

*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-NASDAQ-2015-087 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-2015-087. 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-NASDAQ-2015-087 and should be submitted on or before August 31, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-75602; File No. SR-MSRB-2015-06]

**Self-Regulatory Organizations; Municipal Securities Rulemaking Board; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Consisting of Revisions to the Electronic Municipal Market Access System, Real-Time Transaction Reporting System and Short-Term Obligation Rate Transparency System**

August 4, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 23, 2015, the Municipal Securities Rulemaking Board (the "MSRB" or "Board") filed with the Securities and Exchange Commission (the "SEC" or "Commission") 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 relating to the MSRB's Electronic Municipal Market Access ("EMMA") system, Real-time Transaction Reporting System ("RTRS"), and Short-Term Obligation Rate Transparency ("SHORT") system. The proposed rule change consists of revisions to the facilities for the EMMA system, RTRS, and SHORT system to better align the language of the information facilities to the MSRB's administration of these systems. The proposed rule change adds references to the MSRB's core operational hours, clarifies the twenty-four hours a day, seven days a week ("24/7") availability of many aspects of the MSRB's systems, and makes minor changes of a technical nature. The MSRB has filed the proposed rule change under Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6)<sup>4</sup> thereunder, as a noncontroversial rule change that renders the proposal effective upon filing. The proposed rule change would be made operative on August 24, 2015.

The text of the proposed rule change is available on the MSRB's Web site at

[www.msrb.org/Rules-and-Interpretations/SEC-Filings/2015-Filings.aspx](http://www.msrb.org/Rules-and-Interpretations/SEC-Filings/2015-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

The EMMA system is an information facility for the collection and dissemination of municipal securities disclosure documents and related information. The EMMA system includes a public Web site, the EMMA portal, which provides for free public access to disclosures and transparency information for municipal securities. RTRS is an information facility for the collection and dissemination of information about transactions occurring in the municipal securities market. The SHORT system is an information facility for the collection and dissemination of information and disclosure documents about securities bearing interest at short-term rates (auction rate securities and variable-rate demand obligations). The information facilities for the EMMA system, RTRS, and SHORT system serve to outline the high level parameters by which the MSRB operates these systems.

The purpose of the proposed rule change is to better align the language of the information facilities for the EMMA system, RTRS, and SHORT system to the MSRB's administration of these systems. The proposed rule change would add references to the MSRB's core operational hours, clarify the 24/7 availability of many aspects of the MSRB's systems and make minor changes of a technical nature to these information facilities. These changes are more fully described below.

**MSRB Core Operational Hours**

The MSRB maintains core operational hours for its transparency systems of

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

7:00 a.m. to 7:00 p.m. Eastern Time on business days, which exclude weekends and holidays identified on the MSRB System Holiday Schedule published on the MSRB Web site. Core operational hours are consistent across the EMMA system, RTRS, and SHORT system and represent those hours when the MSRB's resources will be more readily available as compared with other hours to respond to inquiries and incidents experienced by users of the MSRB's systems. When the MSRB performs system maintenance that risks a reduction in the level of system performance, the MSRB schedules such maintenance whenever possible to occur outside of core operational hours.

The MSRB's core operational hours reflect the time period when nearly all information and disclosure documents are submitted to the EMMA system, RTRS, or SHORT system. Over the MSRB's two prior fiscal years ended September 30, 2014, the EMMA system received 97.4% of all submissions of disclosure documents, the RTRS received 99.3% of all submissions of information, and the SHORT system received 99.6% of all submissions of information and 99.8% of all submissions of disclosure documents during the hours of 7:00 a.m. to 7:00 p.m. Eastern Time on business days.

The information facilities for the EMMA and SHORT systems currently note that the systems are expected to operate at the highest performance during the hours of 8:30 a.m. to 6:00 p.m. Eastern Time. The RTRS information facility does not specifically reference the timeframe in which the system experiences the highest performance. The proposed rule change would provide that the core operational hours for each system, the EMMA system, RTRS, and SHORT system, are 7:00 a.m. to 7:00 p.m. Eastern Time.

