SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79552; File No. SR–BatsBZX–2016–61]

Self-Regulatory Organizations; Bats BZX Exchange, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Amend Exchange Rule 11.23, Auctions, To Enhance the Reopening Auction Process Following a Trading Halt Declared Pursuant to the Plan To Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS

December 14, 2016.

On October 13, 2016, Bats BZX Exchange, Inc. filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),[1] and Rule 19b–4 thereunder,[2] a proposed rule change related to the reopening auction process following a trading halt declared pursuant to the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS. The proposed rule change was published for comment in the **Federal Register** on November 1, 2016.[3] The Commission received no comments on the proposed rule change.

Section 19(b)(2) of the Act[4] provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day after publication of the notice for this proposed rule change is December 16, 2016. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change. Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,[5] designates January

30, 2017 as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-BatsBZX–2016–61).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[6]

Robert W. Errett,
Deputy Secretary.
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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–79555; File No. SR–C2–2016–020]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Order Approving a Proposed Rule Change Relating to Price Protection Mechanisms and Risk Controls

December 14, 2016.

I. Introduction

On October 25, 2016, C2 Options Exchange, Incorporated ("C2" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend current and adopt new price protection mechanisms and risk controls for orders and quotes. The Commission published the proposed rule change for comment in the **Federal Register** on November 3, 2016.[3] The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposed Rule Change [4]

The Exchange currently has in place various price check mechanisms and risk controls that are designed to prevent incoming orders and quotes from automatically executing at potentially erroneous prices or to assist Trading Permit Holders ("TPHs") with managing their risk.[5] The Exchange

proposed to amend C2 Rules 6.17 and 8.12 to add new, as well as amend current, price protection mechanisms and risk controls to further assist brokers in their efforts to prevent errors and avoid trading activity that could potentially be unwanted or even disruptive to the market.[6]

A. Limit Order Price Parameter for Simple Orders

The Exchange proposed to amend the limit order price parameter for simple orders in C2 Rule 6.17(b). Currently, the Exchange will not accept for execution an eligible limit order if a limit order to buy (sell) is more than an acceptable tick distance ("ATD")[7] above (below): (i) The Exchange's previous day's closing price prior to the opening of a series, or (ii) the disseminated Exchange offer (bid) once a series has opened.[8]

The Exchange has now proposed to amend C2 Rule 6.17(b) to reject a limit order to buy (sell) generally when it is more than an ATD above (below) the last disseminated national best offer ("NBO") (national best bid ("NBB")).[9] According to the Exchange, using the NBBO or NBO (NBB), if available, will more accurately reflect the then current market, rather than the previous day's closing price or Exchange BBO.[10] The Exchange, however, will continue to use the previous day's closing price or Exchange BBO in certain instances, such as when the NBBO is locked or crossed, or when there is no NBO (NBB) and the closing price does not cross the disseminated NBB (NBO).[11]

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[6] 17 CFR 200.30–3(a)(31).
[1] 15 U.S.C. 78s(b)(1).
[2] 17 CFR 240.19b–4.
[3] *See* Securities Exchange Act Release No. 79189 (October 28, 2016), 81 FR 76671 (November 3, 2016) ("Notice").
[4] A more detailed description of the proposed rule change appears in the Notice. *See id.*
[5] *See, e.g.,* C2 Rules 6.13, Interpretation and Policy .04 (price check parameters for complex orders), 6.17(a) (market-width and drill through price check parameters), Rule 6.17(b) (simple limit

order price parameters), 6.17(d) and (e) (price protections), and 8.12 (Quote Risk Monitor Mechanism ("QRM")).
[6] The proposed rule change also made conforming changes to C2 Rules 6.11, 6.14, and 6.18. A full discussion of those changes may be found in the Notice. *See supra* note 3.
[7] Currently, the Exchange determines the ATD, which may be no less than 5 minimum increment ticks, on a series-by-series and premium basis. Under the proposed rule change, the ATD, which may be no less than two minimum increment ticks, will be determined on a class-by-class and premium basis. In addition, different ATDs may be applied to orders entered during the pre-opening, a trading rotation, or a trading halt. *See* proposed C2 Rule 6.17(b) and Notice, *supra* note 3, at 76673.
[8] *See* C2 Rule 6.17(b).
[9] Specifically, C2 will reject the order if it is more than an ATD above (below): (i) Prior to the opening of a series, (A) the last disseminated NBO (NBB), if a series is open on another exchange, or (B) the Exchange's previous day's closing price, if a series is not yet open on any other exchange; if the NBBO is locked, crossed, or unavailable; or if there is no NBO (NBB) and the previous day's closing price is greater (less) than or equal to the NBB (NBO); (ii) intraday, the last disseminated NBO (NBB), or the Exchange's best offer (bid) if the NBBO is locked, crossed or unavailable; or (iii) during a trading halt, the last disseminated NBO (NBB).
[10] *See* Notice, *supra* note 3 at 76672.
[11] *See id.*

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[1] 15 U.S.C. 78s(b)(1).
[2] 17 CFR 240.19b–4.
[3] *See* Securities Exchange Act Release No. 79162 (October 26, 2016), 81 FR 75875.
[4] 15 U.S.C. 78s(b)(2).
[5] *Id.*