

designates May 18, 2017, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change, as modified by Amendment No. 1 (File No. SR-NYSEArca-2017-09).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷

Eduardo A. Aleman,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80341; File No. SR-FICC-2017-801]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Notice of No Objection to Advance Notice Filing To (1) Implement the Margin Proxy and (2) Modify the Calculation of the Coverage Charge in Circumstances Where the Margin Proxy Applies

March 30, 2017.

Fixed Income Clearing Corporation ("FICC") filed with the U.S. Securities and Exchange Commission ("Commission") on February 2, 2017 the advance notice SR-FICC-2017-801 ("Advance Notice") pursuant to Section 806(e)(1) of the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i)² under the Securities Exchange Act of 1934 ("Exchange Act"). The Advance Notice was published for comment in the **Federal Register** on March 8, 2017.³ Although the Commission received no comments to

the Advance Notice, it received three comment letters⁴ to the Proposed Rule Change, of which parts pertinent to the Advance Notice are discussed below.⁵ This publication serves as notice of no objection to the Advance Notice.

I. Description of the Advance Notice

The Advance Notice proposes several amendments to the FICC Government Securities Division ("GSD") Rulebook ("GSD Rules") designed to provide FICC with a supplemental means to calculate the VaR Charge component of its GSD Netting Members' ("Netting Members") daily margin requirement, known as the "Required Fund Deposit." Specifically, under the proposal, FICC would include a minimum volatility calculation for a Netting Member's VaR Charge called the "Margin Proxy." FICC represents that the Margin Proxy would enhance the risk-based model and parameters that FICC uses to establish Netting Members' Required Fund Deposits by enabling FICC to better identify the risk posed by a Netting Member's unsettled portfolio.

A. Overview of the Required Fund Deposit

According to FICC, a key tool it uses to manage market risk is the daily calculation and collection of Required Fund Deposits from its Netting Members. The Required Fund Deposit is intended to mitigate potential losses to FICC associated with liquidation of such Netting Member's accounts at GSD that are used for margining purposes ("Margin Portfolio") in the event that FICC ceases to act for such Netting Member (referred to as a Netting Member "Default").

A Netting Member's Required Fund Deposit consists of several components, including the VaR Charge and the Coverage Charge. The VaR Charge comprises the largest portion of a Netting Member's Required Fund Deposit amount and is calculated using a risk-based margin methodology model that is intended to cover the market

price risk associated with the securities in a Netting Member's Margin Portfolio. That risk-based margin methodology model, which FICC refers to as the "Current Volatility Calculation," uses historical market moves to project the potential gains or losses that could occur in connection with the liquidation of a defaulting Netting Member's Margin Portfolio.

The Coverage Charge is calculated based on the Netting Member's daily backtesting results conducted by FICC. Backtesting is used to determine the adequacy of each Netting Member's Required Fund Deposit and involves comparing the Required Fund Deposit for each Netting Member with actual price changes in the Netting Member's Margin Portfolio. The Coverage Charge is incorporated in the Required Fund Deposit for each Netting Member, and is equal to the amount necessary to increase that Netting Member's Required Fund Deposit so that the Netting Member's backtesting coverage may achieve the 99 percent confidence level required by FICC (*i.e.*, two or fewer backtesting deficiency days in a rolling twelve-month period).

B. Proposed Change to the Existing VaR Charge Calculation

Under the proposal, FICC would create the Margin Proxy, a new, benchmarked volatility calculation of the VaR Charge. The Margin Proxy would act as alternative to the Current Volatility Calculation of the VaR Charge to provide a minimum volatility calculation for each Netting Member's VaR Charge. FICC proposes to use the Margin Proxy as the VaR Charge if doing so would result in a higher Required Fund Deposit for a Netting Member than using the Current Volatility Calculation as the VaR Charge. In addition, as described in more detail below, because FICC's testing shows that the Margin Proxy would, by itself, achieve a 99 percent confidence level for Netting Members' backtesting coverage when used in lieu of the Current Volatility Charge, in the event that FICC uses the Margin Proxy as the VaR Charge for a Netting Member, it would reduce the Coverage Charge for that Netting Member by a commensurate amount, as long as the Coverage Charge does not go below zero.