#### 24/7 System Availability

Many aspects of the EMMA system, RTRS, and SHORT system have 24/7 availability. Since implementation of the EMMA and SHORT systems, the MSRB has maintained, as 24/7 services, the EMMA portal and the submission processes for submitting disclosure documents to the EMMA and SHORT systems. The RTRS web interface also has been maintained for brokers, dealers and municipal securities dealers ("dealers") to view their submitted trade data on a 24/7 basis since 2007.<sup>5</sup> The proposed rule change would formally highlight that the MSRB maintains these

aspects of the EMMA system, RTRS, and SHORT system as 24/7 services.

Technological advancements to MSRB transparency systems enable the MSRB to conduct routine maintenance and system upgrades in a manner that is seamless to users. Nonetheless, on rare occasions system maintenance or upgrades may require the MSRB to schedule a system outage, which, to the extent feasible, would be scheduled outside of core operational hours. In addition, in the event of a cyber attack or security issue, the MSRB may need to make components of MSRB transparency systems unavailable to ensure the integrity of the systems. Accordingly, the amendments further clarify the MSRB's ability to make services unavailable outside of core operational hours for required maintenance, upgrades or other purposes, or at other times as needed to ensure the integrity of MSRB systems.

#### Minor Changes of a Technical Nature

The proposed rule change includes three minor changes of a technical nature. First, the EMMA system enables users to request periodic email alerts based on the reporting of trade data or availability of disclosure documents for a specific security. The EMMA system's information facility language currently does not reflect all of the information and disclosures for which a user can request an email alert; the proposed rule change clarifies the availability of this service. Second, the information facilities for the EMMA system, RTRS, and SHORT system currently use inconsistent abbreviations for ante meridiem and post meridiem as well as inconsistent references that the time noted shall reflect Eastern Time; the proposed rule change would state all time conventions in a consistent manner. Third, the proposed rule change would correct a reference in the SHORT system information facility regarding future subscription products as the MSRB has since made such subscription products available.

#### 2. Statutory Basis

The MSRB believes that the proposed rule change is consistent with the provisions of Section 15B(b)(2)(C) of the Act,<sup>6</sup> which provides that the MSRB's rules shall:

be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in municipal

securities and municipal financial products, to remove impediments to and perfect the mechanism of a free and open market in municipal securities and municipal financial products, and, in general, to protect investors, municipal entities, obligated persons, and the public interest.

The proposed rule change would contribute to the MSRB's continuing efforts to improve market transparency and to protect investors, municipal entities, obligated persons and the public interest. The MSRB believes that users of MSRB transparency systems will benefit from a clearer understanding of the MSRB's administration of these systems.

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

The proposed rule change consists of revisions to the information facilities for the EMMA system, RTRS, and SHORT system to better align the language of the information facilities to the MSRB's administration of these systems. The proposed rule change seeks to clarify existing services and make minor changes of a technical nature to the information facilities. The proposed rule change will not modify the manner in which the MSRB administers these systems. Accordingly, the MSRB 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 Act.

#### 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

Because the foregoing 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>7</sup> and Rule 19b-4(f)(6) thereunder.<sup>8</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

<sup>5</sup> See "RTRS Web Enhancement: Extended Hours," MSRB Notice 2007-26 (August 22, 2007).

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

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

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-2015-06 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-2015-06. 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 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-2015-06 and should be submitted on or before August 31, 2015.

For the Commission, pursuant to delegated authority.<sup>9</sup>

**Robert W. Errett,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75599; File No. SR-NYSE-2015-02]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Order Instituting Proceedings To Determine Whether To Disapprove Proposed Rule Change Amending Sections 312.03(b) and 312.04 of the NYSE Listed Company Manual To Exempt Early Stage Companies From Having To Obtain Shareholder Approval Before Issuing Shares for Cash to Related Parties, Affiliates of Related Parties or Entities in Which a Related Party Has a Substantial Interest

August 4, 2015.

