

order routing practices, NASDAQ believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In this instance, NASDAQ is proposing to enhance the NBBO Program with an additional and higher rebate opportunity in Tape A securities in return for market improving participation. Consequently, the proposed changes do not impose a burden on competition because the proposed rebate, and incentive programs generally, are reflective of the need for exchanges to offer financial incentives to attract order flow and to let such financial incentives evolve in response to competition. Accordingly, while the Exchange does not believe that the proposed change will result in any burden on competition, if the change proposed herein are unattractive to market participants it is likely that NASDAQ will lose market share as a result.

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

No written comments were either solicited or received.

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)(ii) of the Act.¹⁰

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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-NASDAQ-2015-084 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR-NASDAQ-2015-084. 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 offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NASDAQ-2015-084, and should be submitted on or before August 19, 2015.

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

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75504; File No. SR-CTA/CQ-2015-01]

Consolidated Tape Association; Order Approving the Twenty Second Substantive Amendment to the Second Restatement of the CTA Plan and Sixteenth Substantive Amendment to the Restated CQ Plan

July 22, 2015.

I. Introduction

On April 27, 2015, the Consolidated Tape Association ("CTA") Plan and Consolidated Quotation ("CQ") Plan participants (collectively the "Participants")¹ filed with the Securities and Exchange Commission ("SEC" or "Commission") pursuant to Section 11A of the Securities Exchange Act of 1934 ("Act"),² and Rule 608 thereunder,³ a proposal to amend the Second Restatement of the CTA Plan and Restated CQ Plan (collectively, the "Plans").⁴ The proposals represent the 22nd Substantive Amendment to the CTA Plan and 16th Substantive Amendment to the CQ Plan (collectively "the Amendments"), and reflect changes unanimously adopted by the Participants. The Amendments would require the Participants to include timestamps in the trade-report and bid-and-offer information that they report to the Plans' processor. The proposed Amendments were published for comment in the **Federal Register** on

¹ The Participants are: BATS Exchange, Inc. ("BATS"), BATS-Y Exchange, Inc. ("BATS-Y"), Chicago Board Options Exchange, Inc. ("CBOE"), EDGA Exchange, Inc. ("EDGA"), EDGX Exchange, Inc. ("EDGX"), Financial Industry Regulatory Authority, Inc. ("FINRA"), International Securities Exchange, LLC ("ISE"), NASDAQ OMX BX, Inc. ("NASDAQ BX"), NASDAQ OMX PHLX, Inc. ("NASDAQ PSX"), Nasdaq Stock Market LLC ("Nasdaq"), National Stock Exchange ("NSX"), New York Stock Exchange LLC ("NYSE"), NYSE MKT LLC ("NYSE MKT"), and NYSE Arca, Inc. ("NYSE Arca").

² 15 U.S.C. 78k-1.

³ 17 CFR 242.608.

⁴ See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (temporarily authorizing the CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (January 28, 1980) (permanently authorizing the CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a "transaction reporting plan" under Rule 601 under the Act, 17 CFR 242.601, and a "national market system plan" under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is a "national market system plan" under Rule 608 under the Act, 17 CFR 242.608.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 200.30-3(a)(12).

May 14, 2015.⁵ The Commission received one comment letter in response to the Notice.⁶ On July 17, 2015, the Participants to the Plan responded to the comment letter.⁷ This order approves the proposed Amendments to the Plans.

II. Description of the Proposal

Currently, Section VI(c) of the CTA Plan requires transaction reports that the Participants submit to the Processor to include the stock symbol, the number of shares, and the price of the transaction. Section VI(a) of the CQ Plan provides that each bid and offer that a Participant reports to the Processor under the CQ Plan must include the bid or offer's quotation size or aggregate quotation size.

The Amendments propose to require Participants to include in reports to the Processor the time of the trade or the quotation. In the case of a Participant that is a national securities exchange, the time of the transaction or quotation is to be reported in microseconds as identified in the Participant's matching engine publication timestamp. In the case of FINRA, the time of a transaction will be the time of execution that a FINRA member reports to a FINRA trade reporting facility and the time of a bid or offer will be the quotation publication timestamp that the bidding or offering member reports to the FINRA quotation facility, all in accordance with FINRA rules.⁸ In addition, if a FINRA trade reporting facility or quotation facility provides a proprietary feed of trades or quotes reported by the facility to the Processor, then the FINRA facility must also furnish the Processor with the time of the transmission as published on the facility's proprietary feed.

III. Summary of Comment Letter and Participants' Response

The Commission received one comment letter on the proposed Amendments and a response to that comment letter from the Participants. The commenter supports the proposed Amendments, but suggested clarifications to certain aspects of the Amendments.

