

proposed change to introduce a new loss allocation provision for certain off-the-market transactions, it too would promote robust risk management at NSCC, as it would help protect NSCC from transactions of a defaulted Member that were made at prices that differed significantly from the prevailing market price at the time the trade is executed and resulted in a loss to NSCC in connection with NSCC's liquidation of the transaction.

Second, the Commission believes that the changes proposed in the Advance Notice are consistent with promoting safety and soundness. As described above, NSCC proposes to accelerate its trade guaranty for CNS trades and Balance Order trades from midnight of T+1 to the point of trade validation. This earlier guaranty would promote safety and soundness for Members because the counterparty credit risk that Members currently hold until NSCC's guaranty applies at midnight of T+1 would shift to NSCC almost immediately upon NSCC's receipt of the trade on T. Because NSCC risk manages its guaranteed transactions, NSCC is able to better ensure that trades settle if a counterparty defaults.

The above-described proposed changes to NSCC's margin methodology (*i.e.*, the addition of the MRD, Coverage Component, and Intraday Backtesting Charge), along with the proposed reduction of NSCC's intraday mark-to-margin threshold, also would promote safety and soundness at NSCC because they would improve NSCC's ability to collect margin. Likewise, the proposed loss allocation provision for off-the-market transactions would promote safety and soundness at NSCC by helping to protect NSCC from losses due to transactions of a defaulted Member that were made at prices significantly different from the prevailing market price at the time of the trade. Collectively, these proposed changes would enable NSCC to manage better the additional risk that would result from the proposed accelerated guaranty.

Third, the Commission believes that the Advance Notice is consistent with reducing systemic risks and promoting the stability of the broader financial system. As described above, by providing a trade guaranty at an earlier point in the settlement cycle, counterparty credit risk also would transfer from Members, which are not CCPs, to NSCC, which is a third-party CCP that risk-manages its guaranteed transactions, at an earlier point in the settlement cycle. Because NSCC risk manages its guaranteed transactions, NSCC is able to better ensure that trades settle if a counterparty defaults. Thus,

the proposed accelerated process would help reduce systemic risks and promote the stability of the broader financial system by mitigating Members' exposure to a counterparty default earlier in the settlement cycle and by providing an earlier assurance that transactions will settle despite a Member default.

At the same time, the three proposed additions to NSCC's margin methodology, the proposed reduction of NSCC's intraday mark-to-margin threshold, and the proposed loss allocation provision for off-the-market transactions, as described above, would also help mitigate the systemic risks that NSCC presents as a CCP because they would improve NSCC's margining abilities and help protect NSCC against potential losses from a Member default. Accordingly, the changes would therefore promote the stability of the broader financial system.

B. Consistency With Rule 17Ad-22(b)(1)

Rule 17Ad-22(b)(1) under the Exchange Act requires a CCP, such as NSCC, to, among other things, "establish, implement, maintain and enforce written policies and procedures reasonably designed to . . . limit its exposures to potential losses from defaults by its participants under normal market conditions . . ." As described above, because the proposed change would transfer counterparty credit risk to NSCC at an earlier point in the settlement cycle, NSCC proposes to enhance its margin methodology by adding three new margin components and by lowering the threshold for the intraday mark-to-market margin collection. It also proposes to establish a loss allocation provision for off-the-market transactions. These proposed changes are designed to limit NSCC's exposure to potential losses from the default of a Member by enabling NSCC to collect more margin, better manage when it collects margin, and protect itself from certain losses of a defaulted Member. Therefore, the Commission believes that the proposal would be consistent with Rule 17Ad-22(b)(1).

C. Consistency With Rule 17Ad-22(b)(2)

Rule 17Ad-22(b)(2) under the Exchange Act requires a CCP, such as NSCC, to, among other things, "establish, implement, maintain and enforce written policies and procedures reasonably designed to . . . [u]se margin requirements to limit its credit exposures to participants under normal market conditions and use risk-based models and parameters to set margin requirements . . ." Again, the proposal would add three new

components to NSCC's margin methodology (*i.e.*, the MRD, Coverage Component, and Intraday Backtesting Charge), which use risk based models and parameters to calculate charges, and would lower the threshold at which NSCC would make an intraday mark-to-market margin call. As such, the proposal would help NSCC better account for and cover its credit exposure to Members. In addition, by establishing the proposed margin components and the new intraday mark-to-market margin collection threshold, the proposal is consistent with using risk-based models and parameters to set margin requirements. Therefore, the Commission believes that the proposal would be consistent with Rule 17Ad-22(b)(2).

III. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Payment, Clearing and Settlement Supervision Act,⁴⁹ that the Commission *does not object* to Advance Notice (SR-NSCC-2016-803) and that NSCC is *authorized* to implement the proposed change as of the date of this notice or the date of an order by the Commission approving the proposed rule change (SR-NSCC-2016-005) that reflects rule changes that are consistent with this Advance Notice, whichever is later.

By the Commission.

Eduardo A. Aleman,
Assistant Secretary.

[FR Doc. 2016-30935 Filed 12-22-16; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-79596; File No. SR-BatsEDGA-2016-34]

Self-Regulatory Organizations; Bats EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, To Enhance the Exchange's Midpoint Routing Functionality

December 19, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 16, 2016, Bats EDGA Exchange, Inc. (the "Exchange" or "EDGA") filed with the Securities and Exchange Commission ("Commission") the proposed rule

⁴⁹ 12 U.S.C. 5465(e)(1)(I).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

change as described in Items I, II and III below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ which renders it effective upon filing with 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

The Exchange filed a proposal to amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange’s midpoint routing functionality.

The text of the proposed rule change is available at the Exchange’s Web site at www.bats.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts 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 amend Rule 11.8, Order Types, and Rule 11.11, Routing to Away Trading Centers, to enhance the Exchange’s midpoint routing functionality. Specifically, the Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described below.

RMPL Routing Strategy

The Exchange proposes to amend Rule 11.11(g)(13) to adopt a new midpoint routing strategy known as RMPL. Currently, the Exchange offers the RMPT routing strategy, which is described under Rule 11.11(g)(13). RMPT is a routing strategy under which a MidPoint Peg Order⁵ checks the System⁶ for available shares and any remaining shares are then sent to destinations on the System routing table⁷ that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book⁸ as a MidPoint Peg Order, unless otherwise instructed by the User.⁹

The Exchange now proposes RMPL as an alternative to the RMPT routing strategy for those seeking to route MidPoint Peg Orders to destinations that support midpoint eligible executions that are not included under the current RMPT routing strategy. Like RMPT, RMPL would be a routing strategy under which a MidPoint Peg Order checks the System for available shares and any remaining shares are then sent to destinations on the System routing table that support midpoint eligible orders. If any shares remain unexecuted after routing, they are posted on the EDGA Book as a MidPoint Peg Order, unless otherwise instructed by the User. As it does for RMPT, the Exchange would determine via the System routing table the specific trading venues that support midpoint eligible orders to which the System would route

RMPL orders. While RMPL will operate in an identical manner as RMPT, the trading venues that each routing strategy would route to and the order in which it routes them will differ. As is the case for RMPT, the Exchange may alter the trading venues included under RMPL and the order in which they are routed to from time to time in accordance with its System routing table.¹⁰

The Exchange proposes to revise Rule 11.11(g)(13) to describe both the RMPT and proposed RMPL routing strategies. As a result of these revision, the construct of paragraph (g)(13) of Rule 11.11 would be similar to paragraph (g)(3) of Rule 11.11, which also delineates routing strategies that include different sets of destinations as determined by the System routing table.

MidPoint Peg Order Routing

The Exchange also proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with. Currently, Exchange Rule 11.8(d)(5) states that MidPoint Peg Orders are not eligible for routing pursuant to Rule 11.11 unless routed utilizing the RMPT routing strategy. The Exchange now proposes to amend Rule 11.8(d)(5) to expand the routing strategies that MidPoint Peg Orders may be coupled with to include the Destination Specific routing strategy described under Rule 11.11(g)(14) and the proposed RMPL routing strategy described above.

Destination Specific is a routing option under which an order checks the System for available shares and then is sent to an away trading center or centers specified by the User.¹¹ As proposed, a User entering a MidPoint Peg Order may select the Destination Specific routing strategy to route such order to a specific trading center or center that supports midpoint executions after being exposed to the EDGA Book. This differs from RMPT and the proposed RMPL routing strategies in that the destinations orders subject to the RMPT and RMPL routing strategies are selected by the Exchange via the System routing table and not the User itself.

⁵ In sum, a MidPoint Peg Order is a non-displayed Market Order or Limit Order with an instruction to execute at the midpoint of the NBBO, or, alternatively, pegged to the less aggressive of the midpoint of the NBBO or one minimum price variation inside the same side of the NBBO as the order. See Exchange Rule 11.8(d).

⁶ The term “System” is defined as “the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.” See Exchange Rule 1.5(cc).

