

• Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR–NASDAQ–2017–004 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–NASDAQ–2017–004. 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–NASDAQ–2017–004 and should be submitted on or before February 17, 2017.

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

**Eduardo A. Aleman,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79861; File No. SR–C2–2017–004]

### Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Give Up of a Clearing Trading Permit Holder

January 23, 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 January 10, 2017, C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II, below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b–4(f)(6) thereunder.<sup>4</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its rules governing the give up of a Clearing Participant by a Participant on Exchange Transactions. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

#### II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

#### A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to augment its requirements in C2 Rule 6.30 related to the give up of a Clearing Participant by a Participant on Exchange transactions. By way of background, to enter transactions on the Exchange, a Participant must either be a Clearing Participant or must have a Clearing Participant agree to accept financial responsibility for all of its transactions. Additionally, Rule 6.30 currently provides that when a Participant executes a transaction on the Exchange, it must give up the name of the Clearing Participant (the “Give Up”) through which the transaction will be cleared (*i.e.*, “give up”).

##### Designated Give Ups and Guarantors

The Exchange seeks to amend Rule 6.30 to provide that a Participant may only give up a “Designated Give Up” or its “Guarantor.” The Exchange proposes to introduce and define the term “Designated Give Up.” For purposes of Rule 6.30, a “Designated Give Up,” is any Clearing Participant that a Participant (other than a Market-Maker<sup>5</sup>) identifies to the Exchange, in writing, as a Clearing Participant that the Participant would like to have the ability to give up. To designate a “Designated Give Up” a Participant must submit written notification, in a form and manner determined by the Exchange, to the Registration Services Department (“RSD”). Specifically, the Exchange anticipates using a standardized form (“Notification Form”) that a Participant would need to complete and submit to the RSD. A copy of the proposed Notification Form is included with this filing in Exhibit 3. Similarly, should a Participant no longer want the ability to give up a particular Designated Give Up, it must submit written notification, in a form and manner determined by the Exchange, to the RSD. The Exchanges [sic] notes that a Participant may designate any Clearing Participant as a Designated Give Up. Additionally, there is no minimum or maximum number of Designated Give Ups that a Participant must identify. The Exchange shall notify a Clearing Participant, in writing and as soon as practicable, of each Participant that has identified it as a Designated

<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)(iii).

<sup>4</sup> 17 CFR 240.19b–4(f)(6).

<sup>5</sup> For purposes of this rule, references to “Market-Maker” shall refer to Participants acting in the capacity of a Market-Maker and shall include all Exchange Market-Maker capacities (*e.g.*, Designated Primary Market-Makers).

<sup>12</sup> 17 CFR 200.30–3(a)(12).

Give Up. The Exchange anticipates obtaining the contact information of a Clearing Participant by having each Clearing Participant complete a standardized form ("Designated Give Up Contact Form") and submit it to the RSD. A copy of the proposed Designated Give Up Contact Form is included with this filing in Exhibit 3. The Exchange however, will not accept any instructions, and not give effect to any previous instructions, from a Clearing Participant not to permit a Participant to designate the Clearing Participant as a Designated Give Up. The Exchange notes that there is no subjective evaluation of a Participant's list of proposed Designated Give Ups by the Exchange. Rather, the Exchange intends to process each list as submitted and ensure that the Clearing Participants identified as Designated Give Ups are in fact current Clearing Participants, as well as confirm that the Notification Forms are complete (*e.g.*, contains appropriate signatures) and the OCC numbers listed for each Clearing Participant are accurate.

The Exchange also proposes to define the term "Guarantor" in the proposed rule text. For purposes of proposed Rule 6.30, a "Guarantor" shall refer to a Clearing Participant that has issued a Letter of Guarantee or Letter of Authorization for the executing Participant under the C2 Rule 3.10 (Letters of Guarantee and Authorization) that is in effect at the time of the execution of the applicable trade. An executing Participant may give up its Guarantor without having to first designate it to the Exchange as a "Designated Give Up."

