

November 14, 2016

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number 4-698  
Notice of Filing of the National Market System Plan Governing the Consolidated Audit Trail

Dear Mr. Fields:

On April 27, 2016, the Securities and Exchange Commission (“SEC” or “Commission”) published the notice of the National Market System Plan Governing the Consolidated Audit Trail (“Plan”) for public comment. The SEC received 24 comment letters in response to the Plan. On September 6, 2016,<sup>1</sup> September 23, 2016,<sup>2</sup> October 7, 2016,<sup>3</sup> and November 2, 2016,<sup>4</sup> the parties to the Plan – Bats BYX Exchange, Inc., Bats BZX Exchange, Inc., Bats EDGA Exchange, Inc., Bats EDGX Exchange, Inc., BOX Options Exchange LLC, C2 Options Exchange, Incorporated, Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, Investors’ Exchange LLC, ISE Gemini, LLC, ISE Mercury, LLC, Miami International Securities Exchange LLC, NASDAQ BX, Inc., NASDAQ PHLX LLC, The NASDAQ Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE MKT LLC, and NYSE Arca, Inc. (collectively, the “Participants”) – submitted responses to the issues raised in these letters. Pursuant to discussions with the SEC staff, the Participants submit this letter to propose that the SEC amend certain aspects of the Plan, as set forth in detail in the Appendix. The Participants note that these proposed amendments represent the consensus of the Participants, but that all Participants may not fully agree with each proposed amendment set forth in the Appendix.

Respectfully submitted,

*[Signature Pages Follow]*

cc: The Hon. Mary Jo White, Chair  
The Hon. Kara M. Stein, Commissioner  
The Hon. Michael S. Piwowar, Commissioner  
Mr. Stephen I. Luparello, Director, Division of Trading and Markets  
Mr. Gary L. Goldsholle, Deputy Director, Division of Trading and Markets  
Mr. David S. Shillman, Associate Director, Division of Trading and Markets

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<sup>1</sup> Letter from Participants to Brent J. Fields, SEC (Sept. 6, 2016).

<sup>2</sup> Letter from Participants to Brent J. Fields, SEC (Sept. 23, 2016).

<sup>3</sup> Letter from Participants to Brent J. Fields, SEC (Oct. 7, 2016).

<sup>4</sup> Letter form Participants to Brent J. Fields, SEC (Nov. 2, 2016) (the “November 2nd Letter”).

**Bats BYX EXCHANGE, INC.**

By: Tamara Schademann

Name: Tamara Schademann

Title: EVP, CRO

**Bats BZX EXCHANGE, INC.**

By: Tamara Schademann

Name: Tamara Schademann

Title: EVP, CRO

**Bats EDGA EXCHANGE, INC.**

By: Tamara Schademann

Name: Tamara Schademann

Title: EVP, CRO

**Bats EDGX EXCHANGE, INC.**

By: Tamara Schademann

Name: Tamara Schademann

Title: EVP, CRO

**BOX Options Exchange LLC**

By: *Bruce G. Goodhue*

Name: *Bruce G. Goodhue*

Title: *Chief Regulatory Officer*

Date: *11/11/16*

ADDRESS FOR NOTICES:

101 Arch Street, Suite 610

Boston, MA 02110

Facsimile: \_\_\_\_\_

Attention: \_\_\_\_\_

**C2 OPTIONS EXCHANGE, INCORPORATED**

By: 

Name: Greg Hoogasian

Title: Senior VP + Chief Regulatory Officer

**CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

By: 

Name: Greg Hoogasian

Title: Senior VP + Chief Regulatory Officer

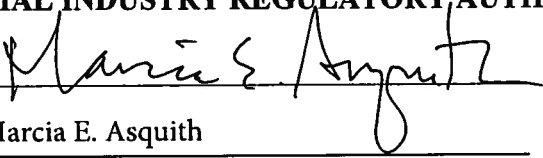
**CHICAGO STOCK EXCHANGE, INC.**

By: 

Name: Peter D. Santori

Title: Executive Vice President  
Chief Regulatory Officer


**FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.**

By: 


Name: Marcia E. Asquith

Title: Senior Vice President and Corporate Secretary


**INTERNATIONAL SECURITIES EXCHANGE, LLC**

By:   
Name: John A. Tecca  
Title: Sr. Vice President

**ISE GEMINI, LLC**

By:   
Name: John A. Tecca  
Title: Sr. Vice President

**ISE MERCURY, LLC**

By:   
Name: John A. Tecca  
Title: Sr. Vice President



Investors' Exchange, LLC

By: 

Name: John Schwall

Title: COO

Date: 11/10/16

ADDRESS FOR NOTICES:

Investors' Exchange, LLC.

