waives the 30-day operative delay and designates the proposed rule change to be operative upon filing with the Commission.[13]

At any time within 60 days of the filing of such 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 shall institute proceedings under Section 19(b)(2)(B)[14] of the Act 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*. Please include File Number SR–NYSE–2016–81 on the subject line.

Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–NYSE–2016–81. 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–NYSE–2016–81 and should be submitted on or before December 28, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Brent J. Fields,

Secretary.

[FR Doc. 2016–29289 Filed 12–6–16; 8:45 am]

BILLING CODE 8011–01–P

[13] For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

[14] 15 U.S.C. 78s(b)(2)(B).

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. IA–4579; File No. 803–00237]

Robert W. Baird & Co. Incorporated; Notice of Application

December 1, 2016.

AGENCY: Securities and Exchange Commission (''Commission'').

ACTION: Notice of application for an exemptive order under section 206A of the Investment Advisers Act of 1940 (''Advisers Act'') providing an exemption from the written disclosure and consent requirements of section 206(3).

Applicant: Robert W. Baird & Co. Incorporated (''Applicant'').

Relevant Advisers Act Sections: Exemption requested under section 206A from the written disclosure and consent requirements of section 206(3).

Summary of Application: Applicant requests that the Commission issue an order under section 206A exempting it and Future Advisers (as defined below) from the written disclosure and consent requirements of section 206(3) with respect to principal transactions with nondiscretionary advisory client accounts.

Filing Dates: The application was filed on October 14, 2016 and amended on November 23, 2016.

Hearing or Notification of Hearing: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission's Secretary and serving Applicant with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on December 27, 2016, and should be accompanied by proof of service on Applicant, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Advisers Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by writing to the Commission's Secretary.

ADDRESSES: Secretary, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090. Applicant, Charles M. Weber, Managing Director, Robert W. Baird & Co. Incorporated, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202 and Monica Lea Parry, Morgan, Lewis & Bockius LLP, 1111 Pennsylvania Ave. NW., Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Robert Shapiro, Senior Counsel, at (202) 551–7758 (Chief Counsel's Office, Division of Investment Management) or Melissa Harke, Senior Special Counsel, at (202) 551–6787 (Investment Adviser Regulation Office, Division of Investment Management).

SUPPLEMENTARY INFORMATION: The following is a summary of the application. The complete application may be obtained via the Commission's Web site at *http://www.sec.gov/rules/iareleases.shtml* or by calling (202) 551–8090.

Applicant seeks relief from the written disclosure and consent requirements of section 206(3) of the Advisers Act that would be similar to relief currently provided by Advisers Act rule 206(3)–3T (the ''Rule''), which will expire by its terms on December 31, 2016. The relief sought by Applicant, if granted, would be subject to conditions similar to those under the Rule, as well as certain revised or additional conditions.

Applicant's Representations

1. The Applicant is registered as an investment adviser with the Commission and is a registered broker-dealer. The Applicant is an employee-owned wealth management, capital markets, asset management, and private equity firm with operations in the United States, Europe, and Asia. The Applicant offers a number of advisory programs, including the Advisory

Choice Program (the ''Program''), a nondiscretionary advisory program.

2. The Applicant created the Program in 2007 to accommodate the conversion of many of the Applicant's fee-based brokerage accounts to nondiscretionary advisory accounts following the invalidation of former Rule 202(a)(11)–1 under the Advisers Act. When these accounts had been fee-based brokerage accounts, the Applicant, in its capacity as a broker-dealer, engaged in principal transactions with its customers in accordance with applicable law. The Applicant currently relies on the Rule to engage in principal transactions with its client accounts in the Program.

3. The Applicant currently has approximately 34,000 client accounts enrolled in the Program. Those accounts have approximately $14 billion in assets under management as of June 30, 2016. In the period January 1, 2015 through December 31, 2015, 890 trades were effected in reliance on the Rule in the Program. Approximately 81% percent of the trades done in reliance on the Rule in this period were purchases by client accounts; the average purchase was approximately $48,000. Approximately 19% percent of the trades done in reliance on the Rule in this period were sales from client accounts; the average sale was approximately $51,000.