As noted above, the proposed rule change seeks to provide that a Participant may give up only (i) the name of a Clearing Participant that has previously been identified and processed by the Exchange as a Designated Give Up for that Participant, if not a Market-Maker or (ii) its Guarantor. This limitation shall be enforced by the Exchange's trading systems. Specifically, the Exchange will configure its trading systems to only accept orders from a Participant which identify a Designated Give Up or Guarantor for that Participant and will reject any order entered by a Participant which designates a Give Up that is not at the time a Designated Give Up or Guarantor of the Participant. The Exchange notes that it will notify a Participant in writing when an identified Designated Give Up becomes "effective" (*i.e.*, when a Clearing Participant that has been identified by the Participant as a Designated Give Up has been enabled by the Exchange's

trading systems to be given up). A Guarantor for a Participant shall be enabled to be given up for that Participant without any further action by the Participant (*i.e.*, submitting its name as a Designated Give Up on the Notification Form). The Exchange notes that this configuration (*i.e.*, the trading system accepting only orders which identify a Designated Give Up or Guarantor) is intended to help reduce "keypunch errors" and prevent Participants from mistakenly giving up the name of a Clearing Participant that it had no intention of ever using as a Give Up.

#### Acceptance of a Trade

The Exchange next proposes to permit a Designated Give Up and a Guarantor to, in certain circumstances, determine not to accept a trade on which its name was given up. If a Designated Give Up or Guarantor determines not to accept a trade, it may reject the trade in accordance with the procedures described more fully below.

A Designated Give Up may determine to not accept a trade on which its name was given up so long as it believes in good faith that it has a valid reason not to accept the trade. Examples of valid reasons may be that the Designated Give Up does not have a customer for that particular trade or that another Clearing Participant agrees to be the Give Up on the trade and has notified the Exchange and executing Participant in writing of its intent to accept the trade. If a Designated Give Up determines to not accept (and thereby reject) a trade on which its name was given up, the executing Participant's Guarantor or another Clearing Participant that agrees to be the Give Up on the trade shall become the Give Up. Next, the Exchange proposes to provide that a Guarantor may not accept (and thereby reject) a non-Market-Maker trade on which its name was given up only if another Clearing Participant agrees to be the Give Up on the trade and has notified the Exchange and executing Participant in writing of its intent to accept the trade. The Exchange notes that only a Designated Give Up or Guarantor whose name was initially given up on a trade is permitted to not accept the trade, subject to the conditions noted above (*i.e.*, the Clearing Participant or Guarantor that becomes the Give Up on a rejected trade may not also reject the trade).

#### Rejection of a Trade

The Exchange has incorporated into proposed Rule 6.30 procedures that must be followed in order for a Designated Give Up to reject a trade. A

trade may only be rejected on (i) the trade date or (ii) the business day following the trade date ("T+1") (except that transactions in expiring options series may not be rejected on T+1).

#### Rejection on Trade Date

If a Designated Give Up decides to reject a trade on the trade date, it must first notify, in writing, the executing Participant or its designated agent, as soon as possible and attempt to resolve the disputed give up. This requirement puts the executing Participant on notice that the Give Up on the trade may be changed and provides the executing Participant and Designated Give Up an opportunity to resolve the dispute in a manner agreeable to each party. The Exchange notes that a Designated Give Up may request from the Exchange the contact information of the executing Participant or its designated agent for any trade it wishes to reject.

Following notification to the executing Participant on the trade date, a Designated Give Up may request the ability from the Exchange to change the Give Up on the trade. This request must be made by completing and submitting a standardized form ("Give Up Change Form") to the Exchange. A copy of the proposed Give Up Change Form is included with this filing in Exhibit 3. So long as the Exchange is able to process the request prior to the trade input cutoff time established by the Clearing Corporation (or fifteen minutes thereafter, so long as the Exchange receives and is able to process a request to extend its time of final trade submission to the Clearing Corporation) ("Trade Date Cutoff Time"), the Exchange will provide the Designated Give Up the ability to make the change to the Give Up on the trade to either (1) another Clearing Participant or (2) the executing Participant's Guarantor.

