the series. If the opening quote for a series consists solely of bids and offers disseminated from an away exchange(s), the System will open the series by matching orders and quotes to the extent they can trade and will report the opening trade, if any, at the opening trade price. The System will then expose any remaining marketable buy (sell) orders at the widest offer (bid) point of the OEPW range or NBO (NBB), whichever is lower (higher).

(3) if the opening trade price would be outside the OEPW range or the NBBO, the System will open the series by matching orders and quotes to the extent they can trade and will report the opening trade, if any, at an opening trade price not outside either the OEPW range or NBBO. The System will then expose any remaining marketable buy (sell) orders at the widest offer (bid) point of the OEPW range or NBO (NBB), whichever is lower (higher);

(4) if the opening trade would leave a market order imbalance, the System will open the series by matching orders and quotes to the extent they can trade and will report the opening trade, if any, at the opening trade price. The System will then expose any remaining marketable buy (sell) orders at the widest offer (bid) point of the OEPW range or NBO (NBB), whichever is lower (higher); or

(5) if the opening quote bid (offer) or the NBB (NBO) crosses the opening

[14] *See id.* at 83314–15 (providing detailed description of the Exchange's changes to initiating the opening rotation).

[15] *See* proposed Rule 6.11(c); *see also* Notice, *supra* note 3, at 83315.

[16] *See* Notice, *supra* note 3, at at 83315. If there are multiple prices at which the same number of contracts would clear, the System will use the price at or nearest to the midpoint of the range consisting of the higher of the opening NBB and widest bid point of the OEPW range, and the lower of the opening NBO and widest offer point of the OEPW range. *See id.*

[17] *See id.* Further, the Exchange notes that the proposed rule change moves the rule provision regarding the priority order of orders and quotes during this matching process from current subparagraph (g)(1) to proposed subparagraph (c)(1)(C). The System prioritizes orders in the following order: (1) Market orders, (2) limit orders and quotes whose prices are better than the opening price, and (3) resting orders and quotes at the opening price. The proposed rule change also notes that contingency orders are prioritized as set forth in Rule 6.12(c). *See id.* at 83315, n.11, and accompanying text.

[18] *See id.* at 83315.

[19] *See id.* at 83315–16.

[20] According to the Exchange, currently, the Exchange has set the period of time that must pass before the System begins processing series to open at one second, and the Exchange has set the number of intervals to one and the length of that interval to one second. As a result, the opening rotation period currently lasts one to two seconds. *See* Regulatory Circular RG11–008; *see also* Notice, *supra* note 3, at 83316, n.12.

[21] *See* Notice, *supra* note 3, at 83316.

[22] *See id.*

[23] *See id.*

[24] Current OEPW settings are set forth in Regulatory Circular RG14–020. *See* Notice, *supra* note 3, at 83316, n.14.

quote offer (bid) or the NBO (NBB) by more than an amount determined by the Exchange on a class-by-class and premium basis, the System will not open the series.[25] If the opening quote bid (offer) or NBO (NBO) crosses the opening quote offer (bid) or NBO (NBB) by no more than the specified amount, the System will open the series by matching orders and quotes to the extent they can trade and will report the opening trade, if any, at the opening trade price. The System will then expose any remaining marketable buy (sell) orders at the widest offer (bid) point of the OEPW range or NBO (NBB), whichever is lower (higher). If the best away market bid and offer are inverted by no more than the specified amount, there is a marketable order on each side of the series, and the System opens the series, the System will expose the order on the side with the larger size and route for execution the order on the side with the smaller size to an away exchange that is at the NBBO.[26]

In addition, the proposed rule change moves provisions related to the exposure of orders at the open from current subparagraph (g)(2) and Interpretation and Policy .04 to proposed paragraph (d) to eliminate duplicative language and to include all provisions regarding the opening exposure process in one place.[27] The proposed rule change provides that the exposure of orders pursuant to proposed paragraph (d) will be conducted via the Hybird Agency Liaison (''HAL'') pursuant to Rule 6.18. Because the Exchange no longer uses a matching period for HAL opening auctions and just uses an exposure period (which may not exceed 1.5 seconds), it proposes to delete the provision regarding the matching period, among other changes.[28]