4. For the 12-month periods ended December 31, 2014, and December 31, 2015, the Applicant did not rely on the Rule to engage in principal trades in investment-grade fixed income securities it underwrote.

5. The Applicant acknowledges that the Order, if granted, would not be construed as relieving in any way the Applicant from acting in the best interests of an advisory client, including fulfilling the duty to seek the best execution for the particular transaction for the advisory client; nor shall it relieve the Applicant from any obligation that may be imposed by sections 206(1) or (2) of the Advisers Act or by other applicable provisions of the federal securities laws or applicable FINRA rules.

Applicant's Legal Analysis

1. Section 206(3) provides that it is unlawful for any investment adviser, directly or indirectly, acting as principal for its own account, knowingly to sell any security to or purchase any security from a client, without disclosing to the client in writing before the completion of the transaction the capacity in which the adviser is acting and obtaining the client's consent to the transaction. Rule 206(3)–3T deems an investment adviser to be in compliance with the provisions of section 206(3) of the Advisers Act when the investment adviser, or a person controlling, controlled by, or under common control with the investment adviser, acting as principal for its own account, sells to or purchases from an advisory client any security, provided that the investment adviser complies with the conditions of the Rule.

2. Rule 206(3)–3T requires, among other things, that the investment adviser obtain a client's written, revocable consent prospectively authorizing the adviser, directly or indirectly, acting as principal for its own account, to sell any security to or purchase any security from the client. The consent must be obtained after the adviser provides the client with written disclosure about: (i) The circumstances under which the investment adviser may engage in principal transactions with the client; (ii) the nature and significance of the conflicts the investment adviser has with its client's interests as a result of those transactions; and (iii) how the investment adviser addresses those conflicts. The investment adviser also must provide trade-by-trade disclosure to the client, before the execution of each principal transaction, of the capacity in which the adviser may act with respect to the transaction, and obtain the client's consent (which may be written or oral) to the transaction. The Rule is available only to an investment adviser that is also a broker-dealer registered under section 15 of the Securities Exchange Act of 1934 (''Exchange Act'') and may only be relied upon with respect to a nondiscretionary account that is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member. Rule 206(3)–3T is not available for principal transactions if the investment adviser or a person who controls, is controlled by, or is under common control with the adviser (''control person'') is the issuer or is an underwriter of the security, except that an adviser may rely on the Rule for trades in which the adviser or a control person is an underwriter of non-convertible investment-grade debt securities.

3. The investment adviser also must provide to the client a trade confirmation that, in addition to the requirements of rule 10b–10 under the Exchange Act, includes a conspicuous, plain English statement informing the client that the investment adviser disclosed to the client before the execution of the transaction that the investment adviser may act as principal in connection with the transaction, that the client authorized the transaction, and that the investment adviser sold the security to or bought the security from the client for its own account. The investment adviser also must deliver to the client, at least annually, a written statement listing all transactions that were executed in the account in reliance on the Rule, including the date and price of each transaction.

4. Rule 206(3)–3T is scheduled to expire on December 31, 2016. Upon expiration, the Applicant would be required to provide trade-by-trade written disclosure to each nondiscretionary advisory client with whom the Applicant sought to engage in a principal transaction in accordance with section 206(3). The Applicant submits that its nondiscretionary clients, through the Applicant's current reliance on the Rule, have had access to the Applicant's inventory through principal transactions for a number of years, and expect to continue to have such access in the future. The Applicant believes that engaging in principal transactions with its clients provides certain benefits to its clients, including access to securities of limited availability, such as municipal bonds, and that the written disclosure and client consent requirements of section 206(3) act as an operational barrier to its ability to engage in principal trades with its clients, especially when the transaction involves securities of limited availability.