A Designated Give Up may change the Give Up to another Clearing Participant ("New Clearing Participant") (*i.e.*, a Clearing Participant that is not the executing Participant's Guarantor) only if that Clearing Participant has agreed to be the give up on the trade and has first notified the Exchange and the executing Participant in writing of its intent to accept the trade. To notify the Exchange, the New Clearing Participant must complete and submit a standardized form (*i.e.*, the Give-Up Change Form for Accepting Clearing Trading Permit Holders) to the Exchange. A copy of the proposed Give-Up Change Form for Accepting Clearing Trading Permit Holders is included with this filing in Exhibit 3. The Exchange notes that any Clearing Participant may agree to accept a trade from the

Designated Give Up that is rejecting the trade (*i.e.*, the New Clearing Participant does not have to already be a Designated Give Up of the executing Participant). The Exchange also notes that a New Clearing Participant that has agreed to accept a trade and become the Give Up cannot later reject the trade. Requiring the New Clearing Participant to provide notice to the Exchange of its intent to accept the trade and prohibiting the New Clearing Participant from later rejecting the trade provides finality to the trade and ensures that the trade is not repeatedly reassigned from one Clearing Participant to another.

The Exchange also seeks to provide that a Designated Give Up may alternatively change the Give Up to the executing Participant's Guarantor. The Guarantor does not need to notify the Exchange of its intent to accept the trade nor does it need to submit any notification or form. The Designated Give Up however, must first provide written notice to the Guarantor that it will be making this change. A Guarantor that becomes the Give Up on a trade as a result of the Designated Give Up rejecting the trade is prohibited from not accepting the trade/rejecting the trade. This prohibition provides finality to the trade and ensures that the trade is not repeatedly reassigned from one Clearing Participant to another.

A Guarantor may also reject a non-Market-Maker trade for which its name was the initial given up by a Participant, but only if another Clearing Participant has first agreed to be the Give Up on the trade and has notified the Exchange and executing Participant in writing of its intent to accept the trade. If a Guarantor of a Participant decides to reject a trade on the trade date, it must follow the same procedures to change the Give Up as would be followed by a Designated Give Up. The ability to make any changes, either by the Designated Give Up or Guarantor, to the Give Up pursuant to this procedure will end at the Trade Date Cutoff Time.

Finally, once the Give Up has been changed, the Designated Give Up or Guarantor making the change must immediately thereafter notify the Exchange, the parties to the trade and the New Clearing Participant of the change in writing.

#### Rejection on T+1

The Exchange next acknowledges that some clearing firms may not reconcile their trades until after the Trade Date Cutoff Time. A clearing firm therefore, may not realize that a valid reason exists to not accept a particular trade until after the close of the trading day or until the following morning. Accordingly, the

Exchange seeks to establish a procedure for a Designated Give Up or Guarantor of a Participant that is not a Market-Maker to reject a trade on the following trade day ("T+1"). The Exchange notes that a separate procedure must be established for T+1 changes because to effectively change the Give Up on a trade on T+1, an offsetting reversal has to occur (as opposed to merely identifying a different Clearing Participant on the trade). More specifically, a buy side must be entered by one Clearing Participant and the sell side must be entered by the other Clearing Participant in order to effect the moving of the position from one Clearing Participant to another.

