SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70339; File No. SR–BX–2013–051]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees Assessed for Connectivity to the Exchange Under Rule 7015 and Amend the Fees Assessed and Credits Paid Under Exchange Rule 7018(a)

September 6, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1], and Rule 19b–4 thereunder,[2] notice is hereby given that on August 28, 2013, NASDAQ OMX BX, Inc. (''BX'' or ''Exchange'') filed with the Securities and Exchange Commission (''SEC'' or ''Commission'') the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. 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 a rule change to amend fees assessed for connectivity to the Exchange under Rule 7015. The Exchange is also amending the fees assessed and credits paid under Exchange Rule 7018(a) for executing certain trades that either add liquidity to or remove liquidity from the Exchange's order book in securities priced at $1 per share or greater. The text of the proposed rule change is also available on the Exchange's Web site at *http://nasdaqomxbx.cchwallstreet.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 Exchange 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 Exchange 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 Exchange is proposing to modify two sets of fees: (1) Connectivity fees assessed under Exchange Rule 7015, and (2) execution fees and credits assessed or granted under Exchange Rule 7018(a) with respect to securities priced at $1 per share or greater.

Connectivity Fees. The Exchange is proposing to increase the fee assessed for use of TCP ITCH data feed pairs to connect to the BX System. TCP ITCH data feed pairs are a type of port pair [3] that firms may subscribe to receive market data through a private (*i.e.,* not shared) connection to BX. By contrast, a firm may subscribe to a Multicast ITCH data feed pair,[4] which provides access to a shared distribution of market data that is distributed to all subscribers simultaneously. BX assesses a fee of $400 per month for each port pair used to connect to BX using protocols other than Multicast ITCH. Currently, subscription to a TCP ITCH data feed pair is covered by this fee. Unlike Multicast ITCH data, TCP ITCH data requires substantially greater hardware infrastructure to support subscribers because BX must support each individual TCP ITCH connection, including the transmission of the large volume of market data through each port. By contrast, BX transmits market data for Multicast ITCH through a single point, which is accessed by all subscribers. In light of increased costs resulting from a need to support the hardware and support demands of the service, the Exchange is proposing to increase the fees for subscription to a TCP ITCH data port from $400 per month, per port pair to $750 per month, per port pair.

BX is also proposing to increase the $400 monthly fee assessed under Rule 7015 for port pairs used to enter orders in Exchange trading systems to $500 per month. The change does not affect ports used to receive market data, to enter quotes, or to enter trade reports into the FINRA/NASDAQ Trade Reporting Facility. The change applies both to members that obtain ports for direct access, and non-member service bureaus that act as a conduit for orders entered by BX members that are their customers.

BX notes that it has not increased the $400 fee since its adoption in January 2009.[5] When the Exchange initially adopted its fees, it set its fee levels appropriate to the start-up nature of the Exchange's new equities trading platform and in manner designed to attract order flow to the Exchange. Since that time, the BX has matured as a market, resulting in higher volumes. As a consequence, the Exchange has experienced greater hardware demands and costs associated with offering connectivity options. Accordingly, BX believes that an increase in access services fees is now warranted to help ensure that its market data technology continues to perform at a high level of responsiveness and efficiency.

Execution Fees and Credits. The Exchange proposes to amend four fees and credits governed by Rule 7018(a), which applies to securities priced at $1 per share or greater. The first three adjustments apply to credits the Exchange offers members for entering order that accesses liquidity in the NASDAQ OMX BX Equities System. The first applies to order entered by a member through a BX Equities System Market Participant Identifier (''MPID'') through which the member (i) accesses an average daily volume of 3.5 million or more shares of liquidity, or (ii) provides an average daily volume of 1 million or more shares of liquidity during the month (excluding an order that executes against a midpoint pegged order). Currently, the credit pays $0.0014 per share executed. BX is lowering that credit to $0.0013 per share executed.

The second adjustment applies to order entered by a member through a BX Equities System MPID through which the member provides an average daily volume of at least 25,000, but less than 1 million, shares of liquidity during the month (excluding an order that executes against a midpoint pegged order). Currently, the credit offered is $0.0010 per share executed, and BX proposes to increase that credit to $0.0011 per share executed.