5. Unless the Applicant is provided an exemption from the written disclosure and client consent requirements of section 206(3), Applicant believes that it will be unable to provide the same range of services and access to the same types of securities to its nondiscretionary advisory clients as it currently is able to provide to clients under the Rule.

6. The Applicant notes that, if the requested relief is granted, it will remain subject to the fiduciary duties that are generally enforceable under sections 206(1) and 206(2) of the Advisers Act, which, in general terms, require the Applicant to: (i) Disclose material facts about the advisory relationship to its clients; (ii) treat each client fairly; and (iii) act only in the best interests of its client, disclosing conflicts of interest when present and obtaining client consent to arrangements that present such conflicts.

7. The Applicant further notes that, in its capacity as a broker-dealer with respect to these accounts, it will remain subject to a comprehensive set of Commission and FINRA regulations that apply to the relationship between a broker-dealer and its customer in

addition to the fiduciary duties an adviser owes a client. These rules require, among other things, that the Applicant deal fairly with its customers, seek to obtain best execution of customer orders, and make only suitable recommendations. These obligations are designed to promote business conduct that protects customers from abusive practices that may not necessarily be fraudulent, and to protect against unfair prices and excessive commissions. Specifically, these provisions, among other things, require that the prices charged by the Applicant be reasonably related to the prevailing market, and limit the commissions and mark-ups the Applicant can charge. Additionally, these obligations require that the Applicant have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer, based on information obtained through reasonable diligence.

8. The Applicant requests that the Commission issue an Order pursuant to section 206A exempting it from the written disclosure and consent requirements of section 206(3) only with respect to client accounts in the Program and any similar nondiscretionary program to be created in the future. The Applicant also requests that the Commission's Order apply to future investment advisers controlling, controlled by, or under common control with the Applicant (''Future Advisers''). Any Future Adviser relying on any Order granted pursuant to the application will comply with the terms and conditions stated in the application.[1]

Applicant's Conditions

The Applicant agrees that any Order granting the requested relief will be subject to the following conditions:

1. The Applicant will exercise no ''investment discretion'' (as such term is defined in section 3(a)(35) of the Exchange Act), except investment discretion granted by the advisory client on a temporary or limited basis,[2] with respect to the client's account.

2. The Applicant will not trade in reliance on this Order any security for which the Applicant or any person controlling, controlled by, or under common control with the Applicant is the issuer, or, at the time of the sale, an underwriter (as defined in section 202(a)(20) of the Advisers Act).

3. The Applicant will not directly or indirectly require the client to consent to principal trading as a condition to opening or maintaining an account with the Applicant.

4. The advisory client has executed a written revocable consent prospectively authorizing the Applicant directly or indirectly to act as principal for its own account in selling any security to or purchasing any security from the advisory client. The advisory client's written consent must be obtained through a signature or other positive manifestation of consent that is separate from or in addition to the signature indicating the client's consent to the advisory agreement. The separate or additional signature line or alternative means of expressing consent must be preceded immediately by prominent, plain English disclosure containing either: (a) An explanation of: (i) The circumstances under which the Applicant directly or indirectly may engage in principal transactions; (ii) the nature and significance of conflicts with its client's interests as a result of the transactions; and (iii) how the Applicant addresses those conflicts; or (b) a statement explaining that the client is consenting to principal transactions, followed by a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific page or pages on which such disclosure is located; provided, however, that if the Applicant requires time to modify its electronic systems to provide the specific page cross-reference required by clause (b), the Applicant may, while updating such electronic systems, and for no more than 90 days from the date of the Order, instead provide a cross-reference to a specific document provided to the client containing the disclosure in (a)(i)–(iii) above and to the specific section in such document in which such disclosure is located. *Transition provision:* To the extent that the Applicant obtained fully informed written revocable consent from an advisory client for purposes of rule 206(3)–3T(a)(3) prior to December 31, 2016, the Applicant may rely on this Order with respect to such client without obtaining additional prospective consent from such client.