A Designated [sic] Give Up that wishes to reject a trade on T+1 must first notify the executing Participant, in writing, to try to attempt and resolve the dispute. Following notification to the Participant, a Designated Give Up may contact the Exchange and request the ability to enter trade records into the Exchange's trading system on behalf of itself and either the New Clearing Participant or the executing Participant's Guarantor, which would effect a transfer of the trade to the new Give Up. So long as the Exchange is able to process the request prior to 12:00 p.m. (CT) on T+1 ("T+1 Cutoff Time"), the Exchange shall provide the Designated Give Up the ability to do so. The request must be made in writing using a standardized form (*i.e.*, the Give Up Change Form) from the Exchange. In the event a New Clearing Participant will be accepting the trade as the Give Up, the New Clearing Participant must also complete and submit the C2 Give-Up Change Form for Accepting Clearing Participants. A Guarantor that becomes the new Give Up on T+1 does not need to notify the Exchange of its intent to accept the trade nor does it need to submit any notification or form. The Designated Give Up however, must first provide written notice to the Guarantor that it will be making this change on T+1.

An executing Participant's Guarantor that was the initial Give Up on a trade may also reject the trade on T+1, but may only change the Give Up to another Clearing Participant that has first agreed to be the Give Up on the trade and has notified the Exchange (by submitting the Give Up Change Form) and executing Participant in writing of its intent to accept the trade. If a Guarantor of a Participant decides to reject a non-Market-Maker trade on T+1, it must follow the same procedures outlined in subparagraph (f)(iii). The Exchange again notes that only a Guarantor whose name was initially given up is permitted

to reject a trade (*i.e.*, a Guarantor cannot reject a trade on T+1 for which it has become the give up as a result of a Designated Give Up not accepting the trade).

The ability for either a Designated Give Up or Guarantor to make these changes shall end at the T+1 Cutoff Time. The Exchange notes that the T+1 Cutoff Time is 12:00 p.m. (CT) to provide finality and certainty as to which Clearing Participant will be the Clearing Participant for the trade.

Once the change to the Give Up has been made, the Designated Give Up or Guarantor making the change must immediately thereafter notify the Exchange, the parties to the trade and the New Clearing Participant of the change in writing. The Exchange notes that the T+1 procedure is not applicable to trades in expiring options series that take place on the last trading day prior to their expiration. Rather, a Designated Give Up and Guarantor may only reject these transactions on the trade date until the Trade Date Cutoff Time in accordance with the trade date procedures described above.

As discussed above, the Exchange is allowing Participant s [sic] that are not Market-Makers to identify any Clearing Participant as a Designated Give Up. Also as discussed, the Exchange has determined not to take instructions from a Clearing Participant not to permit a particular Participant from giving up their name so that the Exchange will not be placed in the position of arbiter between a Clearing Participant, a Participant and a customer. The Exchange recognizes, however, that Participants should not be given the ability to give up any Clearing Participant without also providing a method of recourse to those Clearing Participants which, for the prescribed reasons discussed above, should not be obligated to clear certain trades for which they are given up. The Exchange accordingly is seeking to provide Designated Give Ups and Guarantors the ability to, where appropriate, reject a trade. Ultimately, however, the trade must clear with a clearing firm and there must be finality to the trade. The Exchange believes that the executing Participant's Guarantor, absent a Clearing Participant that agrees to accept the trade, should become the Give Up on any trade which a Designated Give Up determines to reject in accordance with these proposed rule provisions, because the Guarantor, by virtue of having issued a Letter of Guarantee or Authorization, has already accepted financial responsibility for all Exchange transactions made by the executing Participant. The Exchange

however, does not want to prevent a Clearing Participant that agrees to accept the trade from being able to do so, and accordingly, the Exchange also provides that a New Clearing Participant may become the Give Up on a trade in accordance with the procedure discussed above.