⁷ The term “System routing table” refers to the proprietary process for determining the specific trading venues to which the System routes orders and the order in which it routes them. See Exchange Rule 11.11(g). While the process for determining the specific trading venues to which orders are routed is proprietary, the Exchange publicly discloses the trading venues associated with each routing strategy via its Web site at http://cdn.batstrading.com/resources/features/bats_exchange_routing-strategies.pdf.

⁸ The term “EDGA Book” is defined as the “System’s electronic file of orders.” See Exchange Rule 1.5(d). The Exchange also proposed to capitalize the word “Book” within Rule 11.11(g)(13) as the term EDGA Book is a defined term in the Exchange’s Rules.

⁹ The term “User” is defined as “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.” See Exchange Rule 1.5(ee).

¹⁰ The Exchange notes that the trading venues to which other of its routing strategies route orders to are also determined in accordance with the System routing table. See e.g., Exchange Rule 11.11(g)(3) (listing a series of routing options whose destinations are determined by the System routing table, like the proposed revisions to Exchange Rule 11.11(g)(13)). See also subparagraphs (1), (2), and (5) of Exchange Rule 11.11(b)(3) (describing routing strategies that route orders to destinations on the System routing table).

¹¹ See Rule 11.11(g)(14).

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act¹² in general, and furthers the objectives of Section 6(b)(5) of the Act¹³ in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in 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. The proposed rule change also is designed to support the principles of Section 11A(a)(1)¹⁴ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The proposed rule change promotes just and equitable principles of trade because it would enhance the Exchange's midpoint routing functionality and provide Users with greater flexibility in routing MidPoint Peg Orders to trading venues that support midpoint executions. This would save such Users from developing complicated order routing strategies on their own. The Exchange believes that the proposed rule change will also accomplish those ends by providing market participants with an additional voluntary routing strategies and options that will enable them to easily access midpoint liquidity available on the Exchange and other trading venues. The Exchange notes that routing through the Exchange is voluntary and those seeking to access midpoint liquidity on other trading venues may do so directly and without the involvement of the Exchange. Therefore, the Exchange believes the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, protects investors and the public interest.

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

The Exchange 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, as amended. The Exchange provides routing services in a highly competitive market in which participants may avail themselves of a wide variety of routing options offered by self-regulatory organizations, alternative trading systems, other broker-dealers, market participants' own proprietary routing systems, and service

bureaus. System enhancements, such as the changes proposed in this rule filing, do not burden competition, but rather encourage competition because they are designed to attract additional order flow to the Exchange through enhanced midpoint routing functionality. Such changes are intended to offer investors higher quality and better value than services offered by others. Encouraging competitors to provide higher quality and better value is the essence of a well-functioning competitive marketplace. Therefore, the Exchange does not believe the proposed rule change will result in any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

No comments were solicited or received 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: (A) significantly affect the protection of investors or the public interest; (B) impose any significant burden on competition; and (C) by its terms, 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 Act¹⁵ and paragraph (f)(6) of Rule 19b-4 thereunder,¹⁶ the Exchange has designated this rule filing as non-controversial. The Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and 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.

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: (1) Necessary or appropriate in the public interest; (2) for the protection of investors; or (3) 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-BatsEDGA-2016-34 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 No. SR-BatsEDGA-2016-34. 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-BatsEDGA-2016-34 and should be submitted on or before January 13, 2017.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

¹⁴ 15 U.S.C. 78k-1(a)(1).

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4.

¹⁷ 17 CFR 200.30-3(a)(12).

Eduardo A. Aleman,

Assistant Secretary.

[FR Doc. 2016–30942 Filed 12–22–16; 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 FOIA Services, 100 F Street NE., Washington, DC 20549–2736.

Extension:

Regulations 13D and 13G; Schedules 13D and 13G, SEC File No. 270–137, OMB Control No. 3235–0145.

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 (“Commission”) has submitted to the Office of Management and Budget this request for extension of the previously approved collection of information discussed below.

Schedules 13D and 13G (17 CFR 240.13d–101 and 240.13d–102) are filed pursuant to Sections 13(d) and 13(g) (15 U.S.C. 78m(d) and 78m(g)) of the Securities Exchange Act of 1934 (“Exchange Act”) and Regulations 13D and 13G (17 CFR 240.13d–1—240.13d–7) thereunder to report beneficial ownership of equity securities registered under Section 12 (15 U.S.C. 78l) of the Exchange Act. Regulations 13D and 13G provide investors, and the subject issuer with information about accumulations of equity securities that may have the potential to change or influence control of the issuer. Schedule 13D and Schedule 13G are filed by persons, including small entities, to report their ownership of more than 5% of a class of equity securities registered under Section 12. We estimate that Schedule 13D takes approximately 14.5 hours to prepare and is filed by approximately 1,508 filers. We estimate that 25% of the 14.5 hours (3.625 hours per response) is prepared by the filer for a total annual reporting burden of 5,467 hours (3.625 hours per response × 1,508 responses).