According to FICC, during the fourth quarter of 2016, its Current Volatility Calculation did not respond effectively to the level of market volatility at that time, and its VaR Charge amounts (calculated using the profit and loss scenarios generated by the Current Volatility Calculation) did not achieve backtesting coverage at a 99 percent

⁷ 17 CFR 200.30-3(a)(31).

¹ 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council designated FICC a systemically important financial market utility on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, FICC is required to comply with the Payment, Clearing and Settlement Supervision Act and file advance notices with the Commission. See 12 U.S.C. 5465(e).

² 17 CFR 240.19b-4(n)(1)(i).

³ Securities Exchange Act Release No. 80139 (March 2, 2017), 82 FR 13026 (March 8, 2017) (SR-FICC-2017-801) ("Notice"). FICC also filed a related proposed rule change (SR-FICC-2017-001) ("Proposed Rule Change") with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder, seeking approval of changes to its rules necessary to implement the Advance Notice. 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The Proposed Rule Change was published in the **Federal Register** on February 9, 2017. Securities Exchange Act Release No. 79958 (February 3, 2017), 82 FR 10117 (February 9, 2017) (SR-FICC-2017-001).

⁴ See letter from Robert E. Pooler, Chief Financial Officer, Ronin Capital LLC ("Ronin"), dated February 24, 2017, to Eduardo A. Aleman, Assistant Secretary, Commission ("Ronin Letter"); letter from Alan Levy, Managing Director, Industrial and Commercial Bank of China Financial Services LLC ("ICBCFS"), dated February 24, 2017, to Commission ("ICBCFS Letter"); and Timothy J. Cuddihy, Managing Director, FICC, dated March 8, 2017, to Eduardo A. Aleman, Assistant Secretary, Commission ("FICC Letter") available at <https://www.sec.gov/comments/sr-ficc-2017-001/ficc2017001.htm>.

⁵ Because the proposal contained in the Advance Notice was also filed as the Proposed Rule Change, *see supra* note 3, the Commission is considering any comment received on the Proposed Rule Change also to be a comment on the Advance Notice.

confidence level,⁶ which resulted in backtesting deficiencies for the Required Fund Deposit beyond FICC's risk tolerance.⁷ FICC's calculation of the Margin Proxy is designed to avoid such deficiencies. The Margin Proxy provides FICC with an alternative calculation of the VaR Charge to the Current Volatility Calculation of the VaR Charge. In particular, the Margin Proxy is likely to be used when the Current Volatility Calculation is lower than volatility from certain benchmarks (i.e., market price volatility from corresponding U.S. Treasury and to-be-announced ("TBA"))⁸ securities benchmarks.⁹ The Margin Proxy separately calculates U.S. Treasury securities and agency pass-through mortgage backed securities ("MBS"). According to FICC, the historical price changes of these two asset classes are different due to market factors such as credit spreads and prepayment risk.¹⁰ This would allow FICC to monitor the performance of each of those asset classes individually.¹¹ By using separate calculations for the two asset classes, the Margin Proxy would cover the historical market prices of each of those asset classes, on a standalone basis, to a 99 percent confidence level.

The Margin Proxy would be calculated per Netting Member, and each security in a Netting Member's Margin Portfolio would be mapped to a respective benchmark based on the security's asset class and maturity.¹² All securities within each benchmark would be aggregated into a net exposure.¹³ Once the net exposure is determined, FICC would apply an applicable haircut¹⁴ to each benchmark's net exposure to determine the net price risk for each benchmark ("Net Price Risk"). Finally, FICC would separately determine the asset class price risk ("Asset Class Price Risk") for U.S. Treasury and MBS benchmarks by aggregating the respective Net Price Risk for each benchmark. To provide risk

diversification across tenor buckets for the U.S. Treasury benchmarks, the Asset Class Price Risk calculation includes a correlation adjustment that has been historically observed across the U.S. Treasury benchmarks. According to FICC, the Margin Proxy would thereby represent the sum of the U.S. Treasury and MBS Asset Class Price Risk.¹⁵ FICC would compare the Margin Proxy to the Current Volatility Calculation for each asset class and then apply whichever is greater as the VaR Charge for each Netting Member's Margin Portfolio.

