

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77856; File No. SR-MSRB-2016-06]

### Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Consisting of Amendments to the MSRB's Amended and Restated Articles of Incorporation

May 19, 2016.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on May 5, 2016, the Municipal Securities Rulemaking Board (the "MSRB" or "Board") filed with the Securities and Exchange Commission (the "Commission" or "SEC") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the MSRB. 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 MSRB filed with the Commission a proposed rule change consisting of amendments to the MSRB's Amended and Restated Articles of Incorporation ("Articles of Incorporation") ("proposed rule change"). The MSRB has designated the proposed rule change for immediate effectiveness.

The text of the proposed rule change is available on the MSRB's Web site at [www.msrb.org/Rules-and-Interpretations/SEC-Filings/2016-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2016-Filings.aspx), at the MSRB'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 MSRB 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 MSRB 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 March 17, 2016, the Commission approved a proposed rule change consisting of amendments to MSRB Rule A-3, on membership on the Board.<sup>3</sup> The amendments, among other things, lengthened the term of Board member service from three to four years and changed the number and size of Board classes from three classes comprised of seven members to four classes—one class comprised of six members and three classes of five. Additionally, the amendments deleted a provision that related to a previous transition process the MSRB used to increase its Board size from 15 to 21 members and to be in compliance with new requirements established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.<sup>4</sup>

The purpose of the proposed rule change is to amend the Articles of Incorporation as necessary and appropriate to conform them to amended Rule A-3, as described above.<sup>5</sup> The proposed rule change will become operative on October 1, 2016, at the beginning of the first MSRB fiscal year for which the new term length and class structure will apply, and the MSRB will file the Articles of Incorporation with the Commonwealth of Virginia at a later date in accordance with Virginia law.

##### 2. Statutory Basis

The MSRB has adopted the proposed rule change pursuant to Sections 15B(b)(1) and (2) of the Exchange Act,<sup>6</sup> which require, among other things, that the rules of the Board establish fair procedures for the nomination and election of members of the Board and assure fair representation in such nominations and elections of public representatives, broker-dealer representatives, bank representatives, and advisor representatives and the terms that shall be served by such members.<sup>7</sup> The MSRB believes that the

<sup>3</sup> See Exchange Act Release No. 77390 (Mar. 17, 2016), 81 FR 15582 (Mar. 23, 2016) (File No. SR-MSRB-2016-01) ("SEC Approval Order").

<sup>4</sup> See Public Law 111-203, 124 Stat. 1376; Exchange Act Release No. 65424 (Sept. 28, 2011), 76 FR 61407 (Oct. 4, 2011) (File No. SR-MSRB-2011-11) (approving the MSRB's establishment of a Board structure of 21 Board members divided into three classes, with each class being comprised of seven members who would serve staggered three-year terms).

<sup>5</sup> The MSRB will also amend its by-laws to reflect the recent amendments to Rule A-3.

<sup>6</sup> 15 U.S.C. 78o-4(b)(1)-(2).

<sup>7</sup> 15 U.S.C. 78o-4(b)(2)(B).

proposed rule change is consistent with Sections 15B(b)(1) and (2) of the Exchange Act by conforming the Articles of Incorporation of the Board to amended Rule A-3.

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

The MSRB does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act, since the proposed rule change simply amends the Articles of Incorporation of the Board to conform them to amended MSRB Rule A-3 and solely concerns the administration of the organization.

#### 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 on the proposed rule change.

#### 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>8</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>9</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-MSRB-2016-06 on the subject line.

##### Paper Comments

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

All submissions should refer to File Number SR-MSRB-2016-06. This file

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

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f).

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 MSRB. 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-MSRB-2016-06 and should be submitted on or before June 15, 2016.

For the Commission, pursuant to delegated authority.<sup>10</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-77859; File No. SR-NYSEMKT-2016-54]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 13—Equities and Related Rules Regarding Market Orders

May 19, 2016.

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 May 16, 2016, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 amend Rule 13—Equities (Orders and Modifiers) and related rules regarding Market Orders. 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, 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 Rule 13—Equities (Orders and Modifiers) ("Rule 13") and related rules relating to Market Orders. The proposed changes are designed to simplify the Exchange's offering of order types by harmonizing the behavior of Market Orders with how similar orders operate on NYSE Arca Equities, Inc. ("NYSE Arca Equities"), the Exchange's affiliated equities marketplace, and by eliminating specified combinations of orders and modifiers.<sup>4</sup>

###### Overview

Currently, Market Orders are defined in Rule 13(a)(1) as an order to buy or sell a stated amount of a security at the most advantageous price obtainable after the order is represented in the Trading Crowd or routed to Exchange

systems. If a Market Order to sell has exhausted all eligible buy interest, any unfilled balance of the Market Order to sell will be cancelled. Market Orders may include an immediate-or-cancel ("IOC") time-in-force modifier.<sup>5</sup> In addition, a Market Order may include an instruction to either buy "minus" or sell "plus."<sup>6</sup>

The Exchange proposes to simplify how Market Orders would function on the Exchange by harmonizing the behavior of Market Orders with how they operate on the Pillar trading platform on NYSE Arca Equities and by eliminating the ability to combine a Market Order with an IOC, buy "minus," or sell "plus" instruction, which are not available on the NYSE Arca Equities trading platform. The Exchange believes that eliminating these order type combinations would streamline its rules and reduce complexity among its order type offerings.<sup>7</sup>

###### Proposed Amendments to Market Orders

To effect the proposed changes to how Market Orders would operate, the Exchange proposes to amend Rule 13(a)(1) to provide that a Market Order that is eligible for automatic execution would be an unpriced order to buy or sell a stated amount of a security that is to be traded at the best price obtainable without trading through the NBBO. This proposed rule text is based on the first sentence of NYSE Arca Equities Rule 7.31P(a)(1), which provides that a Market Order is an unpriced order to buy or sell a stated amount of a security that is to be traded at the best price obtainable without trading through the NBBO.

The Exchange proposes one difference for the NYSE MKT version of the rule, which is to provide that the proposed definition is intended only for orders eligible for automatic execution. Rule 1000(a)—Equities provides that an automatically executing order shall receive an immediate, automatic execution against orders reflected in the Exchange published quotation and orders in the Exchange book.<sup>8</sup> However,

<sup>5</sup> See Rule 13(b)(3).

<sup>6</sup> See Rule 13(f)(A) and (C).

<sup>7</sup> See, e.g., Mary Jo White, Chair, Securities and Exchange Commission, Speech at the Sandler O'Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014) (available at [www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmw/jw](http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmw/jw)).

<sup>8</sup> Because Market Orders are eligible for automatic execution, the Exchange proposes a non-substantive amendment to change the title of Rule 1000—Equities from "Automatic Execution of Limit Orders Against Orders Reflected In Exchange Published Quotation" to "Automatic Executions."

<sup>10</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>4</sup> NYSE Arca Equities is a wholly-owned subsidiary of NYSE Arca, Inc., which is a national securities exchange.