5. The Applicant, prior to the execution of each transaction in reliance on this Order, will: (a) Inform the advisory client, orally or in writing, of the capacity in which it may act with respect to such transaction; and (b) obtain consent from the advisory client, orally or in writing, to act as principal for its own account with respect to such transaction.

6. The Applicant will send a written confirmation at or before completion of each such transaction that includes, in addition to the information required by rule 10b–10 under the Exchange Act, a conspicuous, plain English statement informing the advisory client that the Applicant: (a) Disclosed to the client prior to the execution of the transaction that the Applicant may be acting in a principal capacity in connection with the transaction and the client authorized the transaction; and (b) sold the security to, or bought the security from, the client for its own account.

7. The Applicant will send to the client, no less frequently than annually, written disclosure containing a list of all transactions that were executed in the client's account in reliance upon this Order, and the date and price of each such transaction.

8. The Applicant is a broker-dealer registered under section 15 of the Exchange Act and each account for which the Applicant relies on this Order is a brokerage account subject to the Exchange Act, and the rules thereunder, and the rules of the self-regulatory organization(s) of which it is a member.

9. Each written disclosure required as a condition to this Order will include a conspicuous, plain English statement that the client may revoke the written consent referred to in Condition 4 above without penalty at any time by written notice to the Applicant in accordance with reasonable procedures established by the Applicant, but in all cases such revocation must be given effect within 5 business days of the Applicant's receipt thereof.

10. The Applicant will maintain records sufficient to enable verification of compliance with the conditions of this Order. Such records will include, *without limitation:* (a) Documentation sufficient to demonstrate compliance with each disclosure and consent requirement under this Order; (b) in particular, documentation sufficient to demonstrate that, prior to the execution of each transaction in reliance on this

[1] All entities that currently intend to rely on any order granted pursuant to the application are named as Applicants.

[2] Discretion is considered to be temporary or limited for purposes of this condition when the investment adviser is given discretion: (i) As to the price at which or the time to execute an order given by a client for the purchase or sale of a definite amount or quantity of a specified security; (ii) on an isolated or infrequent basis, to purchase or sell a security or type of security when a client is unavailable for a limited period of time not to exceed a few months; (iii) as to cash management, such as to exchange a position in a money market fund for another money market fund or cash equivalent; (iv) to purchase or sell securities to satisfy margin requirements; (v) to sell specific bonds and purchase similar bonds in order to permit a client to take a tax loss on the original position; (vi) to purchase a bond with a specified credit rating and maturity; and (vii) to purchase or sell a security or type of security limited by specific parameters established by the client. *See, e.g., Temporary Rule Regarding Principal Trades with Certain Advisory Clients,* Investment Advisers Act Release No. 2653 (Sept. 24, 2007) at n. 31.

Order, the Applicant informed the advisory client of the capacity in which it may act with respect to the transaction and that it received the advisory client's consent (if the Applicant informs the client orally of the capacity in which it may act with respect to such transaction or obtains oral consent, such records may, for example, include recordings of telephone conversations or contemporaneous written notations); and (c) documentation sufficient to enable assessment of compliance by the Applicant with sections 206(1) and (2) of the Advisers Act in connection with its reliance on this Order.[3] In each case, such records will be maintained and preserved in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

11. The Applicant will adopt written compliance policies and procedures reasonably designed to ensure, and the Applicant's chief compliance officer will monitor, the Applicant's compliance with the conditions of this Order. The Applicant's chief compliance officer will, on at least a quarterly basis, conduct testing reasonably sufficient to verify such compliance. Such written policies and procedures, monitoring and testing will address, *without limitation:* (a) Compliance by the Applicant with its disclosure and consent requirements under this Order; (b) the integrity and operation of electronic systems employed by the Applicant in connection with its reliance on this Order; (c) compliance by the Applicant with its recordkeeping obligations under this Order; and (d) whether there is any evidence of the Applicant engaging in ''dumping'' in connection with its reliance on this Order.[4] The Applicant's chief compliance officer will document the frequency and results of such monitoring and testing, and the Applicant will maintain and preserve such documentation in an easily accessible place for a period of not less than five years, the first two years in an appropriate office of the Applicant, and be available for inspection by the staff of the Commission.