We estimate that Schedule 13G takes approximately 12.4 hours to prepare and is filed by approximately 7,079 filers. We estimate that 25% of the 12.4 hours (3.10 hours per response) is prepared by the filer for a total annual reporting burden of 21,945 hours (3.10 hours per response × 7,079 responses).

The information provided by respondents is mandatory. Schedule

13D or Schedule 13G is filed by a respondent only when necessary. All information provided to the Commission is public. However, Rules 0–6 and 24b–2 (17 CFR 240.0–6 and 240.24b–2) under the Exchange Act do permit reporting persons to request confidential treatment for certain sensitive information concerning national security, trade secrets, or privileged commercial or financial information.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid control number.

The public may view the background documentation for this information collection at the following Web site, www.reginfo.gov. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: Shagufta.Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street, NE., Washington, DC 20549 or send an email to: PRA_Mailbox@sec.gov. Comments must be submitted to OMB within 30 days of this notice.

Dated: December 16, 2016.

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2016–30917 Filed 12–22–16; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 32395; File No. 812–14595]

Delaware Management Business Trust, et al.; Notice of Application

December 19, 2016.

AGENCY: Securities and Exchange Commission (“Commission”).

ACTION: Notice of an application under section 6(c) of the Investment Company Act of 1940 (“Act”) for an exemption from section 15(a) of the Act and rule 18f–2 under the Act, as well as from certain disclosure requirements in rule 20a–1 under the Act, Item 19(a)(3) of Form N–1A, Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A under the Securities Exchange Act of 1934, and Sections 6–07(2)(a), (b), and (c) of Regulation S–X (“Disclosure Requirements”). The

requested exemption would permit an investment adviser to hire and replace certain sub-advisers without shareholder approval and grant relief from the Disclosure Requirements as they relate to fees paid to the sub-advisers.¹

APPLICANTS: Delaware Management Business Trust (“DMBT”), a Delaware statutory trust registered under the Act as an open-end management investment company with multiple series, Delaware Management Company, a series of DMBT, registered as an investment adviser under the Investment Advisers Act of 1940 (the “Initial Adviser” or “DMC”), Optimum Fund Trust, Delaware Group Adviser Funds, Delaware Group Cash Reserve, Delaware Group Equity Funds I, Delaware Group Equity Funds II, Delaware Group Equity Funds IV, Delaware Group Equity Funds V, Delaware Group Foundation Funds, Delaware Group Global & International Funds, Delaware Group Government Fund, Delaware Group Income Funds, Delaware Group Limited-Term Government Funds, Delaware Group State Tax-Free Income Trust, Delaware Group Tax-Free Fund, Delaware Pooled Trust, Delaware VIP Trust, Voyageur Insured Funds, Voyageur Intermediate Tax Free Funds, Voyageur Mutual Funds, Voyageur Mutual Funds II, Voyageur Mutual Funds III, and Voyageur Tax Free Funds (each, a “Trust” and, collectively with DBMT and DMC, the “Applicants”).

FILING DATES: The application was filed on December 23, 2015, and amended on June 8, 2016 and October 25, 2016.

HEARING OR NOTIFICATION OF HEARING:

An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing by writing to the Commission’s Secretary and serving applicants with a copy of the request, personally or by mail. Hearing requests should be received by the Commission by 5:30 p.m. on January 13, 2017, and should be accompanied by proof of service on the applicants, in the form of

¹ The requested order would supersede a previous order obtained by the Applicants granting relief solely with respect to Non-Affiliated Sub-Advisers (Delaware Management Business Trust, et al., Investment Company Act Rel. Nos. 27512 (Oct. 10, 2006) (notice) and 27547 (Nov. 7, 2006) (order) (“Prior Order”). If a Subadvised Series has obtained shareholder approval to operate as such with respect to Non-Affiliated Sub-Advisers only in the manner described in this Application and has met all other terms and conditions of the requested order, the Subadvised Series may rely on the order requested in this Application solely with respect to Non-Affiliated Sub-Advisers unless and until it obtains shareholder approval with respect to Wholly-Owned Sub-Advisers.