The Exchange also proposes to add to paragraph (d) that if the System does not open a series pursuant to paragraph (d), notwithstanding proposed paragraph (c) (which states the opening rotation period may not last more than 60 seconds), the opening rotation period continues (including the dissemination of EOIs) until the condition causing the delay is satisfied or the Exchange otherwise determines it is necessary to open a series in accordance with proposed paragraph (e).[29]

Exchange Determinations

Current Rule 6.11 provides in various places, including paragraphs (b)(2) and (h), that a senior Exchange official in the Help Desk may determine whether to modify the opening procedures when they deem necessary. The Exchange proposes to delete paragraph (b)(2) and centralize references to the Help Desk in one paragraph (retitled from (h) to (e)). The proposed rule change lists examples of actions the Help Desk may take in the interests of commencing or maintaining a fair and orderly market, in the event of unusual market conditions, or in the public interest, including delaying or compelling the opening of any series in any options class, and modifying timers or settings described in Rule 6.11. The proposed rule change adds that the Exchange will make and maintain records to document all determinations to deviate from the standard manner of the opening procedure, and periodically review these determinations.[30]

The Exchange also proposes to amend Interpretation and Policy .02, which states all pronouncements regarding determinations by the Exchange pursuant to Rule 6.11 and the Interpretations and Policies thereunder will be announced via Regulatory Circular with appropriate advanced notice to ensure participants are aware of these determinations and have sufficient time to make any necessary changes in response to the determinations. The proposed rule change adds that notice of determinations with respect to the opening process may be made ''as otherwise provided,'' which recognizes that some parts of Rule 6.11 provide that certain notifications will be made in a different manner (for example, via electronic message rather than via Regulatory Circular).[31]

Non-Substantive Changes

The proposed rule change also amends current Rule 6.11(i) and proposed Rule 6.11(f) to indicate that the procedure described in Rule 6.11 may be used to reopen a series, in addition to a class, after a trading halt to address a potential situation in which only certain series are subjected to halt. The proposed rule change also adds detail regarding notice of use of this opening procedure following a trading halt and clarifies that the procedure would be the same, though depending on facts and circumstances, there may be no pre-opening period or a shorter pre-opening period. Proposed paragraph (f) further states the Exchange will announce the reopening of a class or series after a trading halt as soon as practicable via electronic message to Participants that request to receive such messages.[32]

The Exchange proposes to amend Interpretation and Policy .01, which states the Exchange may determine on a class-by-class basis which electronic algorithm from Rule 6.12 applies to the class during rotations. The proposed rule change makes the electronic algorithm that applies to a class intraday the default algorithm during rotations, but continues to leave the Exchange flexibility to apply a different algorithm to a class during rotations if it deems such action to be necessary or appropriate.[33]

Finally, the proposed rule change makes numerous non-substantive and clerical changes throughout Rule 6.11 (and its Interpretations and Policies), including adding or amending headings and defined terms, updating cross-references, adding introductory and clarifying language, using consistent language and punctuation, and replacing terms such as ''option series'' with series in recognition of the fact that C2 only trades options.[34]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of Section 6 of the Act,[35] and the rules and regulations thereunder applicable to a national securities exchange.[36] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[37] which requires, among other things, that a

[25] Currently, this amount is $0.25 for options with prices less than $3.00 and $0.50 for options with prices of $3.00 or more. *See* Regulatory Circular RG10–005; *see also* Notice, *supra* note 3, at 83317, n.17.

[26] *See* Notice, *supra* note 3, at 83317.

[27] *See id.* at 83317.

[28] *See id.* at 83317–18.

[29] Current Rule 6.11(j) and proposed Rule 6.11(g) provide that the opening procedures described in the rule may also be used to conduct a closing rotation after the close of a trading session for series that open pursuant to Rule 6.11. The proposed rule change makes non-substantive changes to proposed paragraph (g) to more clearly and simply state the potential applicability of the opening procedures to a closing rotation for series that open pursuant to Rule 6.11 and to include additional detail regarding the notification to Participants regarding the decision to conduct a closing rotation. *See id.* at 83318, n.20.

