

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 this 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-NYSEMKT-2015-22 and should be submitted on or before August 7, 2015.

V. Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 2, prior to the 30th day after the date of publication of notice of Amendment No. 2 in the **Federal Register**. In Amendment No. 2, the Exchange proposes to add to Rule 13—Equities text that: (1) States that “[u]nless otherwise specified in [Rule 13—Equities], Rule 70 (for Floor brokers), or Rule 104 (for DMMs), orders and modifiers are available for all member organizations;” and (2) specifies that the STP modifier is not available for DMM interest. The Exchange also proposes to delete a proposed change to the definition of MPL Orders that would have required the Exchange's systems to: (1) Reject an MPL Order on entry if it has a Minimum Triggering Volume larger than the size of the order and (2) to reject a request to partially cancel a resting MPL Order when the partial cancellation would result in a Minimum Triggering Volume that is larger than the size of the order. Furthermore, the Exchange proposes several non-substantive technical amendments to the filing so that the proposed text in Rules 13(a)(1)—Equities (definition of Market Order), 13(b)(2)—Equities (definition of the GTC modifier), 13(b)(3)—Equities (definition of the IOC modifier), 13(d)(1)(A)—Equities (definition of MPL Order), 501(a)—Equities (definition of the term “Closing Price”), and the current Rule 13—Equities text marked for deletion under the present alphabetically listed format, accurately reflect the proposed rule changes to the current rule text and the proposed rule text that is not being changed from the current rule text.

The Exchange also proposes to amend Rule 70—Equities to: (1) Delete current rule text in Rule 70(a)(i)—Equities indicating that Floor Brokers can only

enter e-Quotes at or outside the Exchange BBO; (2) add text to Rule 70(a)(i) stating that e-Quotes shall not include unelected Stop orders, Market Orders, ISOs, GTC modifiers, DNR modifiers, or DNI modifiers; (3) add text to Rule 70.25(a)(ii) explaining that discretionary instructions may include instructions to participate in the Exchange's opening or closing transaction only; (4) make non-substantive changes to Rules 70(a)(i)—Equities and 70(b)(i)—Equities by replacing the term “Display Book” with the term “Exchange systems;” and (5) update cross references in Rule 70(f)—Equities.

The Exchange proposes to amend Rule 72(c)(i) to: (1) Set forth that all non-displayable interest, which includes certain types of reserve interest and MPL Orders, trades on parity; and (2) to change the phrase “the displayed bid (offer)” to “displayable bids (offers)” and change the phrase “displayed volume” to “displayable volume.” The Exchange also proposes to amend Rule 72(c)(x) to add MPL Orders to the orders identified as being eligible to trade at price points between the Exchange BBO and delete a cross reference to Rule 13—Equities.

The Exchange also proposes to add text to Rule 104(b)(ii)—Equities explaining that the Exchange's systems will prevent incoming DMM interest from trading with resting DMM interest. Furthermore, the Exchange proposes to add new Rule 104(b)(vi)—Equities to specify that DMMs may not enter the following orders and modifiers: (1) Market Orders; (2) GTC modifiers; (3) MOO orders; (4) CO orders; (5) MOC orders; (6) LOC orders; (7) DNR modifiers; (8) DNI modifiers; (9) Sell “Plus”—Buy “Minus” instructions; and (10) Stop orders.

Finally, the Exchange proposes to amend Rule 1000(a)—Equities to provide cross references to other Exchange rules applicable to automatic executions.

The Commission believes that the revisions proposed in Amendment No. 2 do not raise any novel regulatory issues. The Commission further believes that the proposed revisions to the rule text set forth in Amendment No. 2 do not represent any significant changes to the current functionality of the Exchange's order types and modifiers. Rather, these proposed rule text changes primarily help clarify and better explain how the Exchange's order types and modifiers currently operate and interact. For instance, the Commission believes that the Exchange's proposal to add text at the beginning of Rule 13—Equities stating that, unless otherwise specified

in other Exchange rules, orders and modifiers are available for all member organizations, coupled with the proposed addition of subparagraph (b)(vi) to Rule 104—Equities that specifically enumerates which orders and modifiers a DMM may not enter into the Exchange's systems, should help member organizations better understand which orders and modifiers they can and cannot enter into the Exchange's systems. Therefore, the Commission finds that Amendment No. 2 is consistent with the protection of investors and the public interest.

Accordingly, the Commission finds good cause, pursuant to section 19(b)(2) of the Act,²³ to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

VI. Conclusion

It is therefore ordered, pursuant to section 19(b)(2) of the Act,²⁴ that the proposed rule change (SR-NYSEMKT-2015-22), as modified by Amendment No. 2, be, and it hereby is, approved on an accelerated basis.