4 World Trade Center, 44th Fl.  
New York, NY 10005

Facsimile:

Attention: John Ramsay

**MIAMI INTERNATIONAL SECURITIES EXCHANGE LLC**

By: Edm Deitzel

Name: Edward Deitzel

Title: EVP, CRO

**THE NASDAQ STOCK MARKET LLC**

By: 

Name: John A. Zecca

Title: SR. Vice President

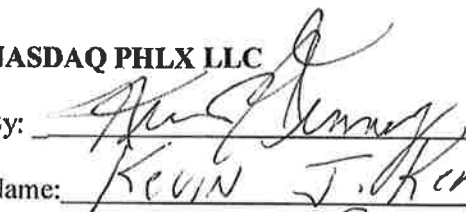
**NASDAQ BX, INC.**

By: 

Name: John A. Zecca

Title: SR. Vice President

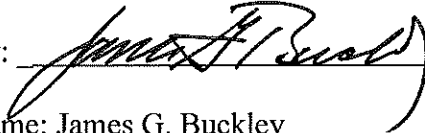
**NASDAQ PHLX LLC**

By: 

Name: Kevin J. Kennedy

Title: SR. Vice President

**NATIONAL STOCK EXCHANGE, INC.**

By: 

Name: James G. Buckley

Title: Chief Regulatory Officer

**NYSE ARCA, INC.**

By: Elizabeth K. King

Name: Elizabeth K. King

Title: General Counsel & Corporate Secretary

**NEW YORK STOCK EXCHANGE LLC**

By: Elizabeth K. King

Name: Elizabeth K. King

Title: General Counsel & Corporate Secretary

**NYSE MKT LLC**

By: Elizabeth K. King

Name: Elizabeth K. King

Title: General Counsel & Corporate Secretary

Brent J. Fields  
November 14, 2016

**APPENDIX**

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I. ACCOUNTING AND FINANCIAL STATEMENTS.....1

## I. ACCOUNTING AND FINANCIAL STATEMENTS

As a result of the Participants' ongoing review of the Plan and to provide further flexibility to the Plan Processor with respect to its preparation of its financial statements, the Participants propose that the Commission amend Section 6.1(o)(vi) of the Plan, as follows (additions underlined; deletions bracketed):

### Section 6.1 Plan Processor

\* \* \* \* \*

- (o) No change.
  - (i) No change.
    - (A) No change.
    - (B) No change.
  - (ii) No change.
  - (iii) No change.
  - (iv) No change.
  - (v) No change.
  - (vi) financial statements of the Plan Processor prepared in accordance with GAAP (A) audited by an independent public accounting firm or (B) certified by the Plan Processor's Chief Financial Officer (which financial statements contemplated by this Section 6.1(o)(vi) shall be provided no later than [90]180 days after the Plan Processor's fiscal year end);

In the November 2nd Letter, the Participants proposed certain amendments to Section 9.2 of the Plan to address the proposed tax status of the CATLLC. In addition to the proposed amendments set forth in the November 2nd Letter, the Participants propose that the Commission further amend Section 9.2 to require that the financial statements of the CATLLC must be audited by an independent public accounting firm and to require the CATLLC to adhere to GAAP standards. The Participants understand that retaining an independent public accounting firm to audit the CATLLC's financial statements would cost an estimated \$200,000 to \$300,000 per year, and such costs shall be recovered through the proposed funding model. Accordingly, the Participants propose that the Commission amend Section 9.2 as follows, and such proposed amendments should replace in their entirety the proposed amendments to Section 9.2 described in the November 2nd Letter (additions underlined; deletions bracketed).<sup>5</sup>

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<sup>5</sup> For clarity, the proposed amendments to Section 9.2 set forth in this letter incorporate the proposed amendments to Section 9.2 set forth in the November 2nd Letter.

**Section 9.2 Accounting**

(a) Except as provided in [Section 9.2(b) and] Section 9.3, the Operating Committee shall maintain a system of accounting established and administered in accordance with GAAP [(or other standard if determined appropriate by the Operating Committee)], and all financial statements or information that may be supplied to the Participants shall be prepared in accordance with GAAP (except that unaudited statements shall be subject to year-end adjustments and need not include footnotes) [(or other standard if determined appropriate by the Operating Committee)]. [To the extent the Operating Committee determines it advisable, the] The Company shall prepare and provide to each Participant: (1) within 30 days after the end of each calendar month, an unaudited balance sheet, income statement, statement of cash flows and statement of changes in [each Participant's Capital Account] equity for, or as of the end of, (x) such month and (y) the portion of the then current Fiscal Year ending at the end of such month; and (2) as soon as practicable after the end of each Fiscal Year, a[n audited] balance sheet, income statement, statement of cash flows and statement of changes in [each Participant's Capital Account] equity for, or as of the end of, such year, audited by an independent public accounting firm (which audited balance sheet, income statement, statement of cash flows and statement of changes in equity contemplated by this Section 9.2(a) shall be made publicly available). The Fiscal Year shall be the calendar year unless otherwise determined by the Operating Committee.

[(b) Assets received by the Company as capital contributions shall be recorded at their fair market values, and the Capital Account maintained for each Participant shall comply with Treasury Regulations § 1.704-1 (b)(2)(iv) promulgated under § 704(b) of the Code. In the event fair market values for certain assets of the Company are not determined by appraisals, the fair market value for such assets shall be reasonably agreed to among the Participants as if in arm's-length negotiations.]

[(c)(b) In all other respects,[All] matters concerning accounting procedures shall be determined by the Operating Committee.