

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-PEARL-2017-31 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-PEARL-2017-31. 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-PEARL-2017-31, and should be submitted on or before August 7, 2017.

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

**Jill M. Peterson,**  
Assistant Secretary.

[FR Doc. 2017-14889 Filed 7-14-17; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81118; File No. SR-CBOE-2017-052]

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

July 11, 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 June 29, 2017, 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 relating to Livevol Core X ("LVCX") fees.

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 relating to Livevol Core X ("LVCX") fees. By way of background, LVCX is a front-end order entry and management tool for listed stocks and options that supports both simple and complex orders. Particularly, LVCX is a web-based application integrated into the application programming interface of the user's proprietary system. The application provides users with the capability to send option orders to U.S. options exchanges and stock orders to U.S. stock exchanges (and other trading centers). Additionally, LVCX allows users to input parameters to control the size, timing and other variables of their trades. Use of the application is completely optional and LVCX users may sublicense LVCX to their customers.

The Exchange proposes a new tiered fee schedule for LVCX. Specifically, the Exchange proposes to eliminate the current flat fees of \$100/month (per Log-in ID) and implement a new tiered fee schedule for the LVCX application fees. The Exchange believes the proposed change will encourage greater application of the LVCX platform by reducing the prices as users purchase more Log-In IDs. The proposed LVCX tiered pricing is below.

Livevol Core X (LVCX)	Fee per login ID per month
<b>Application Fees by Number of Login IDs:</b>	
0-0 .....	\$100
11-30 .....	75
31-100 .....	50
101-200 .....	40
201-500 .....	30
501-1,000 .....	20
>1,000 .....	15

##### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (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>3</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>4</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and

<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. 78f(b).

<sup>4</sup> 15 U.S.C. 78f(b)(5).

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

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 Section 6(b)(4) of the Act,<sup>5</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the Exchange believes the tiered fee schedule is reasonable because broker-dealer clients will see an overall reduction of prices as they increase their Log-In IDs. Additionally, the proposed change continues to provide for the recoupment of the costs of developing, maintaining, supporting and enhancing the application.

The Exchange believes the proposed rule change is equitably [sic] and not unfairly discriminatory because it applies to all users of LVCX uniformly. Additionally, the use of LVCX is completely voluntary. The LVCX application is available as a convenience to market participants, who will continue to have the option to use any order entry and management system available in the marketplace to send orders to the Exchange and other exchanges. The Exchange also believes these fees are reasonable and appropriate as they are competitive with similar applications available throughout the market.

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition that are not necessary or appropriate in furtherance of the purposes of the Act. Particularly, any market participant will be able to access LVCX and its tiered platform fees, which will apply uniformly to all users. Additionally, the proposed tiered fee schedule will offer heightened incentives for all broker-dealer clients to promote use of LVCX. The Exchange notes that the LVCX application is available to all market participants on the same terms and conditions, and use of the application is completely voluntary. LVCX is merely an alternative application to other similar products already available in the market

and market participants can develop their own proprietary products with the same functionality.

The Exchange notes that when Congress charged the Commission with supervising the development of a "national market system" for securities, a premise of its action was that prices, products and services ordinarily would be determined by market forces.<sup>6</sup> Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention, to determine prices, products and services in the securities markets.<sup>7</sup> Many exchanges and other market participants make technology products, including products similar to the LVCX, available to the industry. Other market participants that offer these products can adjust pricing or add functionality to attract users to their products to compete with the Exchange-offered products based on all competitive forces in the marketplace, as the Exchange expects these other market participants currently do. The Exchange believes that other market participants that offer these products will continue to remain competitive in the market for order-entry, management and routing products, as they currently are in this market in which at least two exchanges (including CBOE) offer similar technology products. For example, CBOE currently offers PULSe, and ISE currently offers PrecISE. The Exchange believes that many investors will continue to elect to use competing products available from non-exchange technology providers.

<sup>6</sup> See, e.g., H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.) (stating Congress's intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed").

<sup>7</sup> See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (Dec. 9, 2008) at 74781 ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the SROs and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system.") (SR-NYSEArca-2006-21); Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

#### *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 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>8</sup> and paragraph (f) of Rule 19b-4<sup>9</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 Number SR-CBOE-2017-052 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-2017-052. 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

<sup>5</sup> 15 U.S.C. 78f(b)(4).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f).