[30] *See id.* at 83318.

[31] *See id.*

[32] *See id.* C2 also notes that the Exchange may reopen a class after a trading halt as otherwise set forth in the Rules, including Rule 6.32. *See id.* at n.21.

[33] *See id.* at 83318.

[34] *See id.*

[35] 15 U.S.C. 78f.

[36] In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[37] 15 U.S.C. 78f(b)(5).

national securities exchange have rules 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.

In particular, the proposed rule change reorganizes and attempts to clarify the description of the opening (and sometimes closing) procedures, deletes text that the Exchange believes is either obsolete or unnecessary, removes certain discretion for the Exchange to make determinations under the rule on a class-by-class basis where C2 no longer needs that discretion, and is intended to promote greater consistency across Rule 6.11. The Commission notes that these changes may offer market participants a better understanding of how the Exchange's opening (and sometimes closing) procedures operate. To the extent the changes achieve that goal, they may promote transparency, reduce the potential for investor confusion, and assist market participants in deciding whether to participate in C2's trading rotations and, if they do participate, have confidence and certainty as to how their orders will be processed by the C2 System.

The Commission believes that the proposed rule change is designed to promote just and equitable principles of trade by seeking to ensure that series open in a fair and orderly manner with sufficient liquidity and opportunities for execution at prices that are determined by market forces. In particular, the Exchange notes that the proposed rule change is designed to ensure that market participants are aware of the circumstances under which the System may not open a series.[38] The proposed rule change also sets out the circumstances when the Exchange may exercise discretion under the rule and strives to narrow that discretion within certain established parameters.[39] The proposed rule change further requires the Exchange to document and periodically review Exchange decisions made under the rule to deviate from the standard opening procedures, and stipulates that the Help Desk can so deviate in response to unusual market conditions with specific regard to the public interest.[40] In this manner, such Exchange determinations made by high-level senior Exchange personnel under the rule should be limited, transparent, and made with due regard to the Exchange's obligations under the Act.

For the foregoing reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[41] that the proposed rule change (SR–C2–2016–021) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[42]

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2017–00367 Filed 1–10–17; 8:45 am]

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[38] *See* Notice, *supra* note 3, at 83319.

[39] Exchange determinations, including the establishment of parameters governing the opening process, will be set forth in Regulatory Circulars (or as otherwise specified by the Exchange under the proposed rule). On account of the critical importance of this information to investors' understanding of how the Exchange's System operates, C2 should ensure that such information is prominently displayed, readily searchable and retrievable, up-to-date, and comprehensive.

[40] *See* proposed Rule 6.11(e); *see also* Notice, *supra* note 3, at 83318.

[41] 15 U.S.C. 78s(b)(2).

[42] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79745; File No. SR–CBOE–2016–094]

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

January 5, 2017.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on December 23, 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 its 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 its Fees Schedule. Specifically, the Exchange proposes to waive transaction fees incurred from certain transactions executed in compression forums.

SEC Rule 15c3–1 (Net Capital Requirements for Brokers or Dealers) (''Net Capital Rules'') requires every registered broker-dealer [sic] maintain certain specified minimum levels of capital.[3] The Net Capital Rules are designed to protect securities customers, counterparties, and creditors by requiring broker-dealers to have sufficient liquid resources on hand, at all times, to meet their financial obligations. Notably, hedged positions, including offsetting futures and options contract positions, result in certain net capital requirement reductions under the Net Capital Rules.[4]

All Options Clearing Corporation (''OCC'') clearing members are subject to the Net Capital Rules. However, a subset

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 17 CFR 240.15c3–1.

[4] In addition, the Net Capital Rules permit various offsets under which a percentage of an option position's gain at any one valuation point is allowed to offset another position's loss at the same valuation point (*e.g.,* vertical spreads).