

proposed rule change is April 20, 2017. The Commission is hereby extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> designates June 4, 2017, as the date by which the Commission should either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-CBOE-2017-010).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority,<sup>6</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80477; File No. 4-707]

### Self-Regulatory Organizations; ISE Mercury, LLC; Order Declaring Effective a Minor Rule Violation Plan

April 18, 2017.

On March 9, 2017, ISE Mercury, LLC (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed minor rule violation plan (“MRVP” or “Plan”) pursuant to Section 19(d)(1) of the Securities Exchange Act of 1934 (“Act”).<sup>1</sup> and Rule 19d-1(c)(2) thereunder.<sup>2</sup> The proposed MRVP was published for public comment on March 21, 2017.<sup>3</sup> The Commission received no comments on the proposal. This order declares the Exchange’s proposed MRVP effective.

The Exchange’s MRVP specifies the rule violations which will be included in the Plan and will have sanctions not exceeding \$2,500. Any violations which are resolved under the MRVP would not be subject to the provisions of Rule 19d-1(c)(1) of the Act,<sup>4</sup> which requires that a self-regulatory organization (“SRO”) promptly file notice with the Commission of any final disciplinary action taken with respect to any person

or organization.<sup>5</sup> In accordance with Rule 19d-1(c)(2) under the Act,<sup>6</sup> the Exchange proposed to designate certain specified rule violations as minor rule violations, and requested that it be relieved of the prompt reporting requirements regarding such violations, provided it gives notice of such violations to the Commission on a quarterly basis.

The Exchange proposed to include in its MRVP the procedures and violations currently included in Exchange Rule 1614 (“Imposition of Fines for Minor Rule Violations”), which had been incorporated by reference from the International Securities Exchange’s rule book.<sup>7</sup> According to the Exchange’s proposed MRVP, under Exchange Rule 1614, the Exchange may impose a fine (not to exceed \$2,500) on any Member, or person associated with or employed by a Member, for any rule listed in Rule 1614(d).<sup>8</sup> The Exchange shall serve the person against whom a fine is imposed with a written statement setting forth the rule or rules violated, the act or omission constituting each such violation, the fine imposed, and the date by which such determination becomes final or by which such determination must be contested. If the person against whom the fine is imposed pays the fine, such payment shall be deemed to be a waiver of such person’s right to a disciplinary proceeding and any review of the matter under the Exchange rules. Any person against whom a fine is imposed may contest the Exchange’s

<sup>5</sup> The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. *See* Securities Exchange Act Release No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission is not considered “final” for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding \$2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

<sup>6</sup> 17 CFR 240.19d-1(c)(2).

<sup>7</sup> The Exchange received its grant of registration on January 29, 2016, which included approving the rules that govern the Exchange. *See* Securities Exchange Act Release No. 76998 (Jan. 29, 2016), 81 FR 6066 (Feb. 4, 2016).

<sup>8</sup> Under the proposed MRVP, violations of the following rules would be appropriate for disposition under the MRVP: Rule 412 (Position Limits); Rule 1403 (Focus Reports); Rule 1404 (Requests for Trade Data); Rule 723 (Price Improvement Mechanism for Crossing Transactions); Rule 717 (Order Entry); Rule 803 (Quotation Parameters); Rule 805 (Execution of Orders in Appointed Options); Rule 419 (Mandatory Systems Testing); Rule 1100 (Exercise of Options Contracts); Rule 415 (Reports Related to Position Limits); and Rule 804(e) (Continuous Quotes). *See* Notice, *supra* note 3.

determination by filing with the Exchange a written answer, at which point the matter shall become a disciplinary proceeding.

Once the Exchange’s MRVP is effective, the Exchange will provide to the Commission a quarterly report for any actions taken on minor rule violations under the MRVP. The quarterly report will include: The Exchange’s internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the sanction imposed, the number of times the rule violation occurred, and the date of the disposition.<sup>9</sup>

The Commission finds that the proposal is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,<sup>10</sup> because the MRVP will permit the Exchange to carry out its oversight and enforcement responsibilities as an SRO more efficiently in cases where full disciplinary proceedings are not necessary due to the minor nature of the particular violation.

In declaring the Exchange’s MRVP effective, the Commission in no way minimizes the importance of compliance with Exchange rules and all other rules subject to the imposition of sanctions under Exchange Rule 1614. The Commission believes that the violation of an SRO’s rules, as well as Commission rules, is a serious matter. However, Exchange Rule 1614 provides a reasonable means of addressing violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Commission expects that the Exchange will continue to conduct surveillance and make determinations based on its findings, on a case-by-case basis, regarding whether a sanction under the MRVP is appropriate, or whether a violation requires formal disciplinary action.

*It is therefore ordered*, pursuant to Rule 19d-1(c)(2) under the Act,<sup>11</sup> that the proposed MRVP for ISE Mercury, LLC, File No. 4-707, be, and hereby is, declared effective.

<sup>9</sup> The Exchange attached a sample form of the quarterly report with its submission to the Commission.

<sup>10</sup> 17 CFR 240.19d-1(c)(2).

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

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 200.30-3(a)(31).

<sup>7</sup> 15 U.S.C. 78s(d)(1).