#### I. Introduction

On April 16, 2015, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to exempt early stage companies from having to obtain shareholder approval before issuing shares to related parties, affiliates of related parties or entities in which a related party has a substantial interest. The proposed rule change was published for comment in the **Federal Register** on May 6, 2015.<sup>3</sup> The Commission received no comment letters on the proposal. On June 18, 2015, the Commission designated a longer period for Commission action on the proposed rule change, until August 4, 2015.<sup>4</sup> This order institutes proceedings under Section 19(b)(2)(B) of the Act<sup>5</sup> to determine whether to disapprove the proposed rule change.

#### II. Description of the Proposal

The Exchange proposes to amend Sections 312.03(b) and 312.04 of the NYSE Listed Company Manual ("Manual") to provide an exemption to

an "early stage company" listed on the Exchange from having to obtain shareholder approval, under certain circumstances, before issuing shares of common stock, or securities convertible into or exercisable for common stock, to a (1) director, officer<sup>6</sup> or substantial security holder<sup>7</sup> of the company ("Related Party" or "Related Parties"), (2) subsidiary, affiliate or closely-related person of a Related Party or (3) company or entity in which a Related Party has a substantial direct or indirect interest (together, a "Proposed Exempted Party" or "Proposed Exempted Parties").<sup>8</sup> In particular, shareholder approval would no longer be required for an "early stage company,"<sup>9</sup> before the issuance of shares for cash to a Proposed Exempted Party, provided that the company's audit committee or a comparable committee comprised solely of independent directors reviews and approves of all such transactions prior to their completion. Today, shareholder approval would be required prior to the issuance of shares, among other things, where the number of shares to be issued to the Proposed Exempted Party exceeds either 1% of the number of shares of common stock or 1% of the voting power outstanding before the issuance (or 5% of the number of shares or voting power, if the Related Party is classified as such solely because it is a substantial security holder, and the issuance relates to a sale of stock for cash, at a price at least as great as each of the book and market value of the company's common stock).<sup>10</sup>

<sup>6</sup> Section 312.04(h) of the Manual states that the term "officer" has the same meaning as defined by the Commission in Rule 16a-1(f) under the Act.

<sup>7</sup> Section 312.04(e) of the Manual states that an interest consisting of less than either 5% percent of the number of shares of common stock or 5% of the voting power outstanding of a company or entity shall not be considered a substantial interest or cause the holder of such an interest to be regarded as a substantial security holder.

<sup>8</sup> The Commission notes that there is an inconsistency between the proposed rule text in Exhibit 5 and the proposed shareholder approval exception discussed in the Notice. The proposed rule text in Exhibit 5 states that the exception only applies to Related Parties, which is defined in Section 312.03(b)(1) of the Manual. However, the Notice clearly states that the proposed rule change is meant to apply to all Proposed Exempted Parties, as set forth in Sections 312.03(b)(1), (2), and (3) of the Manual, not just Related Parties under Section 312.03(b)(1) of the Manual. See Notice, *supra* note 3, at 26119.

<sup>9</sup> See *supra* notes 11 through 13 and accompanying text.

<sup>10</sup> The Exchange states that neither The NASDAQ Stock Market LLC ("NASDAQ") nor NYSE MKT LLC has a rule comparable to Section 312.03(b) requiring listed companies to obtain shareholder approval prior to 1% (or in certain cases 5%) share issuances in cash sales to a Proposed Exempted Party. See Notice, *supra* note 3, at 26120. Thus, the Exchange believes the proposed rule change is necessary to enable the Exchange to compete with

<sup>9</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 74849 (April 30, 2015), 80 FR 26118 ("Notice").

<sup>4</sup> See Securities Exchange Act Release No. 75248 (June 18, 2015), 80 FR 36385 (June 24, 2015).

<sup>5</sup> 15 U.S.C. 78s(b)(2)(B).