The third adjustment is an increase from $0.0004 to $0.0007 in credit per share executed for all orders entered in securities priced at $1 per share or greater that accesses liquidity in the NASDAQ OMX BX Equities System. This increase is a ''catch-all'' that applies to all other orders that access liquidity in securities priced $1 per share or greater that are not specified elsewhere in Rule 7018(a) (*i.e.,* not in

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] BX uses the term ''data feed pair'' herein and in the rule as a more precise description of the intended use and functionality of the port pair.

[4] For a fee of $1,000 per month for software-based TotalView-ITCH or $2,500 per month for combined software- and hardware-based TotalView-ITCH.

[5] Securities Exchange Act Release No. 61595 (Feb. 2, 2009), 74 FR 6441 (Feb. 9, 2009) (SR–BX–2009–004).

the liquidity program described in the preceding two paragraphs, not midpoint peg orders, and not any of the multiple order types otherwise specified).

The fourth adjustment to the fee schedule for the BX Equities Market is an decrease from $0.0015 to $0.0014 per share executed in the charge for providing liquidity through the NASDAQ OMX BX Equities System for Displayed order entered by a Qualified Liquidity Provider through a Qualified MPID. The Exchange charges a reduced fee for members providing liquidity if they meet the criteria of a ''Qualified Liquidity Provider.'' These criteria (which BX is not modifying) include requirements that the member access and provide volumes of liquidity in excess of certain levels, expressed as a percentage of Consolidated Volume.[6] BX is now proposing to further reduce the fee changed under that program from $0.0015 to $0.0014 per share executed.

2. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[7] in general, and Section 6(b)(4) of the Act,[8] in particular, because it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system that the Exchange operates or controls, and it does not unfairly discriminate between customers, issuers, brokers or dealers.

The proposed connectivity fee increases are reasonable because they reflect the increased costs associated with offering connectivity options on BX. The proposed fees are equitable and not unfairly discriminatory because the Exchange is assessing the fees equally among subscribers to the service. Moreover, the proposed fees are not unfairly discriminatory as it enables the Exchange to allocate the increased costs of connectivity to the Exchange to those who subscribe to the service. The Exchange believes that the increased fees will enable it to cover its costs and earn an appropriate return on its investment in market technology and services.

With respect to execution fees under Exchange Rule 7018(a), the Exchange believes that the minor fee modifications provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls, and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, with respect to the credits offered for orders executed that access liquidity on BX in securities priced at $1 or greater, the Exchange notes that decreasing the credit paid to members qualifying for the highest volume tier and increasing the credit for members qualifying for the lower tier or for no tier (as is the case with the ''catch-all'' rate), will encourage more members to access liquidity from BX. BX expects that small and medium-sized member firms will benefit most from the proposed changes. Additionally, by increasing the overall quantities of executed orders that access liquidity, as BX believes will occur, BX expects to also increase total liquidity available on its market, increase total order interaction on its order book, and improve overall execution quality for all members.

With respect to the decrease from $0.0015 to $0.0014 per share executed in the charge for providing liquidity through the NASDAQ OMX BX Equities System for Displayed order entered by a Qualified Liquidity Provider through a Qualified MPID, the Exchange believes that the proposed modification provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls, and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers. In particular, the Exchange first notes the proposed changes do not modify the requirements with respect to the current $0.0015 per share executed rate for Displayed orders that provide liquidity. The current Liquidity Provider program has itself been accepted as consistent with the Exchange Act.

Additionally, the decrease in the applicable rate for such Displayed orders is reasonable because it will further encourage members to qualify for the program, and increase the total volume of orders displayed on the Exchange. Increased display of liquidity on the Exchange will benefit all members, as described above. Moreover, the Exchange continues to offer an even more favorable charge to members using midpoint pegged orders, which may be used by all members, regardless of volume.

