

a. Are the Currency Rates calculated using arm's length transactions and, if so, are such transactions verified, and how? If quotes are used to calculate the Currency Rates, are those arm's length quotes firm?

b. What concerns, if any, do commenters have regarding the Index's susceptibility to manipulation?

4. Are the requirements of NYSE Arca Equities Rule 8.201(g) adequate to allow the Exchange to fulfill its regulatory obligations or, in light of the Shares' exposure to the Reference Currencies, should those requirements be expanded to also apply to market makers' trading accounts for all of the applicable non-U.S. currencies, options, futures or options on futures on such currencies, or any other derivatives based on such currencies?

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-NYSEArca-2015-76 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 Numbers SR-NYSEArca-2015-76. 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 these filings 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-NYSEArca-2015-76 and should be submitted on or before January 7, 2016. Rebuttal comments should be submitted by January 21, 2016.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

**Robert W. Errett,**

*Deputy Secretary.*

[FR Doc. 2015-31680 Filed 12-16-15; 8:45 am]

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-76621; File No. SR-C2-2015-025]

### **Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Order Granting Approval of a Proposed Rule Change Relating to Complex Orders as Modified by Amendment No. 1**

December 11, 2015.

#### **I. Introduction**

On October 13, 2015, C2 Options Exchange, Incorporated (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to: (1) Amend the rule provisions regarding the initiation of a complex order auction ("COA"), (2) add rule provisions regarding the impact of certain incoming orders and changes in the leg markets on an ongoing COA, and (3) amend the rule provision related to the size of COA responses. On October 26, 2015, the Exchange submitted Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1, was published for comment in the **Federal Register** on November 2, 2015.<sup>3</sup> The Commission received no comments on the proposal. This order grants approval of the proposed rule change, as modified by Amendment No. 1.

<sup>26</sup> 17 CFR 200.30-3(a)(57).

<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. 76274 (October 27, 2015), 80 FR 67446 ("Notice").

## **II. Description of the Proposed Rule Change**

The Exchange proposes to amend C2 Rule 6.13 and Interpretation and Policy .02 regarding the initiation of a COA. Currently, C2 Participants must affirmatively request that their incoming COA-eligible orders be COA'd.<sup>4</sup> The Exchange proposes to amend C2 Rule 6.13(c)(2) to provide that COA-eligible orders be COA'd by default.<sup>5</sup> Under the proposed rule, Participants would be permitted to request that a COA-eligible order not COA (referred to as a "do-not-COA" request) on an order-by-order basis.<sup>6</sup> The Exchange believes that allowing Participants to make a "do-not-COA" request on an order-by-order basis will better allow them to make decisions regarding the handling of their orders based on market conditions at the time they submit their orders. An order with a "do-not-COA" request, however, may still be COA'd after it has rested on the Complex Order Book ("COB") pursuant to Interpretation and Policy .02.<sup>7</sup>

The Exchange notes that an order with a "do-not-COA" request will still have execution opportunities. The Exchange explains that a "do-not-COA" order may execute automatically upon entry into the System against the leg markets or complex orders on the COB to the extent marketable (in accordance with allocation rules set forth in Rule 6.13).<sup>8</sup> Further, the Exchange notes that an order on the opposite side of, and marketable against, a COA-eligible order may trade against the COA-eligible order if the System receives the order while a COA is ongoing.<sup>9</sup>

Second, the Exchange proposes to add subparagraphs (c)(8)(D) and (E) to C2 Rule 6.13 to describe additional circumstances that will cause a COA to end early.<sup>10</sup> Proposed subparagraph (c)(8)(D) will provide that if an order with a "do-not-COA" request or an order that is not COA-eligible is received prior to the expiration of the Response Time Interval for the original COA and is on the same side of the

<sup>4</sup> See Notice, *supra* note 3, at 67446. The Exchange represents that all Participants have requested that all of their COA-eligible orders process through COA upon entry into the System.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.* In light of this proposed change, the Exchange proposes to delete the language in Interpretation and Policy .02(a) that indicates Participants may request that complex orders be processed by COA on a class-by-class basis, as it is no longer necessary. *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.* at 67447.