<sup>8</sup> 17 CFR 240.19d-1(c)(2).

<sup>9</sup> *See* Securities Exchange Act Release No. 80259 (March 16, 2017), 82 FR 14556 (“Notice”).

<sup>10</sup> 17 CFR 240.19d-1(c)(1).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Eduardo A. Aleman,**

*Assistant Secretary.*

[FR Doc. 2017-08162 Filed 4-21-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80478; File No. SR-BatsBZX-2017-22]

### Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use on Bats BZX Exchange, Inc.

April 18, 2017.

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 April 12, 2017, Bats BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. 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 filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BZX Rules 15.1(a) and (c).

The text of the proposed rule change is available at the Exchange’s Web site at [www.bats.com](http://www.bats.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 parts of such statements.

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

###### 1. Purpose

The Exchange proposes to amend its fee schedule applicable to its equities trading platform (“BZX Equities”) to: (i) Add new tiers under footnotes 1 and 4; and (ii) eliminate tier 4 under footnote 3.

###### Add Volume Tiers Under Footnote 1

The Exchange currently offers nine Add Volume Tiers under footnote 1, which provide an enhanced rebate of \$0.0025 to \$0.0032 per share for qualifying orders which yield fee codes B, V, or Y.<sup>6</sup> The Exchange now proposes to add two additional tiers which will provide an enhanced rebate per share for qualifying orders which yield fee code HA.<sup>7 8</sup>

- Under the proposed Non-Displayed Add Volume Tier 1, a Member may receive an enhanced rebate of \$0.0020 per share where they add an ADV greater than or equal to 0.09% of the TCV, as Non-Displayed orders that yield fee codes HA or HI.

- Under the proposed Non-Displayed Add Volume Tier 2, a Member may receive an enhanced rebate of \$0.0025 per share where they add an ADV greater than or equal to 0.18% of the TCV, as Non-Displayed orders that yield fee codes HA or HI.

<sup>6</sup> Fee codes B, V, and Y are appended to displayed orders that add liquidity in tape B, A, or C, respectively. See the Exchange’s fee schedule available at [http://www.bats.com/us/equities/membership/fee\\_schedule/bzx/](http://www.bats.com/us/equities/membership/fee_schedule/bzx/).

<sup>7</sup> Fee code HA is appended to non-displayed orders which add liquidity. *Id.*

<sup>8</sup> The Exchange proposes to add additional labels to the table in footnote 1 to further clarify which tiers apply to orders yielding the differentiating fee codes. The Exchange also proposes to append footnote 1 to fee code HA in connection with this change.

#### Single MPID Investor Tier Under Footnote 4

The Exchange currently offers one Single MPID Investor Tier under footnote 4, which provides an enhanced rebate of \$0.0031 per share for qualifying orders which yield fee codes B, V, or Y. The distinction between the existing tier under footnote 4 and other tiers offered by the Exchange, is that the volume measured to determine whether a Member qualifies is performed on an MPID by MPID basis. The Exchange now proposes to add an additional single MPID tier which will provide an enhanced rebate per share for qualifying orders which yield fee codes B, V, or Y. Under the proposed Step-Up Add Tier under footnote 4, a Member may receive an enhanced rebate of \$0.0027 per share where the MPID has a Step-Up ADAV from November 2016, greater than or equal to 500,000 shares.

#### Eliminate Tier 4 Under Footnote 3

The Exchange currently offers five Cross-Asset Step-Up Tiers under footnote 3, which provide an enhanced rebate per contract ranging from \$0.0027 to \$0.0032 per share for qualifying orders. Tiers 1 through 4 apply to orders which yield fee codes B, V, or Y. Tier 5 applies to orders which yield fee codes BB, N, or W.<sup>9</sup> The Exchange now proposes to eliminate Tier 4 under footnote 3, which provides a rebate of \$0.0032 per share for Members that have an Options Step-Up Add TCV in Customer orders from October 2016 baseline greater than or equal to 0.35%.<sup>10</sup>

#### Implementation Date

The Exchange proposes to implement these amendments to its fee schedule immediately.<sup>11</sup>

#### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,<sup>12</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>13</sup> in particular, as it is designed to provide

<sup>9</sup> Fee codes BB, N, and W are appended to orders that remove liquidity in tape B, C, or A, respectively. See the Exchange’s fee schedule available at [http://www.bats.com/us/equities/membership/fee\\_schedule/bzx/](http://www.bats.com/us/equities/membership/fee_schedule/bzx/).

<sup>10</sup> In connection with the elimination of Tier 4, the Exchange proposes that Tier 5 be renamed to Tier 4.

<sup>11</sup> The Exchange initially filed the proposed amendments to its fee schedule on March 31, 2017 (SR-BatsBZX-2017-21). On April 12, 2017, the Exchange withdrew SR-BatsBZX-2017-21 and then subsequently submitted this filing (SR-BatsBZX-2017-22).

<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4).

<sup>12</sup> 17 CFR 200.30-3(a)(44).

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

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

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

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

<sup>5</sup> The term “Member” is defined as “any registered broker or dealer that has been admitted to membership in the Exchange.” See Exchange Rule 1.5(n).