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

Robert W. Errett,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75432; File No. SR-NYSEMKT-2015-23]

Self-Regulatory Organizations; NYSE MKT LLC; Order Approving Proposed Rule Change, as Modified by Amendment No. 1, Adopting a Principles-Based Approach To Prohibit the Misuse of Material Nonpublic Information by Specialists and e-Specialists by Deleting Rule 927.3NY and Section (f) of Rule 927.5NY

July 13, 2015.

I. Introduction

On April 8, 2015, NYSE MKT LLC (the “Exchange” or “NYSE MKT”) filed with the Securities and Exchange Commission (the “Commission”), pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ a

²³ 15 U.S.C. 78s(b)(2).

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

proposed rule change adopting a principles-based approach to prohibit the misuse of material nonpublic information by Specialists and e-Specialists by deleting NYSE MKT Rule 927.3NY and Section (f) of NYSE MKT Rule 927.5NY. The proposed rule change was published for comment in the **Federal Register** on April 14, 2015.⁴ The Commission received one comment letter regarding the proposed rule change.⁵ On May 20, 2015, the Commission extended the time period in which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change to July 13, 2015.⁶ On June 18, 2015, the Exchange filed Amendment No. 1 to the proposed rule change.⁷ This order approves the proposed rule change, as modified by Amendment No. 1.

II. Description of the Proposal

The Exchange proposes to delete NYSE MKT Rule 927.3NY, which sets

forth prescriptive requirements for Specialists to have information barriers, and NYSE MKT Rule 927.5NY(f), which sets forth a principles-based, information barrier requirement for e-Specialists. NYSE MKT Rule 3(j), which requires that every Exchange member establish, maintain, and enforce written policies and procedures reasonably designed to prevent the misuse of material, non-public information by such member or associated persons, would remain in effect and would continue to apply to both Specialists and e-Specialists.

Under NYSE MKT Rule 3(j), the misuse of material, non-public information includes, but is not limited to, the following:

(a) Trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material, non-public information concerning that issuer;

(b) trading in a security or related options or other derivative securities, while in possession of material, non-public information concerning imminent transactions in the security or related securities; or

(c) disclosing to another person or entity any material, non-public information involving a corporation whose shares are publicly traded or an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material, non-public information.

Pursuant to NYSE MKT Rule 3(j), Specialists and e-Specialists are obligated to ensure that their policies and procedures reflect the current state of their business and are reasonably designed to protect against the misuse of material, non-public information, applicable federal securities law and regulations, and Exchange rules. The Exchange believes that such a principles-based approach should provide Specialists, e-Specialists and ATP Holders with greater flexibility to develop and adapt their policies and procedures as appropriate to reflect their business model, business activities, or the securities market.⁸

The Exchange notes that under this proposed rule change an ATP Holder could structure its options Specialists, e-Specialists, or Market Makers, as applicable, with the firm's equities and customer-facing businesses; provided, that any such structuring be done in a manner reasonably designed to protect against the misuse of material, non-

public information.⁹ For example, the Exchange explains that pursuant to NYSE MKT Rule 3(j), a Specialist could be in the same independent trading unit, as defined in Rule 200(f) of Regulation SHO,¹⁰ as an equities market maker and other trading desks within the firm, including options trading desks, to facilitate the sharing of post-trade information for risk management purposes across related securities.¹¹ Further, consistent with NYSE MKT Rule 3(j) and Section 15(g) of the Act,¹² the Exchange notes that a firm with reasonably designed policies and procedures, including information barriers as applicable, to protect against the misuse of material non-public information, and specifically customer information, could share options position and related hedging position information (e.g., equities, futures, and foreign currency) within a firm to better manage risk on a firm-wide basis.¹³ The Exchange also notes that if Specialists or e-Specialists are integrated with other market making operations, they would be subject to existing Exchange rules that prohibit ATP Holders from disadvantaging their customers or other market participants by improperly capitalizing on a member organization's access to the receipt of material, non-public information.¹⁴ Nonetheless, the Exchange also notes that while the proposed rule change would no longer specifically require information barriers, an ATP Holder's business model or business activities may dictate that an information barrier or a functional separation be part of the policies and procedures that are reasonably designed to achieve compliance with applicable securities law and regulations, and with applicable Exchange rules.¹⁵

Deleting NYSE MKT Rule 927.3NY will remove the requirement for specified, prescriptive information barriers as well as the pre-approval of any information barriers used by Specialists. Deleting NYSE MKT Rule 927.5NY(f) will remove the explicit information barrier requirement for e-Specialists. However, the Exchange notes, as is the case today with Market Makers, that information barriers of new entrants, including new Specialists, would be subject to review as part of a new firm application.¹⁶ Moreover, the policies and procedures of Specialists

⁴ See Securities Exchange Act Release No. 74677 (April 8, 2015), 80 FR 20049 ("Notice").

