

The changes to fee code 8 and to remove NYSE American (NYSE MKT) from fee code NA are primarily to designed to react to pricing changes at NYSE American, effective July 24, 2017. These changes are necessary to avoid providing routing services with pricing that effectively subsidizes routing to NYSE American. The Exchange's prior pricing model for orders routed to NYSE American was based on a fee structure that provided rebates for orders that added liquidity. The Exchange believes it is reasonable and fair and equitable to charge fees for orders routed to NYSE American that no longer receive a rebate but instead are either assessed a fee by NYSE American or are provided free of charge. The Exchange also believes the proposed rates are reasonable and not unfairly discriminatory in that they are consistent with other rates already charged by the Exchange. Finally, the Exchange believes the proposed changes are not unfairly discriminatory in that they are equally applicable to all Members that use the Exchange's routing services to add liquidity at NYSE American.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that any of the proposed changes to the Exchange's routing pricing burden competition, as they are based on the pricing on other venues. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The Exchange does not believe the proposed amendments would burden intramarket competition as they would be available to all Members uniformly.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

**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>9</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>10</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 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 proposal 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-BatsBZX-2017-47 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-BatsBZX-2017-47. 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 such filing will also 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-BatsBZX-2017-47 and should be submitted on or before August 29, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

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

[FR Doc. 2017-16635 Filed 8-7-17; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-81290; File No. SR-BatsEDGX-2017-31]

**Self-Regulatory Organizations; Bats EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Fees for Use of Bats EDGX Exchange, Inc. and Bats EDGX Exchange, Inc.'s Equity Options Platform**

August 2, 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 July 24, 2017, Bats EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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

<sup>11</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> 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).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f).

Exchange pursuant to EDGX 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 Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The Exchange proposes to amend its fee schedule applicable to its equities trading platform ("EDGX Equities") and its equity options trading platform ("EDGX Options") to re-name NYSE MKT as NYSE American throughout the fee schedule.

The Exchange also proposes to modify fees applicable to EDGX Equities for orders routed to NYSE American in connection with changes made by NYSE American to its fee structure. As of July 24, 2017, NYSE American transitioned to a fully automated cash equities market. In connection with this transition, NYSE American updated its fee structure in a variety of ways, including to charge a fee to add non-displayed liquidity and to provide no rebate (nor charge any fee) to add displayed liquidity.<sup>6</sup>

The Exchange proposes to modify the fee structure for orders that are routed to and add liquidity at NYSE American, which yielded fee code 8 for displayed liquidity and fee code NA for non-displayed liquidity. Orders yielding fee code 8 previously received a rebate of \$0.00150 per share and orders yielding fee code NA were not provided a rebate or charged any fee.

The Exchange proposes to continue to apply fee code 8 to orders that add displayed liquidity at NYSE American but to change the rate from a rebate to

a fee, charging orders that yield fee code 8 a fee of \$0.00020 per share.

The Exchange also proposes to remove NYSE American (previously NYSE MKT) from the list of venues where an order that adds non-displayed liquidity yields fee code NA. The Exchange does not propose to modify the rate applied to orders yielding fee code NA, but, as a result of this change, orders adding non-displayed liquidity at NYSE American will yield fee code NB instead, which is applied to all routed executions at an exchange not covered by Fee Code NA that adds non-displayed liquidity. Similarly, the Exchange does not propose to modify the rate applied to orders yielding fee code NB, which is currently a fee of \$0.00300 per share.

The Exchange notes that the changes proposed above will not impact the current fee structure for orders that add displayed liquidity at NYSE American in securities priced below \$1.00, which, pursuant to fee code 8 are provided without charge and without rebate. However, the proposed change to remove NYSE American from fee code NA will impact pricing for non-displayed orders routed to NYSE American that add liquidity. Specifically, consistent with other orders yielding fee code NB, orders in securities priced below \$1.00 will be charged 0.30% of the total dollar value of an execution.

#### Implementation Date

The Exchange proposes to implement the above changes to its fee schedule immediately.

#### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with the objectives of Section 6 of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>8</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. At the outset, the Exchange notes that its proposal to refer to NYSE American is consistent with the Act as it will avoid confusion with the Exchange's fee schedule by reflecting NYSE MKT's new name. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive or incentives to be insufficient. The proposed rule changes

are designed to react to pricing changes at NYSE American, to avoid subsidizing routing to such venue. Furthermore, the Exchange notes that routing through the Exchange's affiliate, Bats Trading, Inc. is voluntary.

The changes to fee code 8 and to remove NYSE American (NYSE MKT) from fee code NA are primarily to designed to react to pricing changes at NYSE American, effective July 24, 2017. These changes are necessary to avoid providing routing services with pricing that effectively subsidizes routing to NYSE American. The Exchange's prior pricing model for orders routed to NYSE American was based on a fee structure that provided rebates for orders that added liquidity. The Exchange believes it is reasonable and fair and equitable to charge fees for orders routed to NYSE American that no longer receive a rebate but instead are either assessed a fee by NYSE American or are provided free of charge. The Exchange also believes the proposed rates are reasonable and not unfairly discriminatory in that they are consistent with other rates already charged by the Exchange. Finally, the Exchange believes the proposed changes are not unfairly discriminatory in that they are equally applicable to all Members that use the Exchange's routing services to add liquidity at NYSE American.