The proposed fee reduction is consistent with an equitable allocation of fees because it is consistent with the established practice at a number of national securities exchanges of providing more favorable fee economics to members that contribute to market quality and the Exchange's market share by achieving certain volume requirements. A member that provides and displays a comparatively large volume of liquidity is demonstrating its commitment to the viability of BX's market model by posting orders at prices that attract members seeking liquidity. Accordingly, BX believes that it is equitable for the fees charged to such a member to be more favorable than the fees charged to members providing lower volumes of liquidity. The Exchange further believes that the change is not unfairly discriminatory because the associated volume requirements are not very high and because the Exchange provides an alternative means of paying a lower fee for orders that provide liquidity.

The Exchange notes that it operates in a highly competitive market, in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. Accordingly, if the Exchange's proposed fee is deemed excessive, a market participant currently subscribed to the data service may elect to cancel its subscription and either subscribe to another connectivity option or route its order flow to another competitor exchange with lower fees.

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

The Exchange 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 purposes of the Act, as amended. BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the increased subscription fee is reflective of the increased costs associated with offering the associated connectivity options. As

[6] ''Consolidated Volume'' is the consolidated volume of shares reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month.

[7] 15 U.S.C. 78f.

[8] 15 U.S.C. 78f(b)(4).

such, the fees are targeted to apply to only those that subscribe to, and derive benefit from, subscription to the connectivity options. In terms of TCP ITCH data feed fee, the Exchange will continue to offer other data connectivity options and firms may seek out third party providers of such data as well, should the firms determine that the cost of subscribing to the TCP ITCH data feed is excessive.

With respect to the execution fees and credits, the minor modifications described herein are a direct response to competition, which should be viewed as a positive signal that a competitive market exists. If the changes are unattractive to market participants, it is likely that BX will lose market share as a result. Accordingly, BX does not believe that the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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.[9] 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.

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–BX–2013–051 on the subject line.

[9] 15 U.S.C. 78s(b)(3)(A)(ii).

Paper Comments

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

All submissions should refer to File Number *SR–BX–2013–051.* 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–BX–2013–051* and should be submitted on or before October 3, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[10]

Kevin M O'Neill,

Deputy Secretary.

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[10] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–70345; File No. SR–FINRA–2013–029]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Order Granting Approval of Proposed Rule Change Relating to the Dissemination of Transactions in TRACE-Eligible Securities That Are Effected Pursuant to Securities Act Rule 144A

September 6, 2013.

I. *Introduction*

On July 17, 2013, the Financial Industry Regulatory Authority, Inc. (''FINRA'') 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 relating to dissemination of transactions in TRACE-Eligible Securities[3] that are effected pursuant to Rule 144A[4] under the Securities Act of 1933 (''Securities Act'').[5] The proposed rule change was published for comment in the **Federal Register** on July 25, 2013.[6] The Commission received two comments on the proposal.[7] This order approves the proposed rule change.

II. Description of the Proposal

Historically, FINRA has utilized the Trade Reporting and Compliance Engine (''TRACE'') to collect from its members and publicly disseminate information on secondary over-the-counter transactions in corporate debt securities and Agency Debt Securities[8] and certain primary market transactions. For certain other asset types, FINRA has utilized TRACE to collect transaction information but has not reported such information publicly.[9] Information

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The term ''TRACE-Eligible Security'' is defined in FINRA Rule 6710(a).

[4] 17 CFR 230.144A.

[5] 15 U.S.C. 77a *et seq.*

[6] *See* Securities Exchange Act Release No. 70009 (July 19, 2013), 78 FR 44997 (''Notice'').

[7] *See* letters to Elizabeth M. Murphy, Secretary, Commission, from: Dorothy Donohue, Deputy General Counsel—Securities Regulation, Investment Company Institute, dated August 15, 2013 (''ICI Letter''); and Ari Gabinet, Executive Vice President and General Counsel, OFI Global Asset Management, dated August 15, 2013 (''OFI Letter'').

[8] The term ''Agency Debt Security'' is defined in FINRA Rule 6710(*l*).

[9] Recently, however, FINRA has expanded TRACE's functionality to include public dissemination of transaction information for certain Asset-Backed Securities, which information FINRA

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