#### Other Give Up Changes

The Exchange seeks to codify in its proposed rule three scenarios in which a Give Up on a transaction may be changed without Exchange involvement. First, if an executing Participant has the ability through an Exchange system to do so, it may change the Give Up on a trade to another Designated Give Up or its Guarantor. The Exchange notes that Participants often make these changes when, for example, there was a keypunch error (*i.e.* an error that involves the erroneous entry of an intended clearing firm's OCC clearing number). The ability of the executing Participant to make any such change will end at the Trade Date Cutoff Time.<sup>6</sup>

Next, the proposed rule provides that, if a Designated Give Up has the ability to do so, it may change the Give Up on a transaction for which it was given up to (i) another Clearing Participant affiliated with the Designated Give Up or (ii) a Clearing Participant that is a back office agent for the Designated Give Up. The ability to make such a change will end at the Trade Date Cutoff Time. The procedures in proposed subparagraph (f) of Rule 6.30 that were previously described will not apply in these instances. The Exchange notes that often Clearing Participants themselves have the ability to change a Give Up on a trade for which it was given up to another Clearing Participant affiliate or Clearing Participant for which the Designated Give Up is a back office agent. Therefore, Exchange involvement in these instances is not necessary.

Lastly, the proposed rule provides that if both a Designated Give Up and a Clearing Participant have the ability through an Exchange system to do so, the Designated Give Up and Clearing Participant may each enter trade records into the Exchange's systems on T+1 that would effect a transfer of the trade in a non-expired option series from that Designated Give Up to that Clearing Participant. Likewise, if a Guarantor of a Participant trade that is not a Market-Maker trade and a Clearing Participant have the ability through an Exchange

system to do so, the Guarantor and Clearing Participant may each enter trade records into the Exchange's systems on T+1 that would effect a transfer of the trade in a non-expired option series from that Guarantor to that Clearing Participant. The Designated Give Up or Guarantor shall not make any such change after the T+1 Cutoff Time. The Exchange notes that a Designated Give Up (or Guarantor) must notify, in writing, the Exchange and all the parties to the trade, of any such change made pursuant to this provision. This notification alerts the parties and the Exchange that a change to the Give Up has been made. Finally, the Designated Give Up (or Guarantor) will be responsible for monitoring the trade and ensuring that the other Clearing Participant has entered its side of the transaction timely and correctly. If either a Designated Give Up (or Guarantor) or Clearing Participant cannot themselves enter trade records into the Exchange's systems to effect a transfer of the trade from one to the other, the Designated Give Up (or Guarantor) may request the ability from the Exchange to enter both sides of the transaction in accordance with this amended Rule 6.30 and pursuant to the procedures set forth in subparagraph (f)(iii) of that Rule.

#### Responsibility

For purposes of the Rules of the Exchange, a Clearing Participant will be financially responsible for all trades for which it is the Give Up at the Applicable Cutoff Time (for purposes of the proposed rule, the "Applicable Cutoff Time" shall refer to the T+1 Cutoff Time for non-expiring option series and to the Trade Date Cutoff Time for expiring option series). The Exchange notes however, that nothing in the proposed rule shall preclude a different party from being responsible for the trade outside of the Rules of the Exchange pursuant to OCC Rules, any agreement between the applicable parties, other applicable rules and regulations, arbitration, court proceedings or otherwise. Moreover, in processing a request to provide a Designated Give Up the ability to change a Give Up on a trade, the Exchange will not consider or validate whether the Designated Give Up has satisfied the requirements of this Rule in relation to having a good faith belief that it has a valid reason not to accept a trade or having notified the executing Participant and attempting to resolve the disputed Give Up prior to changing the Give Up. Rather, upon request, the Exchange shall always provide a Designated Give Up or Guarantor the