FICC expresses confidence that this proposal would provide the adequate VaR Charge for each Netting Member because its calculations show that including the Margin Proxy results in backtesting coverage above the 99 percent confidence level for the past four years.¹⁶ Additionally, FICC asserts that, by using industry-standard benchmarks that can be observed by Netting Members, the Margin Proxy would be transparent to Netting Members.¹⁷

FICC further asserts that the Margin Proxy methodology would be subject to performance reviews by FICC. Specifically, FICC would monitor each Netting Member's Required Fund Deposit and the aggregate FICC GSD clearing fund ("Clearing Fund") requirements and compare them to the requirements calculated by the Margin Proxy. Consistent with the current GSD Rules,¹⁸ FICC would review the robustness of the Margin Proxy by comparing the results versus the three-day profit and loss of each Netting Member's Margin Portfolio based on actual market price moves. If the Margin Proxy's backtesting results do not meet FICC's 99 percent confidence level, FICC states that it would consider adjustments to the Margin Proxy, including increasing the look-back period and/or applying a historical stressed period to the Margin Proxy calibration, as appropriate.¹⁹

C. Proposed Modification to the Coverage Charge When the Margin Proxy Is Applied

FICC also proposes to modify the calculation of the Coverage Charge when the Margin Proxy is applied as the VaR Charge. Specifically, FICC would reduce the Coverage Charge by the amount that the Margin Proxy exceeds the sum of the Current Volatility

Calculation and Coverage Charge, but not by an amount greater than the total Coverage Charge. FICC states that its backtesting analysis demonstrates that the Margin Proxy, on its own, achieves the 99 percent confidence level without the inclusion of the Coverage Charge.²⁰ FICC would not modify the Coverage Charge if the Margin Proxy is not applied as the VaR Charge.

II. Summary of Comments Received

The Commission received three comment letters in response to the proposal.²¹ Two comment letters—the Ronin Letter and the ICBCFS Letter—raise concerns with respect to the proposal's design,²² while the third comment letter is FICC's response to those concerns. The Commission has reviewed and taken into consideration each of the comments received and addresses the comments below insofar as they relate to the standard of review for an advance notice.

Specifically, Ronin questions the justification for imposing the Margin Proxy, particularly (i) the need for the VaR Charge to address idiosyncratic risk (referencing the 2016 U.S. presidential election), and (ii) if the volatility around the 2016 U.S. presidential election was sufficiently extreme to warrant the creation of the Margin Proxy.²³ In response, FICC reiterates that the Margin Proxy's primary goal is to achieve a 99 percent backtesting confidence level for all members.²⁴ FICC observes that, while recent dates from the fourth quarter of 2016 (including the 2016 U.S. Presidential

²⁰ *Id.* at 13029. Future adjustments to the Margin Proxy could require the filing of a new proposed rule change.

²¹ As noted above, all three comment letters were submitted to the file for the related Proposed Rule Change, not the Advance Notice; however, because the Proposed Rule Change and Advance Notice are substantially the same proposal, this notice addresses the relevant comments. *See supra* note 4.

²² See Ronin Letter at 1–10; ICBCFS Letter at 1–3. Ronin and ICBCFS also raised concerns with respect to transparency and implementation period. Specifically, Ronin and ICBCFS (i) argue that there is a lack of transparency with respect to the development of the Margin Proxy; and (ii) disapprove of FICC's request for an accelerated regulatory review process. In addition, Ronin argues that the proposal imposes a burden on competition because it may cause Ronin to pay more margin. These issues are relevant to the Commission's review and evaluation of the Proposed Rule Change, which is conducted under the Exchange Act, but not to the Commission's evaluation of the Advance Notice, which, as discussed below in Section III, is conducted under the Clearing Supervision Act and generally considers whether the proposal will mitigate systemic risk and promote financial stability. Accordingly, these concerns will be addressed in the Commission's review of the related Proposed Rule Change, as applicable under the Exchange Act.

