Therefore, it is ordered, pursuant to Section 12(k) of the Securities Exchange Act of 1934, that trading in the securities of the above-listed company is suspended for the period from 9:30 a.m. EST on January 11, 2016, through 11:59 p.m. EST on January 25, 2016.

By the Commission.

Brent J. Fields,
Secretary.

[FR Doc. 2016–00591 Filed 1–11–16; 11:15 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Extend the Expiration Date of FINRA Rule 0180 (Application of Rules to Security-Based Swaps)

January 7, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that on January 4, 2016, the Financial Industry Regulatory Authority, Inc. (“FINRA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b–4 under the Act, which renders the proposal effective upon receipt of this filing by the Commission. 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

FINRA is proposing to extend the expiration date of FINRA Rule 0180 (Application of Rules to Security-Based Swaps) to February 11, 2017. FINRA Rule 0180 temporarily limits, with certain exceptions, the application of FINRA rules with respect to security-based swaps.

The text of the proposed rule change is available on FINRA’s Web site at http://www.finra.org, at the principal office of FINRA 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, FINRA 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. FINRA 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

On July 1, 2011, the SEC issued an Order granting temporary exemption relief (the “Temporary Exemptions”) from compliance with certain provisions of the Exchange Act in connection with the revision, pursuant to Title VII of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), of the Exchange Act definition of “security” to encompass security-based swaps. Consistent with the Commission’s action, on July 8, 2011, FINRA filed for immediate effectiveness FINRA Rule 0180, which, with certain exceptions, is intended to temporarily limit the application of FINRA rules with respect to security-based swaps, thereby helping to avoid undue market disruptions resulting from the change to the definition of “security” under the Act.

The Commission, noting the need to avoid a potential unnecessary disruption to the security-based swap market in the absence of an extension of the Temporary Exemptions, and the need for additional time to consider the potential impact of the revision of the Exchange Act definition of “security” in light of ongoing Commission rulemaking efforts under Title VII of the Dodd-Frank Act, issued an Order which extended and refined the applicable expiration dates for the previously granted Temporary Exemptions. The Commission previously noted that extending the Temporary Exemptions would facilitate a coordinated consideration of these issues with the limited application by their terms. For more information about the rulebook consolidation rulemaking process, see Information Notice, March 12, 2008 (Rulebook Consolidation Process).

In its Exemptive Release, the Commission noted that the relief is targeted and does not include, for instance, relief from the Act’s antifraud and anti-manipulation provisions. FINRA has noted that FINRA Rule 0180 is similarly targeted. For instance, paragraphs (a) and (b) of FINRA Rule 0180 provide that FINRA rules shall not apply to members’ activities and positions with respect to security-based swaps, except for FINRA Rules 2010 (Standards of Commercial Honor and Principles of Trade), 2020 (Use of Manipulative, Deceptive or Other Fraudulent Devices), 3130 (Anti-Money Laundering Compliance Program) and 4240 (Margin Requirements for Credit Default Swaps). See also paragraphs (b) and (c) of FINRA Rule 0180 (addressing the applicability of additional rules) and FINRA Rule 0180 Notice of Filing.

3. See Securities Exchange Act Release No. 71485 (February 5, 2014), 79 FR 7731 (February 10, 2014) (Order Extending Temporary Exemptions Under the Securities Exchange Act of 1934 in Connection With the Revision of the Definition of “Security” to Encompass Security-Based Swaps, and Request for Comment) (“Temporary Exemptions Extension Release”) stating that, for those security-based swap rulemakings, the Commission is extending the expiration date until the earlier of such time as the Commission issues an order or rule determining whether any continuing exemptive relief is appropriate for security-based swap activities with respect to any of these Exchange Act provisions or until three years from the effective date of this Order. “The Temporary Exemptions Extension Release further stated that for each expiring Temporary Exemption “that is related to pending security-based swap rulemakings, the Commission is extending the expiration date until the compliance date for the related security-based swap-specific rulemaking.” See also Securities Exchange Act Release No. 71482 (February 5, 2014), 79 FR 7570 (February 10, 2014) (Extension of Exemptions for Security-Based Swaps) (extending the expiration dates in interim final rules that provide exemptions under the Securities Act of 1933 (the “Securities Act”), the Exchange Act, and the Trust Indenture Act of 1939 for the security-based swap rulemakings). After July 16, 2011 were security-based swap agreements and are defined as “securities” under the Securities Act and the Exchange Act as of July 16, 2011 due solely to the provisions of Title VII of the Dodd-Frank Act).
relief provided pursuant to FINRA Rule 0180. In establishing Rule 0180, and in extending the rule’s expiration date, FINRA noted its intent, pending the implementation of any SEC rules and guidance that would provide greater regulatory clarity in relation to security-based swap activities, to align the expiration date of FINRA Rule 0180 with the termination of relevant provisions of the Temporary Exemptions.11

The Commission’s rulemaking and development of guidance in relation to security-based swap activities is ongoing. As such, FINRA believes it is appropriate and in the public interest, in light of the Commission’s goals as set forth in the Exemptive Release and the Temporary Exemptions Extension Release, to extend FINRA Rule 0180 for a limited period, to February 11, 2017, so as to avoid undue market disruptions resulting from the change to the definition of “security” under the Act. As noted in the FINRA Rule 0180 Notice of Filing, FINRA will amend the expiration date of Rule 0180 in subsequent filings as necessary such that the expiration date will be coterminal with the termination of relevant provisions of the Temporary Exemptions.