### (B) Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that any of the proposed changes to the Exchange's routing pricing burden competition, as they are based on the pricing on other venues. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive. The Exchange does not believe the proposed amendments would burden intramarket competition as they would be available to all Members uniformly.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

<sup>6</sup> See SR-NYSEMKT-2017-43 (filed July 19, 2017), available at: <https://www.nyse.com/regulation/rule-filings?market=NYSE>.

<sup>7</sup> 15 U.S.C. 78f.

<sup>8</sup> 15 U.S.C. 78f(b)(4).

### 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>9</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>10</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 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 proposal 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-BatsEDGX-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-BatsEDGX-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 such filing will also 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-BatsEDGX-2017-31 and should be submitted on or before August 29, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-81293; File No. SR-Phlx-2017-04]

### Self-Regulatory Organizations; NASDAQ PHLX LLC; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2, To Permit the Listing and Trading of P.M.-Settled NASDAQ-100 Index® Options on a Pilot Basis

August 2, 2017.

#### I. Introduction

On January 18, 2017, NASDAQ PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to permit the listing and trading of P.M.-settled NASDAQ-100 Index® ("NASDAQ-100") options on a pilot basis. The proposed rule change was published for comment in the **Federal Register** on February 3, 2017.<sup>3</sup> On March 14, 2017, the Commission extended the time period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>4</sup> On May 2, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> On May 3, 2017,

the Commission instituted proceedings under Section 19(b)(2)(B) of the Act<sup>6</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.<sup>7</sup> On July 25, 2017, the Exchange filed Amendment No. 2 to the proposed rule change.<sup>8</sup> The Commission received three comment letters on the proposed rule change, including two from the Exchange.<sup>9</sup> The Commission is approving the proposed rule change, as modified by Amendment Nos. 1 and 2, subject to a pilot period set to end on the earlier of: (1) Twelve months following the date of the first listing of the options; or (2) December 29, 2018.

### II. Description of the Proposal, as Modified by Amendment Nos. 1 and 2

The Exchange is proposing to amend its rules to permit the listing and trading, on a pilot basis, of NASDAQ-100 options with third-Friday-of-the-month expiration dates, whose exercise settlement value will be based on the closing index value, symbol XQC, of the NASDAQ-100 on the expiration day ("P.M.-settled").

The Exchange represents that the conditions for listing the proposed contract ("NDXPM") on Phlx will be similar to those for Full Value Nasdaq 100 Options ("NDX"), which are already listed and trading on Phlx, except that NDXPM will be P.M.-settled.<sup>10</sup> In particular, NDXPM will use a \$100 multiplier, and the minimum trading

measured by an appropriate index as agreed by the Commission and the Exchange, would be provided as part of the pilot data. When the Exchange filed Amendment No. 1 with the Commission, it also submitted Amendment No. 1 to the public comment file for SR-Phlx-2017-04 (available at: [www.sec.gov/comments/sr-phlx-2017-04/phlx201704.htm](http://www.sec.gov/comments/sr-phlx-2017-04/phlx201704.htm)).

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> See Securities Exchange Act Release No. 80581, 82 FR 21587 (May 9, 2017) ("Order Instituting Proceedings").

<sup>8</sup> In Amendment No. 2, the Exchange revised the proposed duration of the pilot program such that the pilot would terminate on the earlier of: (i) Twelve months following the date of the first listing of the options; or (ii) December 29, 2018. When the Exchange filed Amendment No. 2 with the Commission, it also submitted Amendment No. 2 to the public comment file for SR-Phlx-2017-04 (available at: [www.sec.gov/comments/sr-phlx-2017-04/phlx201704.htm](http://www.sec.gov/comments/sr-phlx-2017-04/phlx201704.htm)). Because Amendment No. 2 does not materially alter the substance of the proposed rule change or raise unique or novel regulatory issues, it is not subject to notice and comment.

<sup>9</sup> See Letters to Brent J. Fields, Secretary, Commission, from Laura G. Dickman, Lead Counsel, Chicago Board Options Exchange, Incorporated ("CBOE"), dated May 30, 2017 ("CBOE Letter"); Jeffrey S. Davis, Vice President and Deputy General Counsel, NASDAQ PHLX LLC, dated June 12, 2017 ("Phlx Letter I"); and Jeffrey S. Davis, Vice President and Deputy General Counsel, NASDAQ PHLX LLC, dated June 29, 2017 ("Phlx Letter II").

<sup>10</sup> See Notice, *supra* note 3, at 9260.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f).

<sup>11</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. 79894 (January 30, 2017), 82 FR 9259 ("Notice").

<sup>4</sup> See Securities Exchange Act Release No. 80241, 82 FR 14393 (March 20, 2017).

<sup>5</sup> In Amendment No. 1, the Exchange revised its proposal to add that raw percentage price change data as well as percentage price change data normalized for prevailing market volatility, as