²³ Ronin Letter at 1, 6.

²⁴ *See* FICC Letter at 4.

⁶ Notice, 82 FR at 13029.

⁷ *Id.*

⁸ FICC states that specified pool trades are mapped to the corresponding positions in TBA securities for determining the VaR Charge.

⁹ Notice, 82 FR at 13029.

¹⁰ *Id.*

¹¹ *Id.*

¹² According to FICC, U.S. Treasury and agency securities would be mapped to a U.S. Treasury benchmark security/index, while MBS would be mapped to a TBA security/index.

¹³ Net exposure is the aggregate market value of securities to be purchased by the Netting Member minus the aggregate market value of securities to be sold by the Netting Member.

¹⁴ The haircut is calculated using historical market price changes of the respective benchmark to cover the expected market price volatility at 99 percent confidence level.

¹⁵ Notice, 82 FR 13029.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *See* definition of VaR Charge in GSD Rule 1, Definitions, *supra* note 4.

¹⁹ Notice, 82 FR at 13029.

election) indicate that the VaR Charge, on its own, is not always sufficient to ensure that the 99 percent coverage threshold is met,²⁵ inclusion of the Margin Proxy results in a backtesting confidence level above 99 percent for the past four years, demonstrating that the Margin Proxy accomplishes its primary goal.²⁶

ICBCFS disagrees with certain technical aspects of the proposal. In particular, it: (i) Questions the inclusion of ten years of pricing data in the proposed Margin Proxy calculation, including the 2007–2009 period; (ii) disagrees with the Margin Proxy's netting of both sides of a repurchase transaction; and (iii) raises concerns on how the proposed Margin Proxy groups securities in a Netting Member's Margin Portfolio in a way that could increase its margin.²⁷ In response to the questions regarding the inclusion of ten years of pricing data, FICC states that using the proposed look-back period would help to ensure that the Margin Proxy, and as a result, the VaR Charge, does not either (i) decrease as quickly during intervals of low volatility, or (ii) increase as sharply in crisis periods, resulting in more stable VaR estimates that adequately reflect extreme market moves.²⁸ With respect to ICBCFS's concerns with offsetting positions in transaction, FICC notes that the Margin Proxy uses a similar approach for offsetting positions as in the Current Volatility Calculation.²⁹ In response to ICBCFS' concerns about increased margin due to the Margin Proxy's benchmarking, FICC responds that the circumstance that ICBCFS cited would not result in a higher margin, as the Margin Proxy would benchmark securities within the same asset class and maturity (and long and short positions within such benchmarks would be offset).³⁰

III. Discussion and Commission Findings

Although the Clearing Supervision Act does not specify a standard of review for an advance notice, its stated purpose is instructive: To mitigate systemic risk in the financial system and promote financial stability by, among other things, promoting uniform risk management standards for systemically important financial market utilities and strengthening the liquidity of systemically important financial

market utilities.³¹ Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe risk management standards for the payment, clearing, and settlement activities of designated clearing entities and financial institutions engaged in designated activities for which it is the supervisory agency or the appropriate financial regulator. Section 805(b) of the Clearing Supervision Act³² states that the objectives and principles for the risk management standards prescribed under Section 805(a) shall be to:

- Promote robust risk management;
- promote safety and soundness;
- reduce systemic risks; and
- support the stability of the broader financial system.³³

The Commission has adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act³⁴ and Section 17A of the Exchange Act ("Clearing Agency Standards").³⁵ The Clearing Agency Standards require registered clearing agencies to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management practices on an ongoing basis.³⁶ Therefore, it is appropriate for the Commission to review changes proposed in advance notices against these Clearing Agency Standards and the objectives and principles of these risk management standards as described in Section 805(b) of the Clearing Supervision Act.³⁷

