

proposed amendment is non-discriminatory because it applies uniformly to all Members. The Exchange also believes that the changes to add EDGX Options to the list of affiliates under Unicast Access and the re-naming of BATS Options as BZX Options is consistent with the Act. Such changes reflect and are in connection with the launch of EDGX Options but do not result in any material change to the Exchange's Fee Schedule or impose any new or different fee.

*(B) Self-Regulatory Organization's Statement on Burden on Competition*

These proposed rule changes do not 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 any of these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed changes will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. The Exchange believes that its proposal to charge a fee of \$0.00265 per share for Members' orders that yield fee code D would increase intermarket competition because it offers customers an alternative means to route to NYSE at a discounted rate. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

*(C) Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>10</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.

**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-BYX-2015-47 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-BYX-2015-47. 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 will also 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-BYX-2015-47 and should be submitted on or before December 8, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

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

[FR Doc. 2015-29222 Filed 11-16-15; 8:45 am]

BILLING CODE 8011-01-P

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-76412; File No. SR-NYSEArca-2015-111]

**Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Listing and Trading of Shares of the RiverFront Strategic Income Fund Under NYSE Arca Equities Rule 8.600**

November 10, 2015.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that, on November 4, 2015, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") 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 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 reflect a change to the means of achieving the investment objective applicable to shares of the RiverFront Strategic Income Fund, which has been approved by the Securities and Exchange Commission ("Commission"), and is currently listed and traded on the Exchange, under NYSE Arca Equities Rule 8.600. The proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://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,

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f).

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 Commission has approved listing and trading on the Exchange of shares ("Shares") of the RiverFront Strategic Income Fund (the "Fund"), a series of the ALPS ETF Trust (the "Trust"),<sup>4</sup> under NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares. The Fund is an actively managed exchange traded fund. The Shares are offered by the Trust.<sup>5</sup> Shares of the Fund are currently listed and traded on the Exchange under NYSE Arca Equities Rule 8.600.

RiverFront Investment Group, LLC ("RiverFront") is the investment sub-adviser for the Fund (the "Sub-Adviser").

As stated in the Prior Release, the Fund's investment objective is to seek total return, with an emphasis on income as the source of that total return. The Fund seeks to achieve its investment objective by investing in a global portfolio of fixed income securities of various maturities, ratings and currency denominations. The Fund utilizes various investment strategies in a broad array of fixed income sectors. The Fund allocates its investments based upon the analysis of the Sub-Adviser of the pertinent economic and market conditions, as well as yield, maturity and currency considerations.

In this proposed rule change, the Exchange proposes to reflect a change to the description of the investments the Sub-Adviser will utilize to implement

the Fund's investment objective, as described below.<sup>6</sup>

First, the Prior Release stated that the Fund may invest up to 5% of its assets in mortgage-backed securities ("MBS") (which may include commercial MBS) or other asset-backed securities ("ABS") issued or guaranteed by private issuers.<sup>7</sup> The Sub-Adviser wishes to change this representation to state that the Fund may invest up to 20% of its total assets in MBS and ABS that are privately issued, non-agency and non-government sponsored entity ("Private MBS/ABS").<sup>8</sup> Such holdings would be subject to the limitation on the Fund's investments in illiquid assets. The liquidity of a security, especially in the case of Private MBS/ABS, will be a substantial factor in the Fund's security selection process.

The Sub-Adviser believes the revised representations will permit the Sub-Adviser, through such additional flexibility, to better achieve the Fund's stated investment objective to seek total return, with an emphasis on income as the source of that total return. The Fund will continue to primarily invest in fixed income instruments. The Sub-Adviser represents that the purpose of this change is to provide additional flexibility to the Sub-Adviser to meet the Fund's investment objective by potentially expanding the percentage of the Fund's assets that may be allocated to Private MBS/ABS that would provide the Fund with an enhanced ability to identify debt issues that have sound investment characteristics while providing the potential for an increased yield for investors.

Second, the Prior Release stated that the Fund may not hold more than 15% of its net assets in: (1) illiquid securities (which include participation interests); and (2) Rule 144A securities. Going forward, the Fund wishes to change this representation to state that, as an investment restriction of the Fund, the Fund may not hold more than 15% of its net assets in illiquid assets

(calculated at the time of investment),<sup>9</sup> including Rule 144A securities deemed illiquid by the Sub-Adviser, consistent with Commission guidance.<sup>10</sup> The Exchange notes that the Commission has approved similar representations relating to issues of Managed Fund Shares proposed to be listed and traded on the Exchange.<sup>11</sup> The Sub-Adviser represents that the Sub-Adviser and the Trust's Board of Trustees will continue to evaluate each Rule 144A security based on the Fund's valuation procedures to oversee liquidity and valuation concerns.