⁵ See Letter from Peter D. Selman, Managing Director, Goldman Sachs & Co., dated May 5, 2015 ("Goldman Letter").

⁶ See Securities Exchange Act Release No. 75004 (May 20, 2015), 80 FR 30301 (May 27, 2015).

⁷ In Amendment No. 1 the Exchange clarifies that it is not proposing to change what is considered to be material, non-public information and, thus does not expect there to be any changes to the types of information that an affiliated brokerage business of a Specialist or e-Specialist could share with such Specialist or e-Specialist. In that regard, the Exchange explains that it no longer offers Reserve Orders, and the proposed rule change would not permit the affiliates of a Specialist or e-Specialist to have access to any non-public order or quote information of the Specialist or e-Specialist. The Exchange also explains that it does not believe that there will be any material change to member information barriers as a result of removal of the Exchange pre-approval requirement. In fact, the Exchange anticipates that eliminating the pre-approval requirement should facilitate implementation of changes to member information barriers as necessary to protect against the misuse of material, non-public information. The Exchange also suggests that the pre-approval requirement is unnecessary because Specialists no longer have agency responsibilities to the book, or time and place information advantages because of their market role. Finally, the Exchange argues that NYSE MKT Rule 927.5NY(f) is a principles-based information barrier rule that is redundant of the requirements applicable to all members under NYSE MKT Rule 3(j). Amendment No. 1 is not subject to notice and comment because it is a technical amendment that does not alter the substance of the proposed rule change or raise any novel regulatory issues. Amendment No. 1 has been placed in the public comment file for SR-NYSEMKT-2015-23 at <http://www.sec.gov/comments/sr-nysemkt-2015-23/nysemkt201523.shtml> (see letter from Martha Redding, Senior Counsel, Assistant Secretary, New York Stock Exchange LLC ("NYSE"), to Secretary, Commission, dated June 30, 2015) and also is available at the Exchange's Web site at <https://www.nyse.com/regulation/rule-filings>.

⁸ See Notice, *supra* note 4, 80 FR at 20050.

⁹ See *id.* at 20051.

¹⁰ 17 CFR 242.200(f).

¹¹ See Notice, *supra* note 4, 80 FR at 20051.

¹² 15 U.S.C. 78o(g).

¹³ See Notice, *supra* note 4, 80 FR at 20051.

¹⁴ See *id.* at 20051-52.

¹⁵ See *id.* at 20052.

¹⁶ See *id.* at 20050-51, n. 7.

and e-Specialists, including those relating to information barriers, would be subject to review by the Financial Industry Regulatory Authority ("FINRA"), on behalf of the Exchange, pursuant to a Regulatory Services Agreement.¹⁷

The Exchange also represents that Specialists and e-Specialists do not have different or greater access to nonpublic information than other market participants on the Exchange, and differ from other types of Exchange Market Makers only because of heightened obligations and allocation guarantees.¹⁸ Specifically, the Exchange notes that Specialists and e-Specialists, like other types of Exchange Market Makers, do not have any agency responsibilities for orders in the Consolidated Book. Accordingly, the Exchange believes that it is appropriate to apply a consistent, principles-based, regulatory framework related to the protection against the misuse of material non-public information for Specialists, e-Specialists and Market Makers under NYSE MKT Rule 3(j).

The Exchange also proposes to make a conforming amendment to remove references to NYSE MKT Rule 927.3NY from NYSE MKT Rule 927.6NY.

III. Summary of Comment Received

The Commission received one comment letter in support of the proposal.¹⁹ The commenter stated that Exchange Specialists no longer have informational advantages compared to other Exchange market participants, and thus the specific and rigid requirements applied to Specialists under NYSE MKT Rule 927.3NY and NYSE MKT Rule 927.5NY(f) are no longer meaningful.²⁰ In addition, the commenter posited that the proposal would promote effective risk management by enabling firms with multiple options trading desks to share proprietary options positions and related hedging position information.²¹ The commenter explained that many firms seek to centralize trading operations in order to eliminate redundancies, develop more resilient system architecture, and thereby reduce position risk.²² The commenter also opined that the proposed rule change is consistent with the Commission's efforts to require firms to more effectively limit exposure resulting from trading market risk.²³ Further, the commenter

suggested that the Exchange's proposed approach to preventing the misuse of material non-public information be adopted by other option exchanges such that the benefits of the proposal could be fully realized.²⁴

IV. Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change, as modified by Amendment No. 1, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.²⁵ The Commission believes that the proposed rule change, as modified by Amendment No. 1, is consistent with Section 6(b)(5)²⁶ in particular, in that it is 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 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.