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

<sup>10</sup> *Id.* The proposed rule change makes corresponding changes to the heading and introductory paragraph of subparagraph (c)(8). *Id.*

market and at a price better than or equal to the starting price, then the original COA will end.<sup>11</sup> Proposed subparagraph (c)(8)(E) will provide that if the leg markets were not marketable against a COA-eligible order when the order entered the System (and thus prior to the initiation of a COA) but became marketable with the COA-eligible order prior to the expiration of the Response Time Interval, it will cause the COA to end.<sup>12</sup> The Exchange believes that these provisions prevent an order that was entered after the initiation of a COA from trading ahead of an order with the same price that may have executed or entered the COB if it did not COA.<sup>13</sup> Similarly, the Exchange believes it is fair for a COA-eligible order that was entered at a better price than an order that was resting in the COB prior to initiation of the COA to execute against leg markets that become marketable against the COA-eligible order and resting order during the COA, because the Participant who entered the COA-eligible order was willing to pay a better price than that of the resting order.<sup>14</sup>

Third, the Exchange proposes to amend subparagraph (c)(3)(A) of C2 Rule 6.13 to delete the provision that states that RFR responses are limited to the size of the COA-eligible order for allocation purposes.<sup>15</sup> The Exchange explains that it is proposing this change because if the allocation algorithm for complex orders in a class is pro-rata, the System is unable to block RFR responses that are larger than the size of the COA-eligible order.<sup>16</sup> The Exchange notes the pursuant to C2 Rule 6.13(c)(7), RFR responses are firm with respect to the COA-eligible order for which the responses are submitted, provided that responses that exceed the size of a COA-eligible order are also eligible to trade with other incoming COA-eligible orders that are received during the Response Time Interval.<sup>17</sup>

Finally, the Exchange proposes to make technical and other nonsubstantive changes, which are described in the Notice.<sup>18</sup>

### III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is

consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>19</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>20</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Commission believes that it is reasonable for C2 to require that incoming two-legged COA-eligible orders be COA'd by default unless a Participant requests, on an order-by-order basis, that such orders not COA. The Commission notes that, should a Participant not wish its orders to be COA'd, the proposed rule will allow the Participant to request that its orders not be COA'd on an order-by-order basis. In addition, the Commission notes that the rules of another options exchange provide that certain complex orders be routed to a complex order auction unless a member designates that such orders not initiate a complex order auction on that exchange.<sup>21</sup>

The Commission also believes that it is reasonable for the Exchange to add new provisions regarding how incoming orders with "do-not-COA" requests or that are not COA-eligible, as well as how changes in the leg markets, may impact ongoing COAs. Such additions enhance the description of current COA functionality and the circumstances that may cause a COA to end early to help ensure investors understand how "do-not-COA" orders may impact a COA. As noted above, these rules provide that if entry of a "do-not-COA" order causes a COA to end, any executions that occur following the COA will occur in accordance with allocation principles in place, subject to an exception that the original COA-eligible order will receive time priority.

Finally, the Commission believes it is reasonable for C2 to delete the provision in its Rules limiting the size of RFR responses to the size of the COA-eligible order. The Commission notes that other

options exchanges do not limit the size of responses to the auctioned order sized.<sup>22</sup>

### IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>23</sup> that the proposed rule change (SR-C2-2015-025), as modified by Amendment No. 1, be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>24</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

[FR Doc. 2015-31681 Filed 12-16-15; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76626; File No. SR-CBOE-2015-100]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Options That Overlie a Reduced Value of the FTSE 100 Index

December 11, 2015.

#### I. Introduction

On October 30, 2015, the Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade options that overlie a reduced value of the FTSE 100 Index. The proposed rule change was published for comment in the **Federal Register** on November 10, 2015.<sup>3</sup> On December 10, 2015, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>4</sup> This order grants approval of

<sup>22</sup> See *id.* and NYSE MKT Rule 6.80NY(e).

<sup>23</sup> 15 U.S.C. 78s(b)(2).

<sup>24</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 76353 (November 4, 2015), 80 FR 69751 ("Notice").

<sup>4</sup> Amendment No. 1 makes certain technical modifications to Exhibit 5 to reflect the current CBOE rulebook and to remove a reference to "(1/10th)" that was inadvertently included. It also revises rule text to make additional technical edits. As the changes made by Amendment No. 1 are technical in nature and do not materially alter the substance of the proposed rule change or raise any novel regulatory issues, Amendment No. 1 is not subject to notice and comment.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.* at 67447-8.

<sup>13</sup> *Id.* at 67449.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 67448.

<sup>16</sup> *Id.* The Exchange represents that this proposed rule change will result in the rule regarding RFR responses more accurately reflecting current System functionality. *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> *Id.*

<sup>19</sup> In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>20</sup> 15 U.S.C. 78f(b)(5).

<sup>21</sup> See NASDAQ OMX PHLX LLC ("PHLX") Rule 1080, Commentary .07(a)(viii) and (e) (describing the complex order live auction ("COLA") process and "do not auction" orders).