A. Consistency With Section 805(b) of the Clearing Supervision Act

The Commission believes that the changes proposed in the Advance Notice are consistent with the objectives and principles described in Section 805(b) of the Clearing Supervision Act.³⁸

First, the Commission believes that the proposed changes promote robust risk management by giving FICC the ability to better cover the exposure to potential default presented by GSD Netting Members' portfolios. In light of the VaR model deficiencies revealed through backtesting, FICC has taken appropriate steps to improve its ability to assess a sufficient VaR Charge for

each Netting Member, and thereby help ensure that it has sufficient financial resources in its Clearing Fund. More specifically, the Margin Proxy would serve as a minimum volatility calculation, enabling FICC to adjust the GSD VaR Charge when the Margin Proxy calculation is greater than the current VaR model calculation. Such an adjustment would enable FICC to more effectively assess for the overall market risks associated with a possible default of a GSD Member.

Second, the Commission believes that each of the Margin Proxy mechanisms discussed above—the longer look back period, use of position offsets, and treatment of when-issued Treasury securities—are designed to help FICC to better manage market risk. The Commission agrees that a longer look-back period typically produces more stable VaR estimates.³⁹ By using the proposed look back period, including the 2007–2009 period, FICC will help ensure that the VaR Charge does not either decrease as quickly during intervals of low volatility or increase as sharply in crisis periods. This should allow FICC to manage market risk more effectively by having a more stable VaR Charge, as well as by incorporating periods of recent market volatility. The Commission also agrees that, by using position offsets within and across tenor buckets, the Margin Proxy will reflect historical observations across the U.S. Treasury benchmarks, and therefore help FICC monitor market risk. Finally, the Commission also believes that the Margin Proxy's proposed treatment of when-issued Treasury securities is appropriate. As FICC notes, the Margin Proxy ensures that when-issued Treasury securities correspond to the same maturity bucket as the new issue, therefore the VaR Charge will not be impacted by grouping of similar "when-issued" securities in different maturity buckets. In sum, the Commission believes that these mechanisms are designed to enable FICC to reduce its exposure to Netting Members, the Commission believes it is consistent with promoting robust risk management as contemplated in Section 805(a) of the Act.

Third, the Commission believes that the proposed changes promote safety and soundness at FICC, which, in turn, should reduce systemic risk and support the stability of the broader financial system. By providing for a supplemental means to calculate a Netting Member's VaR Charge, especially in light of known deficiencies with the current calculation, the proposal would help

²⁵ See *id.* at 2.

²⁶ *Id.* at 4.

²⁷ ICBCFS Letter at 2.

²⁸ FICC Letter at 4.

²⁹ *Id.*

³⁰ *Id.*

³¹ 12 U.S.C. 5461(b).

³² 12 U.S.C. 5464(b).

³³ 12 U.S.C. 5464(b).

³⁴ 12 U.S.C. 5464(a)(2).

³⁵ See 17 CFR 240.17Ad–22; Securities Exchange Act Release No. 68080 (October 22, 2012), 77 FR 66220 (November 2, 2012) (S7–08–11).

³⁶ *Id.*

³⁷ 12 U.S.C. 5464(b).

³⁸ *Id.*

³⁹ FICC Letter at 4.

ensure that FICC collects a VaR Charge that better addresses the risk exposure presented by the portfolio of the Netting Member. By better limiting exposure to Netting Members, the proposal is designed to help ensure that, in the event of a member default, GSD's operations would not be disrupted and non-defaulting Netting Members would limit their exposure to losses that they cannot anticipate or control. Accordingly, the Commission believes that the proposal will help to promote safety and soundness at FICC, which in turn will help to reduce systemic risk and support the stability of the broader financial system, consistent with Section 805(b) of the Act.⁴⁰

B. Consistency With Rule 17Ad-22(b)(1) and (b)(2) Under the Exchange Act

The Commission believes that the proposed changes associated with the Margin Proxy are consistent with the requirements of Rules 17Ad-22(b)(1) and (b)(2) under the Exchange Act.⁴¹