The Exchange proposes to delete NYSE MKT Rule 927.3NY, which sets forth prescriptive requirements for Specialists to have information barriers, and NYSE MKT Rule 927.5NY(f), which sets forth a principles-based, information barrier requirement for e-Specialists. The Commission believes that the proposed rule change is consistent with the Act because it continues to require firms to maintain policies and procedures, consistent with NYSE MKT Rule 3(j) and Section 15(g) of the Act,²⁷ that are reasonably designed to prevent the misuse of material, non-public information, while allowing firms greater flexibility in structuring their business and compliance operations. Further, as noted by the Exchange in the Notice, if Specialists or e-Specialists are integrated with other market making operations, they would be subject to existing Exchange rules that prohibit ATP Holders from disadvantaging their customers or other market participants by improperly capitalizing on a member organization's access to the receipt of material, non-public information.²⁸ For

example, NYSE MKT Rule 320 requires members to establish, maintain, enforce, and keep current a system of compliance and supervisory controls, reasonably designed to achieve compliance with applicable securities laws and Exchange rules, and NYSE MKT Rule 995NY(c) prevents an ATP Holder or person associated with an ATP Holder, who has knowledge of an originating order, a solicited order, or a facilitation order, to enter, based on such knowledge, an order to buy or sell an option on the underlying securities of any option that is the subject of the order, an order to buy or sell the security underlying any option that is the subject of the order, or any order to buy or sell any related instrument unless certain disclosure or timing requirements are satisfied.

The Commission notes that the Exchange has represented that Specialists and e-Specialists do not have informational advantages compared to other Exchange market participants.²⁹ The Commission additionally notes that the Exchange has specified that it no longer offers Reserve Orders, and, further specified that in no event would this proposed rule change permit the affiliates of a Specialist or e-Specialist to have access to any non-public quote or order information of the Specialist or of the e-Specialist.³⁰ Accordingly, based on the Exchange's representations that (1) Specialists and e-Specialists do not have informational advantages compared to other Exchange market participants, (2) Specialists and e-Specialists are not permitted to share any hidden, non-public quote or order interest with an affiliate, and (3) ATP Holders are prohibited from disadvantaging their customers or other market participants by improperly capitalizing on a member organization's access to the receipt of material, non-public information, the Commission believes that it is appropriate for the Exchange to adopt a principles-based regulatory approach.³¹ Nonetheless, the

²⁹ See Amendment No. 1, *supra* note 7.

³⁰ See *id.*

³¹ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f). The Commission notes that NYSE Arca Equities, Inc. ("NYSE Arca") and BATS Exchange, Inc.'s ("BATS"), cash equity markets that trade electronically, have both adopted a principles-based approach to protecting against the misuse of material non-public information. See Securities Exchange Act Release Nos. 60604 (Sept. 2, 2009), 76 FR 46272 (Sept. 8, 2009) (SR-NYSEArca-2009-78) ("Arca Approval Order"); 61574 (Feb. 23, 2010), 75 FR 9455 (Mar. 2, 2010) (SR-BATS-2010-003) ("BATS Approval Order"). Similarly, NYSE and NYSE MKT, except for prescribed rules relating to floor-based designated

Continued

¹⁷ See *id.*

¹⁸ See Rules 927NY(c) and 927.5NY; see also Notice, *supra* note 4, 80 FR at 20050.

¹⁹ See Goldman Letter, *supra* note 5.

²⁰ *Id.* at 1.

²¹ *Id.*

²² *Id.* at 2.

²³ *Id.*

²⁴ *Id.*

²⁵ In approving this rule change, the Commission notes that it has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁶ 15 U.S.C. 78f(b)(5).

²⁷ 15 U.S.C. 78o(g). See Notice, *supra* note 4, 80 FR at 20051-52.

²⁸ See Notice, *supra* note 4, 80 FR at 20051-52.

Commission notes that, while information barriers are not specifically required under this proposed rule change, a firm's business model or business activities may dictate that an information barrier or a functional separation be part of the appropriate set of policies and procedures that would be reasonably designed to achieve compliance with applicable securities law and regulations, and with applicable Exchange rules.