Third, the Prior Release stated that the Fund may also invest in structured notes.<sup>12</sup> Going forward, the Fund proposes that the Fund may invest up to 20% of its total assets in structured notes. The Exchange notes that the Commission has previously approved listing and trading on the Exchange of issues of Managed Fund Shares that may hold up to 20% of total assets in structured notes.<sup>13</sup>

Fourth, the Prior Release stated the Fund may invest without limitation in debt securities denominated in foreign

<sup>9</sup> In reaching liquidity decisions, the Sub-Adviser may consider the following factors: the frequency of trades and quotes for the security; the number of dealers wishing to purchase or sell the security and the number of other potential purchasers; dealer undertakings to make a market in the security; and the nature of the security and the nature of the marketplace trades (e.g., the time needed to dispose of the security, the method of soliciting offers, and the mechanics of transfer).

<sup>10</sup> The Commission has stated that long-standing Commission guidelines have required open-end funds to hold no more than 15% of their net assets in illiquid securities and other illiquid assets. See Investment Company Act Release No. 28193 (March 11, 2008), 73 FR 14618 (March 18, 2008), footnote 34. See also, Investment Company Act Release No. 5847 (October 21, 1969), 35 FR 19989 (December 31, 1970) (Statement Regarding "Restricted Securities"); Investment Company Act Release No. 18612 (March 12, 1992), 57 FR 9828 (March 20, 1992) (Revisions of Guidelines to Form N-1A). A fund's portfolio security is illiquid if it cannot be disposed of in the ordinary course of business within seven days at approximately the value ascribed to it by the fund. See Investment Company Act Release No. 14983 (March 12, 1986), 51 FR 9773 (March 21, 1986) (adopting amendments to Rule 2a-7 under the 1940 Act); Investment Company Act Release No. 17452 (April 23, 1990), 55 FR 17933 (April 30, 1990) (adopting Rule 144A under the 1933 Act).

<sup>11</sup> See, e.g., Securities Exchange Act Release No. 70282 (August 29, 2013), 78 FR 54700 (September 5, 2013) (SR-NYSEArca-2013-70) (order approving listing and trading on the exchange of First Trust Inflation Managed Fund).

<sup>12</sup> As noted in the Prior Release, structured notes are notes on which the amount of principal repayment and interest payments are based on the movement of one or more specified factors, such as the movement of a particular bond or bond index.

<sup>13</sup> See, e.g., Securities Exchange Act Release No. 74093 (January 20, 2015), 80 FR 4015 (January 26, 2015) (SR-NYSEArca-2014-126) (order approving listing and trading of Shares of the AdvisorShares Pacific Asset Enhanced Floating Rate ETF under NYSE Arca Equities Rule 8.600).

<sup>4</sup> See Securities Exchange Act Release No. 68030 (October 10, 2012), 77 FR 63380 (October 16, 2012) (SR-NYSEArca-2012-88) ("Prior Order"). See also Securities Exchange Act Release No. 67715 (August 22, 2012), 77 FR 52083 (August 28, 2012) ("Prior Notice", and together with the Prior Order, the "Prior Release").

<sup>5</sup> The Trust is registered under the Investment Company Act of 1940 ("1940 Act"). On March 30, 2015, the Trust filed with the Commission an amendment to its registration statement on Form N-1A under the Securities Act of 1933 ("Securities Act") and the 1940 Act relating to the Fund (File Nos. 333-148826 and 811-22175) ("Registration Statement"). The description of the operation of the Trust and the Fund herein is based, in part, on the Registration Statement.

<sup>6</sup> The changes described herein will be effective upon filing with the Commission of another amendment to the Trust's Registration Statement and/or a supplement to the Fund's prospectus and/or Statement of Additional Information. See note 5, *supra*. The Sub-Adviser represents that the Sub-Adviser will not implement the changes described herein until the instant proposed rule change is operative.

<sup>7</sup> This limitation does not apply to securities issued or guaranteed by federal agencies and/or U.S. government sponsored instrumentalities, such as the Government National Mortgage Administration ("GNMA"), the Federal Housing Administration ("FHA"), the Federal National Mortgage Association ("FNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC").

<sup>8</sup> As described in the Prior Release, the MBS in which the Fund may invest are either pass-through securities or collateralized mortgage obligations ("CMOs").

currencies and in U.S. dollar-denominated debt securities of foreign issuers, including securities of issuers located in emerging markets. Going forward, the Fund wishes to change this representation to state that the debt securities in which the Fund may invest may be denominated in foreign currencies or U.S. dollars.

The Sub-Adviser represents that there is no change to the Fund's investment objective. The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

Except for the changes noted above, all other facts presented (except the statement "[t]he Fund will be managed by WisdomTree Asset Management, Inc.", given that ALPS Advisors, Inc. currently serves as the Fund's investment adviser) and representations made in the Prior Release remain unchanged.