ability to change the give up or to reject a trade pursuant to the proposed rule so long as the Designated Give Up or Guarantor, and New Clearing Participant if applicable, have provided a completed Give Up Change Forms within the prescribed time period. The Exchange notes that given the inherent time constraints in making a change to a Give Up on a transaction, the Exchange would not be able to adequately consider the above-mentioned requirements and make a determination within the prescribed period of time. Rather, the Exchange will examine trades for which a Give Up was changed pursuant to subparagraphs (e) and (f) after the fact to ensure that requirements set forth in amended Rule 6.30 were complied with. Particularly, the Exchange notes that the Give Up Change Forms that Designated Give Ups, Guarantors and New Clearing Participants must submit, will help to ensure that the Exchange obtains, in a uniform format, the information that it needs to monitor and regulate this rule and these give up changes in particular. This information, for example, will better allow the Exchange to determine whether the Designated Give Up had a valid reason to reject the trade, as well as assist the Exchange in cross checking and confirming that what the Designated Give Up or Guarantor said it was going to do is what it actually did (*e.g.*, check that the New Clearing Participant identified in the Give Up Change Form was the Clearing Participant that actually was identified on the trade as the Give Up). Additionally, the proposed rule does not preclude these factors from being considered in a different forum (*e.g.*, court or arbitration) nor does it preclude any Clearing Participant that violates any provision of amended Rule 6.30 from being subject to discipline in accordance with Exchange rules.

The Exchange proposes to announce the implementation date of the proposed rule change in a Regulatory Circular, to be published no later than thirty (30) days following the date of filing. The implementation date will be no later than ninety (90) days following publication of the Regulatory Circular. The Exchange notes this additional time gives Participants time to provide their lists of all Clearing Participants that they would like to designate as "Designated Give Ups" and gives the Exchange time to process those lists and configure its system accordingly.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the

<sup>6</sup> After that time, the Participant will no longer have the ability to make this type of change as the trade will have been submitted to OCC.

“Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>8</sup> requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

First, detailing in the rules how Participants will give up Clearing Participants and how Clearing Participants may “reject” a trade provides transparency and operational certainty. The Exchange believes additional transparency removes a potential impediment to, and will contribute to perfecting, the mechanism for a free and open market and a national market system, and, in general, will protect investors and the public interest. Moreover, the Exchange notes that amended Rule 6.30 requires standardized forms to be used in the designation of Designated Give Ups to ensure a seamless administration of the Rule. The Rule also requires that Clearing Participants submit standardized forms when requesting the ability to reject a trade and that all notifications relating to a change in Give Up are in writing. These requirements will aid the Exchange’s efforts to monitor and regulate Participants and Clearing Participants as they relate to amended Rule 6.30 and changes in give ups, thereby protecting investors and the public interest.

Additionally, the Exchange notes that in evaluating its give up rule provisions, it solicited feedback from a variety of market participants. The Exchange believes that its proposed give up rule strikes the right balance between the various views and interests across the industry. For example, although the rule allows Participants that are not Market-Makers to identify any Clearing

Participant as a Designated Give Up, it also provides that Clearing Participants will receive notice of any Participant that has designated it as a Designated Give Up and provides for a procedure for a Clearing Participant to “reject” a trade in accordance with the Rules, both on the trade date and T+1. The Exchange recognizes that Participants should not be given the ability to give up any Clearing Participant without also providing a method of recourse to those Clearing Participants which, for the prescribed reasons discussed above, should not be obligated to clear certain trades for which they are given up. The Exchange believes that providing Designated Give Ups the ability to reject a trade within a reasonable amount of time is consistent with the Act as, pursuant to the proposed rule, the Designated Give Ups may only do so if they have a valid reason and because ultimately, the trade can always be assigned to the Guarantor of the executing Participant. A trade must clear with a clearing firm and there must be finality to the trade. The Exchange believes that the executing Participant’s Guarantor, absent a Clearing Participant that agrees to accept the trade, should become the Give Up on any trade which a Designated Give Up determines to reject in accordance with the proposed rule provisions, because the Guarantor, by virtue of having issued a Letter of Guarantee or Authorization, has already accepted financial responsibility for all Exchange transactions made by the executing Participant. Therefore, amended Rule 6.30 is reasonable and provides certainty that a Clearing Participant will always be responsible for a trade, which protects investors and the public interest.