Finally, the Commission notes that the policies and procedures required by NYSE MKT Rule 3(j) are subject to oversight by the Exchange and review by FINRA,³² and the Commission emphasizes that member organizations operating a Specialist, e-Specialist or Market Maker should be proactive in assuring that its policies and procedures reflect the current state of its business and continue to be reasonably designed to achieve compliance with applicable federal securities law and regulations and with applicable Exchange rules.³³

V. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act ³⁴ that the proposed rule change (SR-NYSEMKT-2015-23), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁵

Brent J. Fields,
Secretary.

[FR Doc. 2015-17500 Filed 7-16-15; 8:45 am]

BILLING CODE 8011-01-P

SOCIAL SECURITY ADMINISTRATION (SSA)

[Docket No. SSA-2015-0045]

Agency Information Collection Activities: Proposed Request and Comment Request

The Social Security Administration (SSA) publishes a list of information collection packages requiring clearance by the Office of Management and Budget (OMB) in compliance with Public Law 104-13, the Paperwork Reduction Act of 1995, effective October 1, 1995. This notice includes revisions and an extension of OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility, and clarity; and ways to minimize burden on respondents, including the use of automated collection techniques or other forms of information technology. Mail, email, or fax your comments and recommendations on the information collection(s) to the OMB Desk Officer and SSA Reports Clearance Officer at the following addresses or fax numbers.

(OMB)

Office of Management and Budget,
Attn: Desk Officer for SSA, Fax: 202-395-6974, Email address: *OIRA_Submission@omb.eop.gov*.

Social Security Administration, OLCA, Attn: Reports Clearance Director, 3100 West High Rise, 6401 Security Blvd., Baltimore, MD 21235, Fax: 410-966-2830, Email address: *OR.Reports.Clearance@ssa.gov*.

Or you may submit your comments online through *www.regulations.gov*, referencing Docket ID Number [SSA-2015-0045].

I. The information collections below are pending at SSA. SSA will submit them to OMB within 60 days from the date of this notice. To be sure we consider your comments, we must receive them no later than September 15, 2015. Individuals can obtain copies of the collection instruments by writing to the above email address.

1. *Employment Relationship Questionnaire—20 CFR 404.1007—0960-0040*. When SSA needs information to determine a worker's employment status for the purpose of maintaining a worker's earning records, the agency uses Form SSA-7160-F4 to determine the existence of an employer-employee relationship. We use the information to develop the employment relationship; specifically to determine whether a beneficiary is self-employed or an employee. The respondents are individuals seeking to establish their status as employees, and the individuals alleged employers.

Type of Request: Revision of an OMB-approved information collection.

Modality of completion	Number of respondents	Frequency of response	Average burden per response (minutes)	Estimated total annual burden (hours)
Individuals	8,000	1	25	3,333
Businesses	7,200	1	25	3,000
State/Local Government	800	1	25	333
Totals	16,000			6,666

2. *Vocational Rehabilitation Provider Claim—20 CFR 404.2108(b), 404.2117(c)(1) & (2), 404.2101(b) & (c), 404.2121(a), 416.2208(b), 416.2217(c)(1) & (2), 416.2201(b) & (c), 416.2221(a)—0960-0310*. State vocational rehabilitation (VR) agencies submit Form SSA-199 to SSA to obtain reimbursement of costs incurred for

providing VR services. SSA requires state VR agencies to submit reimbursement claims for the following categories: (1) Claiming reimbursement for VR services provided; (2) certifying adherence to cost containment policies and procedures; and (3) preparing causality statements. The respondents mail the paper copy of the SSA-199 to

SSA for consideration and approval of the claim for reimbursement of costs incurred for SSA beneficiaries. For claims certifying adherence to cost containment policies and procedures, or for preparing causality statements, State VR agencies submit written requests as stipulated in SSA's regulations within the Code of Federal Regulations. In most

market makers that have access to specified non-public trading information, also adopted principles-based approaches to prevent the misuse of material non-public information for cash equity markets. See Securities Exchange Act Release Nos. 72534 (July 3, 2014), 79 FR 39019 (July 9, 2014) (SR-NYSE-2014-

12) ("NYSE Approval Order"); 72535 (July 3, 2014) 79 FR 39024 (July 9, 2014) (SR-NYSEMKT-2014-22) ("NYSE MKT Approval Order").
³² See Notice, *supra* note 4, 80 FR at 20050-51, n. 7.

³³ The Commission notes that such policies and procedures may include the programming and operation of a member organization's trading algorithms to protect against the misuse of material non-public information.
³⁴ 15 U.S.C. 78s(b)(2).
³⁵ 17 CFR 200.30-3(a)(12).