First, in order to ensure that sourcing and reporting of timestamp data would be consistent across exchanges, the commenter recommended that the Amendments provide a clearer definition of "matching engine publication timestamp."⁹ The commenter stated that the term "matching engine publication timestamp" is not defined in the Plans or in the proposal, and is not a commonly understood term.¹⁰ The commenter suggested that the transaction time to be reported to the Securities Information Processors ("SIPs") should be the timestamp applied when the trade is executed in the exchange's matching engine, and the quotation time should be the timestamp applied when the quotation is added to the exchange's order book.¹¹ The commenter further stated that the timestamp reported by the exchange should reflect the actual underlying matching engine event, and not any internal processing that may occur at the exchange before submission to the SIPs.¹² In response to the comment that the "matching engine publication timestamps" be more clearly defined, the Participants stated that the purpose of the Amendments is to respond to the Commission's request to provide information allowing market participants to compare proprietary data feed latency to consolidated data feed latency.¹³ The Participants noted that they devoted considerable effort and resources to expedite this timestamp initiative at Chair White's request. The Participants use the proposed term of "matching engine publication timestamps" to connote the timestamp published by each Participant's matching engine. The Participants believe that the proposal will provide transparency that will enable market participants to compare the latency between the proprietary data feed and the consolidated data feed, which the Participants believe the industry will find most useful.¹⁴

Next, the commenter stated that the proposed Amendments should provide clarity on the timestamp information that FINRA would be required to provide to the SIPs.¹⁵ As proposed, any FINRA proprietary data feed of trades or quotes reported by the FINRA trade reporting facility ("TRF") to the SIPs would be required to furnish the SIPs

with the time of the transmission as published on the proprietary feeds. The commenter suggested that the Amendments should require the FINRA TRF or quotation facility to provide to the SIPs the timestamp when the trade or quote was processed by the FINRA facility regardless of whether the facility offers a proprietary feed.¹⁶ In response, the Participants stated that additional timestamps for non-proprietary FINRA feeds would not provide meaningful information to market participants because they would not enable a market participant to compare the time that a Participant transmits information via a proprietary feed to the time the SIP transmits the same information.¹⁷ Additionally, the Participants stated that FINRA TRFs or quotation facilities should not include intermediate processing timestamps because such additional timestamps go beyond the scope of the Amendments' objectives and that requiring these additions would be costly and time consuming.¹⁸ The Participants noted that additional timestamps would delay the rollout of the timestamp initiative considerably, impose a significant cost on the industry, require specialized equipment, add significant bandwidth requirements, and result in an array of timestamps that would likely lead to confusion within the industry.¹⁹

Additionally, the commenter believes that the SIPs should be responsible for market-wide determinations of whether a trade is reported out of sequence and not last sale eligible.²⁰ The commenter suggested that the SIPs should make market-wide determinations if transactions are out of sequence by comparing the incoming transaction's execution time against the execution time of the most recent transaction that was last sale eligible and published. The Participants stated that the Participants have historically determined last sale eligibility and out of sequence reporting pursuant to their own rules²¹ and believe that such determinations should continue to be made by the Participants consistent with their respective rules.²²

⁵ See Securities Exchange Act Release No. 74909 (May 8, 2015), 80 FR 27764 ("Notice").

⁶ See Letter from Theodore R. Lazo, Managing Director and Associate Director, SIFMA, to Brent J. Fields, Secretary, Commission, dated June 5, 2015 ("SIFMA Letter") commenting on this proposal as well as the parallel amendment to the UTP Plan.

⁷ See Letter from Emily Kasparov, Chairman, CTA Plan Operating Committee to Brent J. Fields, Secretary, Commission, dated July 17, 2015 ("Response Letter").

⁸ If a FINRA member reports to it in seconds or milliseconds, FINRA must convert the times to microseconds and must furnish the Processor the reports in microseconds.

⁹ See SIFMA Letter at 3.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

¹³ See Response Letter at 2–3.

¹⁴ See Response Letter 3–4.

¹⁵ See SIFMA Letter at 1, 3.

¹⁶ See SIFMA Letter at 3.

¹⁷ See Response Letter at 3.

¹⁸ See Response Letter at 3–4.

¹⁹ *Id.*

²⁰ See SIFMA Letter at 3.

²¹ See Response Letter at 4.