Lastly, the Exchange notes that amended Rule 6.30 does not preclude a different party than the party given up from being responsible for the trade outside of the Rules of the Exchange pursuant to OCC Rules, any agreement between the applicable parties, other applicable rules and regulations, arbitration, court proceedings or otherwise. The Exchange acknowledges that it will not consider whether the Designated Give Up has satisfied the requirements of this Rule in relation to having a good faith belief that it has a valid reason not to accept a trade or having notified the executing Participant and attempting to resolve the disputed Give Up prior to changing the Give Up, due to inherent time restrictions. However, the Exchange believes investor and public interest are still protected as the Exchange will still

examine trades for which a Give Up was changed pursuant to subparagraphs (e) and (f) of amended Rule 6.30 after the fact to ensure that the requirements set forth in the Rule were complied with. As noted above, the use of standardized forms and the requirement that certain notices be in writing will assist monitoring any give up changes and enforcing amended Rule 6.30. Finally, the Exchange notes that the Rule does not preclude these factors from being considered in a different forum (*e.g.*, court or arbitration) nor does it preclude any Participant or Clearing Participant that violates any provision of amended Rule 6.30 from being subject to discipline by the Exchange.

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

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose an unnecessary burden on intramarket competition because it will apply equally to all similarly situated Participants. The Exchange also notes that, should the proposed changes make C2 more attractive for trading, market participants trading on other exchanges can always elect to become Participants on C2 to take advantage of the trading opportunities.

#### *C. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange neither solicited nor received comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6)<sup>11</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative for 30 days after the date of filing. However, Rule 19b-

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> *Id.*

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

4(f)(6)(iii)<sup>13</sup> permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that it can implement the proposed rule change as early as the last week in January. The Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. The Commission notes that the Exchange's proposed rule change is based on a substantially similar proposed rule change submitted by CBOE, which the Commission approved after receiving no comments.<sup>14</sup> The Commission also notes that the filing raises no novel issues apart from those already considered in the earlier CBOE filing. Therefore, the Commission waives the 30-day operative delay and designates the proposed rule change operative upon filing.<sup>15</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. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

##### *Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2017-004 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</sup> See Securities Exchange Act Release No. 72668 (July 24, 2014), 79 FR 44229 (July 30, 2014) (SR-CBOE-2014-048).

<sup>15</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-C2-2017-004. 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-C2-2017-004 and should be submitted on or before February 17, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

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

[FR Doc. 2017-01831 Filed 1-26-17; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79864; File No. SR-NYSEArca-2016-97]

#### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Withdrawal of a Proposed Rule Change Relating to the Listing and Trading of Shares of the PowerShares Government Collateral Pledge Portfolio Under NYSE Arca Equities Rule 8.600

January 23, 2017.

On July 6, 2016, NYSE Arca, Inc. filed with the Securities and Exchange

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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 list and trade shares of the PowerShares Government Collateral Pledge Portfolio. The proposed rule change was published for comment in the **Federal Register** on July 26, 2016.<sup>3</sup> On September 1, 2016, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer 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>5</sup> On October 21, 2016, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change.<sup>6</sup> The Commission has received no comments on the proposed rule change.

On January 17, 2017, the Exchange withdrew the proposed rule change (SR-NYSEArca-2016-97).

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

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

[FR Doc. 2017-01834 Filed 1-26-17; 8:45 am]

**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

#### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549-0213

##### *Extension:*

Rule 12d3-1 SEC File No. 270-504, OMB Control No. 3235-0561

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (the "Commission") has submitted to the Office of Management and Budget ("OMB") a request for extension of the previously approved collection of information discussed below.

<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. 78373 (July 20, 2016), 81 FR 48869.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 78750, 81 FR 62233 (September 8, 2016).

<sup>6</sup> See Securities Exchange Act Release No. 79131, 81 FR 74840 (October 27, 2016).

<sup>7</sup> 17 CFR 200.30-3(a)(12).