All terms referenced but not defined herein are defined in the Prior Release.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>14</sup> that an exchange have rules that are 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, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will continue to be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Equities Rule 8.600. The Sub-Adviser represents that increasing the Fund's flexibility to invest in Private MBS/ABS would allow the Sub-Adviser to better achieve the Fund's investment objective. In addition, the liquidity of Private MBS/ABS will be a substantial factor in the Fund's security selection process. The Fund's proposed limitation on investments in structured notes to up to 20% of its total assets is comparable to the limitation for investments in structured notes previously approved by the Commission for other issues of Managed Fund Shares.<sup>15</sup> The Exchange believes that the proposed changes are consistent with the representation in the Prior Release that the operation of the Fund as described in the Prior Release is designed to prevent fraudulent and

manipulative acts and practices. The proposed expansion of permitted investments would provide the Fund with an enhanced ability to identify debt issues that have sound investment characteristics while providing the potential for an increased yield for investors. The Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that the Sub-Adviser represents that there is no change to the Fund's investment objective. As noted above, the liquidity of Private MBS/ABS will be a substantial factor in the Fund's security selection process. The Sub-Adviser also represents that the purpose of this change is to provide additional flexibility to the Sub-Adviser to meet the Fund's investment objective by potentially expanding the percentage of the Fund's assets that may be allocated to Private MBS/ABS that would provide the Fund with an enhanced ability to identify debt issues that have sound investment characteristics while providing the potential for an increased yield for investors.

With respect to the 15% limitation on investments in illiquid assets, the Exchange notes that the Commission has approved similar representations relating to issues of Managed Fund Shares proposed to be listed and traded on the Exchange.<sup>16</sup> The Sub-Adviser represents that the Sub-Adviser and the Trust's Board of Trustees will continue to evaluate each Rule 144A security based on the Fund's valuation procedures to oversee liquidity and valuation concerns.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that the Fund will continue to comply with all initial and continued listing requirements under NYSE Arca Equities Rule 8.600. Except for the changes noted above, all other representations made in the Rule 19b-4 filing underlying the Prior Release remain unchanged.

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

The Exchange 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 believes the proposed rule change regarding investments in asset-backed and/or mortgage-backed debt

securities is consistent with other similar actively managed fixed income funds which the Commission has approved for listing and trading<sup>17</sup> and will promote competition among actively managed funds utilizing such investments, to the benefit of the investing public.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the 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, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>18</sup> and Rule 19b-4(f)(6) thereunder.<sup>19</sup>

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) of the Act<sup>20</sup> 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

<sup>17</sup> See, e.g., Securities Exchange Act Release No. 75566 (July 30, 2015), 80 FR 46612 (August 5, 2015) (SR-NYSEArca-2015-42) (order approving listing and trading of shares of the Newfleet Multi-Sector Unconstrained Bond ETF under NYSE Arca Equities Rule 8.600).

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

<sup>20</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> See note 13, *supra*.

<sup>16</sup> See note 11, *supra*.

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-NYSEArca-2015-111 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-NYSEArca-2015-111. 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 Section, 100 F Street NE., Washington, DC 20549 on official business days between 10 a.m. and 3 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-2015-111 and should be submitted on or before December 8, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

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

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**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-76405; File No. SR-MIAX-2015-63]

### Self-Regulatory Organizations: Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Delete Exchange Rule 610, Limitations on Dealings

November 10, 2015.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on November 4, 2015, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III 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 Substance of the Proposed Rule Change

The Exchange is filing a proposal to adopt a principles-based approach to prohibit the misuse of material, non-public information by Exchange Market Makers<sup>3</sup> by deleting Exchange Rule 610, Limitations on Dealings.

The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, 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

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

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

<sup>3</sup> The term "Market Makers" refers to "Lead Market Makers," "Primary Lead Market Makers" and "Registered Market Makers" collectively. A Lead Market Maker ("LMM") is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter VI of the Exchange Rules with respect to Lead Market Makers. A Primary Lead Market Maker ("PLMM") is a Lead Market Maker appointed by the Exchange to act as the Primary Lead Market Maker for the purpose of making markets in securities traded on the Exchange. A Registered Market Maker ("RMM") is a Member registered with the Exchange for the purpose of making markets in securities traded on the Exchange, who is not a Lead Market Maker. See Exchange Rule 100.

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 adopt a principles-based approach to prohibit the misuse of material, non-public information by Market Makers by deleting Rule 610 (Limitations on Dealings). In so doing, the Exchange would harmonize its rules amongst its Members<sup>4</sup> relating to protecting against the misuse of material, non-public information. The Exchange believes that Rule 610 is no longer necessary because all Members, including Market Makers, are subject to the Exchange's general principles-based requirements governing the protection against the misuse of material, non-public information, pursuant to Exchange Rule 303 (Prevention of the Misuse of Material Nonpublic Information), which obviates the need for separately-prescribed requirements for a subset of market participants on the Exchange.

##### Background

The Exchange has three classes of registered Market Makers. Pursuant to Rule 600, a Market Maker is a Member with Registered Options Traders that is registered with the Exchange for the purpose of making transactions as a dealer-specialist. As the rule further provides, a Market Maker can be either a RMM, a LMM or a PLMM. All Market Makers are subject to the requirements of Rules 603 and 604, which set forth the obligations of Market Makers, particularly relating to quoting.

Rule 603 specifies the obligations of Market Makers, which include making markets "that, absent changed market conditions, will be honored for the number of contracts entered into the Exchange's System in all series of options classes to which the Market Maker is appointed." The quoting obligations of Market Makers are set forth in Rule 604. Rules 603 and 604

<sup>4</sup> The term "Member" means an individual or organization approved to exercise trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>21</sup> 17 CFR 200.30-3(a)(12).