Rule 17Ad-22(b)(1) under the Exchange Act requires a registered clearing agency that performs central counterparty services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to measure its credit exposures to its participants at least once a day and limit its exposures to potential losses from defaults by its participants under normal market conditions so that the operations of the clearing agency would not be disrupted and non-defaulting participants would not be exposed to losses that they cannot anticipate or control.⁴² The proposed Margin Proxy would be used daily to help measure FICC's credit exposure to Netting Members. While ICBCFS raises concerns about including the 2007-2009 period, as noted above, the Commission agrees that this look back period should help FICC better monitor the credit exposures presented by its Netting Members by including volatile periods. It should also enhance FICC's overall risk-based margining framework by helping to ensure that the calculation of each GSD Netting Member's Required Fund Deposit would be sufficient to allow FICC to use the defaulting member's own Required Fund Deposit to limit its exposures to potential losses associated with the liquidation of such member's portfolio in the event of a GSD Netting Member default under normal market conditions. Therefore, the Commission believes that

the proposal is consistent with the requirements of Rule 17Ad-22(b)(1).⁴³

Rule 17Ad-22(b)(2) under the Exchange Act requires a registered clearing agency that performs central counterparty services to establish, implement, maintain, and enforce written policies and procedures reasonably designed to use margin requirements to limit its credit exposures to participants under normal market conditions and use risk-based models and parameters to set margin requirements and review such margin requirements and the related risk-based models and parameters at least monthly.⁴⁴ The proposed changes would enhance the risk-based model and parameters that establish daily margin requirements for Netting Members by enabling FICC to better identify the risk posed by a Netting Member's unsettled portfolio and to quickly adjust and collect additional deposits as needed to cover those risks. Because the proposed changes are designed to calculate each Netting Member's Required Fund Deposit at a 99 percent confidence level, the proposal also should help mitigate losses to FICC and its members, in the event that such Netting Member defaults under normal market conditions. Therefore, the Commission believes that the proposal is consistent with the requirements of Rule 17Ad-22(b)(2).⁴⁵

IV. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,⁴⁶ that the Commission *does not object* to the Advance Notice (SR-FICC-2017-801) and that FICC be hereby is *authorized* to implement the change as of the date of this notice or the date of an order by the Commission approving the Proposed Rule Change (SR-FICC-2017-001) that reflects the changes that are consistent with this Advance Notice, whichever is later.

By the Commission.

Eduardo A. Aleman,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-80350; File No. SR-BatsBZX-2017-07]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Under BZX Rule 14.11(c)(4) the Shares of the VanEck Vectors AMT-Free National Municipal Index ETF of VanEck Vectors ETF Trust

March 30, 2017.

On January 27, 2017, Bats BZX Exchange, Inc. ("Exchange") 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 list and trade under BZX Rule 14.11(c)(4) the shares of the VanEck Vectors AMT-Free National Municipal Index ETF of VanEck Vectors ETF Trust. The proposed rule change was published for comment in the **Federal Register** on February 14, 2017.³ On March 10, 2017, the Exchange filed Amendment No. 1 to the proposed rule change.⁴ The Commission has received no comment letters on the proposed rule change.

Section 19(b)(2) of the Act⁵ provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is March 31, 2017. The Commission is 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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 79989 (February 8, 2017), 82 FR 10615.

⁴ Amendment No. 1 is available at: <https://www.sec.gov/comments/sr-batsbzx-2017-07/batsbzx201707-1667531-148997.pdf>.

⁵ 15 U.S.C. 78s(b)(2).

⁴⁰ *Id.*

⁴¹ 17 CFR 240.17Ad-22(b)(1) and (b)(2).

⁴² 17 CFR 240.17Ad-22(b)(1).

⁴³ *Id.*

⁴⁴ 17 CFR 240.17Ad-22(b)(2).

⁴⁵ *Id.*

⁴⁶ 12 U.S.C. 5465(e)(1)(I).