²² The commenter also called for change in the governance structure of NMS plans which it states is ineffective and opaque, suggesting that governing bodies of NMS plans should include representatives from broker-dealers, asset managers, and the public, with each of these groups having voting power on the plans' operating committees. See SIFMA Letter at 4. The Participants noted that the Plans held numerous meetings to fashion the timestamp tools

In addition, the Participants noted that this suggestion is outside the scope of the Amendments.²³

IV. Discussion and Commission Findings

After careful review and consideration of the proposed Amendments, the comment letter, and the Response Letter, the Commission finds that the proposed Amendments to the Plans are consistent with the requirements of the Act and the rules and regulations thereunder,²⁴ and, in particular, Section 11A(a)(1) of the Act²⁵ and Rule 608 thereunder²⁶ in that they are necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system. While supporting the timestamp Amendments, the commenter raised three issues regarding the proposal—the need to define the term “matching engine publication timestamp” more clearly, the need for additional timestamps, and a preference that the SIPs determine whether a trade is reported out of sequence and not last sale eligible. The commenter also believes that there is a need to reform SIP governance. The Participants responded to the commenter’s concerns, as discussed above, indicating why they believe that the proposal adequately addresses the issue it was meant to address—providing additional information so that interested persons will be able to measure the latency between the consolidated data feeds and industry proprietary data feeds. The Participants stated that including additional timestamps would delay implementation of the proposal, add costs, and could be confusing. The Participants also indicated that they continue to believe they should decide, consistent with their rules, whether trades are reported out of sequence and not last sale eligible. The Commission agrees with the Participants’ response to the issues raised by the comment letter.

The proposal is consistent with Section 11A(a)(1)(C)(iii) of the Act,²⁷ which sets forth Congress’ finding that it is in the public interest and

appropriate for the protection of investors and the maintenance of fair and orderly markets to assure the availability to brokers, dealers, and investors of information with respect to quotations and transactions in securities. These goals are furthered by the proposed changes requiring that Participants add timestamps to their trade and quotation reports as this will add transparency regarding the latencies between the CTA and CQ Plans’ consolidated data feeds and industry proprietary feeds. Users of the consolidated feeds will be better able to monitor the latency of those feeds and to assess whether such feeds meet their trading and other requirements.

V. Conclusion

It is therefore ordered, pursuant to Section 11A of the Act,²⁸ and the rules thereunder, that the proposed Amendments to the CTA Plan and CQ Plan (File No. SR-CTA/CQ-2015-01) are approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁹

Robert W. Errett,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75505; File No. S7-24-89]

Joint Industry Plan; Order Approving Amendment No. 35 to the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis Submitted by the BATS Exchange, Inc., BATS Y-Exchange, Inc., Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange LLC, NASDAQ OMX BX, Inc., NASDAQ OMX PHLX LLC, Nasdaq Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc.

July 22, 2015.

I. Introduction

On April 27, 2015, the operating committee (“Operating Committee” or “Committee”)¹ of the Joint Self-Regulatory Organization Plan Governing the Collection, Consolidation, and Dissemination of Quotation and Transaction Information for Nasdaq-Listed Securities Traded on Exchanges on an Unlisted Trading Privileges Basis (“Nasdaq/UTP Plan” or “Plan”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”),² and Rule 608 thereunder,³ a proposal to amend the Nasdaq/UTP Plan.⁴ The

¹ The Plan Participants (collectively the “Participants”) are the: BATS Exchange, Inc.; BATS Y-Exchange, Inc.; Chicago Board Options Exchange, Incorporated; Chicago Stock Exchange, Inc.; EDGA Exchange, Inc.; EDGX Exchange, Inc.; Financial Industry Regulatory Authority, Inc. (“FINRA”); International Securities Exchange LLC; NASDAQ OMX BX, Inc.; NASDAQ OMX PHLX LLC; Nasdaq Stock Market LLC; National Stock Exchange, Inc.; New York Stock Exchange LLC; NYSE MKT LLC; and NYSE Arca, Inc.

² 15 U.S.C. 78k-1.

³ 17 CFR 240.608.

⁴ The Plan governs the collection, processing, and dissemination on a consolidated basis of quotation information and transaction reports in Eligible Securities for each of its Participants. This consolidated information informs investors of the current quotation and recent trade prices of Nasdaq securities. It enables investors to ascertain from one data source the current prices in all the markets trading Nasdaq securities. The Plan serves as the required transaction reporting plan for its Participants, which is a prerequisite for their trading Eligible Securities. See Securities Exchange Act Release No. 55647 (April 19, 2007) 72 FR 20891 (April 26, 2007).

including meetings among the Participants and Plan subcommittees, Commission staff, and also involved consultation with industry representatives from the Plan’s Advisory Committees. See Response Letter at 2.

²³ See Response Letter at 4.

²⁴ The Commission has considered the proposed amendment’s impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

²⁵ 15 U.S.C. 78k-1(a)(1).

²⁶ 17 CFR 240.608.

²⁷ 15 U.S.C. 78k-1(a)(1)(C)(iii).

²⁸ 15 U.S.C. 78k-1.

²⁹ 17 CFR 200.30-3(a)(27).