By the Commission.

Brent J. Fields,

Secretary.

[FR Doc. 2016–29298 Filed 12–6–16; 8:45 am]

BILLING CODE 8011–01–P

[3] For example, under sections 206(1) and (2), an adviser may not engage in any transaction on a principal basis with a client that is not consistent with the best interests of the client or that subrogates the client's interests to the adviser's own. *Cf.* Investment Advisers Act Release No. 2106 (Jan. 31, 2003) (adopting Rule 206(4)–6).

[4] *See* Report of the Securities and Exchange Commission, Investment Trusts and Investment Companies, H.R. Doc. No. 279, 76th Cong., 2d Sess., pt. 3, at 2581, 2589 (1939); Hearings on S.3580 Before a Subcommittee of the Commission on Banking and Currency, 76th Cong., 3d Sess. 209, 212–23 (1940); Hearings on S. 3580 Before the Subcomm. of the Comm. on Banking and Currency, 76th Cong., 3d Sess. 322 (1940).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79447; File No. SR–NASDAQ–2016–163]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Change the Titles of Equities Rule 7015 and Options Chapter XV, Section 3, and To Make Related Changes

December 1, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on November 28, 2016, The NASDAQ Stock Market LLC (''Nasdaq'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I and II 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 the Substance of the Proposed Rule Change

The Exchange proposes to rename the title of rules that assess fees for connectivity to systems operated by the Exchange or FINRA under Equities Rule 7015 and Options Chapter XV, Section 3, and to make related changes to other rules that reference the renamed rules.

The text of the proposed rule change is available on the Exchange's Web site at *http://nasdaq.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 purpose of the proposed rule change is to rename related text in Rule 7015 and Chapter XV, Section 3, to more accurately reflect the services being provided and eliminate an outdated term. Both Rule 7015 and Chapter XV, Section 3, include connectivity to services that are not related to connecting to the Exchange trading system, such as TradeInfo,[3] Specialized Services Related to FINRA/NASDAQ Trade Reporting Facility,[4] and the NASDAQ IPO Workstation.[5] As a consequence, the Exchange believes that it is appropriate to rename the title of Rule 7015 as ''Ports and other Services'' and rename the title of Chapter XV, Section 3, as ''NASDAQ Options Market—Ports and other Services,'' which the Exchange believes more accurately describe the depth and breadth of services provided to members under those rules.

The Exchange is also proposing to amend reference to the title of Rule 7015 in Rule 7007(a), which is titled ''Collection of Exchange Fees and Other Claims and Billing Policy,'' and is also amending reference to the title of Chapter XV, Section 3, found under Section 7(c)(2) of Chapter XV to reflect the amended titles of Rule 7015 and Chapter XV, Section 3.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[6] in general, and furthers the objectives of Section 6(b)(5) of the Act,[7]

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] TradeInfo is an Internet-based tool that, among other things, allows users to view all of the NASDAQ order and execution information for their entire firm for both equities and options through a single interface. TradeInfo may be subscribed to under both Rule 7015 and Chapter XV Section 3.

[4] Specialized Services Related to FINRA/NASDAQ Trade Reporting Facility includes WebLink ACT or Nasdaq Workstation Post Trade, and ACT Workstation. *See* Rule 7015(e).

[5] The NASDAQ IPO Workstation provides subscribing member firms with the IPO Indicator service, which provides information on order execution that would be received in an IPO during the launch process.

[6] 15 U.S.C. 78f(b).

[7] 15 U.S.C. 78f(b)(5).