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-2017-052 and should be submitted on or before August 7, 2017.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2017-14888 Filed 7-14-17; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81116; File No. SR-Phlx-2017-48]

### Self-Regulatory Organizations; NASDAQ PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Quote Mitigation

July 11, 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 30, 2017, NASDAQ PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Phlx Rule 1082, regarding quote mitigation.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqphlx.cchwallstreet.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 Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The Exchange proposes to amend Phlx Rule 1082, entitled "Firm Quotations," to specifically remove Phlx Rule 1082(a)(ii)(C)(4), which process is not currently in effect on Phlx.

Today, Phlx Rule 1082(a)(ii)(C) sets forth the conditions under which Phlx disseminates updated quotations based on changes in the Exchange's disseminated price and/or size. Phlx disseminates an updated bid and offer price, together with the size associated with such bid and offer, when: (1) Phlx's disseminated bid or offer price increases or decreases; (2) the size associated with Phlx's disseminated bid or offer decreases; or (3) the size associated with Phlx's bid (offer) increases by an amount greater than or equal to a percentage (never to exceed 20%)<sup>3</sup> of the size associated with the previously disseminated bid (offer);<sup>4</sup>

<sup>3</sup> Phlx has set its percentage to 10%. See <http://www.nasdaqtrader.com/content/phlxmemos/2007/jan/0197-07.pdf>.

<sup>4</sup> Such percentage, which would never exceed 20%, would be determined on an issue-by-issue basis by the Exchange and announced to membership via Exchange circular. The percentage size increase necessary to give rise to a refreshed quote may vary from issue to issue, depending, without limitation, on the liquidity, average volume, and average number of quotations submitted in the issue.

and (4) automatic executions will decrement the disseminated size by the amount of the automatic execution.

The Exchange notes that it is removing Phlx Rule 1082(a)(ii)(C)(4) because this functionality is not necessary today. By way of background, the Exchange initially adopted the quote mitigation rule text in Phlx Rule 1082(a)(ii)(C)(4) to enhance the ability of Exchange Streaming Quote Traders ("SQTs"),<sup>5</sup> Remote Streaming Quote Traders ("RSQTs"),<sup>6</sup> non-SQT ROTs,<sup>7</sup> and specialists<sup>8</sup> (collectively, "Phlx XL participants") to better manage risk by modifying the legacy Phlx XL system<sup>9</sup> such that when a trade occurred [sic], the Exchange caused the Phlx XL system to decrement the quote size by the number of contracts traded in the affected option series on the side of the market that has traded (*i.e.*, bid size for sell transactions and offer size for buy transactions). At that time, the Exchange did not decrement quotation size in real time,<sup>10</sup> rather it updated quotes and executions separately in two applications. The Exchange would update the quote sent to OPRA with each decrement. However with a size increase the Exchange would only update the quote sent to OPRA if it was beyond the 10% threshold. At this time, a Phlx XL participant, who controlled his or her quotation size, could refresh the size (and price) for which he or she was firm at the disseminated price. Phlx adopted the rule because participants experienced situations where they executed more contracts at a particular price than they intended due to the fact that Phlx XL

<sup>5</sup> An SQT is an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. An SQT may only trade in a market making capacity in classes of options in which the SQT is assigned. See Rule 1014(b)(ii)(A).

<sup>6</sup> An RSQT is an ROT that is a member affiliated with and RSQTO with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A qualified RSQT may function as a Remote Specialist upon Exchange approval. See Rule 1014(b)(ii)(B).

<sup>7</sup> A non-SQT ROT is an ROT who is neither an SQT nor an RSQT. See Rule 1014(b)(ii)(C).

<sup>8</sup> A Specialist is an Exchange member who is registered as an options specialist pursuant to Rule 501(a). An options Specialist includes a Remote Specialist which is defined as an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501.

<sup>9</sup> See Securities Exchange Act Release No. 58582 (September 18, 2008), 73 FR 55190 (September 24, 2008) (SR-Phlx-2008-66) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Quotation Size Decrementation).

<sup>10</sup> The Exchange was disseminating a size which was not necessarily on the Exchange's book.

<sup>10</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.