FINRA has filed the proposed rule change for immediate effectiveness. FINRA is proposing that the implementation date of the proposed rule change will be February 11, 2016.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,12 which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. FINRA believes that the proposed rule change would further the purposes of the Act because, consistent with the goals set forth by the Commission in the Exemptive Release and in the Temporary Exemptions Extension Release, the proposed rule change will help to avoid undue market disruption that could result if FINRA Rule 0180 expires before the implementation of any SEC rules and guidance that would provide greater regulatory clarity in relation to security-based swap activities.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. FINRA believes that the proposed rule change would prevent undue market disruption that would otherwise result if security-based swaps were, by virtue of the expansion of the Act’s definition of “security” to encompass security-based swaps, subject to the application of all FINRA rules before the implementation of any SEC rules and guidance that would provide greater regulatory clarity in relation to security-based swap activities. FINRA believes that, by extending the expiration of FINRA Rule 0180, the proposed rule change will serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection.

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

Written comments were neither solicited nor received.

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 Act13 and Rule 19b–4(f)(6) thereunder.

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 shall institute proceedings to determine whether the proposed rule 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–FINRA–2016–001 on the subject line.

Paper Comments

- Send paper comments in triplicate to Robert W. Errett, Deputy Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–FINRA–2016–001. 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 such filing also will be available for inspection and copying at the principal office of FINRA. 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–FINRA–2016–001 and should be submitted on or before February 3, 2016.


11 See note 6 supra.


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

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2016–00465 Filed 1–12–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rule 132.30(9) To Conform the Exchange’s Rules to Industry-Wide Standards for Recording the Capacity in Which a Member Organization Executes a Transaction

January 7, 2016.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the “Act”)² and Rule 19b–4 thereunder,³ notice is hereby given that on January 4, 2016, New York Stock Exchange LLC (“NYSE” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 Rule 132.30(9) to conform the Exchange’s rules to industry-wide standards for recording the capacity in which a member organization executes a transaction. The proposed rule change is available on the Exchange’s Web site at www.nyse.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 self-regulatory organization 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 those 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend Supplementary Material .30 of Rule 132 to conform the Exchange’s rules to industry-wide standards for recording the capacity in which a member organization executes a transaction. To effect this change, the Exchange would eliminate the current requirement to identify the account for which an order was executed and require instead that clearing members and member organizations submit account type indicators (“ATI”) reflecting the capacity in which the member organization executed a transaction (e.g., agency, principal or riskless principal). The Exchange believes that the proposed rule change would align the Exchange’s rules with industry-wide conventions focusing on the capacity in which a broker-dealer acts in effecting a transaction and, by eliminating the complex set of ATIs developed over the years, significantly simplify order entry on the Exchange.

Background

Rule 132 requires clearing member organizations submitting transactions to comparison to include the audit trail data elements set forth in Supplementary Material .30. Rule 132.30(9) requires that all orders submitted to the Exchange include specified trade data elements, including “[w]hether the account for which the order was executed was that of a member or member organization or of a non-member or non-member organization.” The Exchange has periodically published guidance regarding the ATIs that can be used to satisfy this requirement.⁴

ATIs are included as part of the audit trail data reported for each transaction on the Exchange. The Exchange also uses ATIs to capture program trade information for those portions of the program trades that are submitted to and executed on the Exchange.⁵ Since 2009, the Exchange has used ATI data to report program trading statistics for portions of program trades executed on the Exchange to the Commission on a weekly basis.⁶

Proposed Rule Change

The Exchange proposes to amend the current requirement in subsection (9) of Rule 132.30 that clearing member organizations identify whether the account for which an order was executed was that of a member or member organization or of a non-member or non-member organization. The current requirement can be satisfied by entering the appropriate ATI from a list of ATIs that have evolved over the past 30 years.⁷

In place of this cumbersome process, the Exchange proposes to require member organizations to identify the capacity in which the member organization executed the transaction as follows: Agency, principal or riskless principal.⁸ The “principal” category would include proprietary trades by a member on the trading Floor relating to the member’s error account pursuant to Rule 134.⁹

By requiring member organizations to identify the capacity in which a broker-dealer enters an order, the Exchange would be harmonizing its order entry requirements with those of other

⁷ See note 4, supra.
⁸ In general, the term “capacity” refers to whether a broker-dealer acts as agent, i.e., directly on behalf of a customer, or whether the broker-dealer acts as principal, i.e., for its own account, in a transaction. A riskless principal transaction is one where a broker-dealer receives a customer order and then immediately executes an identical order in the marketplace, while taking on the role of principal, in order to fill the customer order pursuant to Rule 5320.
⁹ Rule 134 requires a member or member organization who acquires or assumes a position resulting from an error transaction to clear such error transaction in the member’s or member organization’s error account, or in the error account established for a group of members. Rule 123.22 further requires members to enter orders executed to offset transactions made in error into an electronic system and sends a copy of such order to an electronic system on the Floor within 60 seconds of execution. See also Rule 123(e) (defining system entry). This type of proprietary trade is currently identified by the “Q” account type indicator, which would be retained to identify these trading Floor-based executions.