

system, and, in general, to protect investors and the public interest.

As discussed above, the Exchange proposes to expand Article 20, Rule 9 to permit the adjustment of Bona Fide Error trades and to clarify the requirements for cancelling a Bona Fide Error trade. The Commission finds that proposed Rule 9 is consistent with Section 6(b)(5) of the Act because it should allow the Exchange, through the cancellation and adjustment of Bona Fide Error trades, to promote the proper execution of trades, to promote the accurate reporting of trades, and to potentially prevent excessive reporting of trade activity to the Consolidated Tape.

Proposed Rule 9(b) enumerates the specific requirements that must be met by the executing broker Participant before the Exchange can consider a request to cancel or adjust an erroneous trade. The Commission believes that these requirements, which are designed to ensure that Participants can cancel or adjust erroneous trades while also creating the necessary filters to ensure that the Exchange only acts upon truly erroneous trades, are reasonable and provide a fair, objective process by which the Exchange may review requests to cancel or adjust an erroneous trade. Specifically, the Commission believes that the requirement that the written request for cancellation or adjustment be submitted no later than 4:30 p.m. CST on T+1 except in extraordinary circumstances is reasonable because it affords Participants with adequate time to identify an erroneous trade and to prepare its submission request. Additionally, the Commission believes that the requirements that all parties to a Bona Fide Error trade must consent to the Participant's request to cancel or adjust the erroneous trade and that the request to cancel or adjust be supported with documentation showing the objective facts and circumstances evidencing the Bona Fide Error should protect all parties to a trade and should prevent unfair or fraudulent cancellations or adjustments of trades from taking place. Similarly, the Commission believes that the requirement in proposed Rule 9(c), that the any potential trade adjustment will only be taken to the extent necessary to correct the Bona Fide Error and only if the proposed adjusted trade could have been executed in the Matching System at the time the trade was initially executed, should promote the integrity of the market system by ensuring that all adjusted trades comply with Exchange and Commission rules.

The Commission also finds that proposed Rule 9A, which codifies in CHX's rules the requirements that a Participant must follow when submitting an ECT, is consistent with the Act. The Exchange currently accepts ECTs to remedy the execution of customer orders that have been placed in error, but does not explain these requirements in its rules. The Commission believes that the inclusion of these requirements in CHX's rules should provide clarity and guidance to Participants and thereby promote the efficient functioning of the securities markets.¹⁵

As discussed in further detail above, proposed Rule 11 expands situations where a stock leg of a Stock-Option order or Stock-Future order stock leg may be cancelled and to permit the adjustment of stock leg trades if the stock leg trade was marked by a special trade indicator when it was originally submitted to the Matching System. This proposal allows Participants to adapt to changes to the options or futures leg of a trade and thereby facilitate the execution of Stock-Option or Stock-Future orders in ratios as originally agreed by the parties to the order, which the Commission believes should promote the efficient functioning of the securities market.

The Commission also finds that the requirements in proposed Rule 11(b) that a Participant must satisfy to request cancellation of a stock leg trade are consistent with the Act. The requirements contained in Rule 11(b)—that all parties submit a timely request no later than 4:30 p.m. CST on T+1, that the submitting Participant supports its request with appropriate documentation, and that all parties consent to the submission of the cancellation request—track those of Rule 9(b), and the Commission believes they are consistent with the Act for the reasons discussed above. In addition, the Commission believes that requiring the submitting Participant to identify the Qualified Adjustment Basis is reasonable because it should allow the Exchange to more quickly act upon the Participant's request for cancellation under proposed Rule 11(b).

Further, the Commission believes that proposed Rule 11(c), which proposes to allow adjustments of the stock leg trade, should prevent excessive reporting of activity to the Consolidated Tape and

¹⁵ The Commission also notes that that the language of proposed Rule 9A is substantially similar to the key portions of the Commission order exempting certain error correction transactions From Rule 611 of Regulation NMS. See Securities Exchange Act Release No. 55884 (June 8, 2007), 72 FR 32926 (June 14, 2007).

thereby should enhance the integrity of the securities markets by removing duplicative trade reports. As with proposed Rules 9(b) and 11(b), the Commission believes that the requirements of proposed Rule 11(c)—that a submitting Participant must comply with T+1 requirement, identify the qualified adjustment basis, ensure that all parties consent to the request, and support its submission with a proposed Adjusted Stock Price or Adjusted Stock Quantity—are consistent with the Act for the reasons discussed above. The Commission also believes that the Exchange's detailed methodology for determining and verifying the exact adjusted terms of a trade are adequate to effect the intent of the parties to the trade and ensure that any adjustments will be consistent with the rules of the Exchange and the Commission, including Rule 611 of Regulation NMS.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁶ that the proposed rule change (SR-CHX-2013-16) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-26555 Filed 11-5-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70795; File No. SR-NYSEArca-2013-109]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Arca Options Fee Schedule To Apply Routing Fees to Penny Pilot Issues

October 31, 2013.

Pursuant to Section 19(b)(1) ¹ of the Securities Exchange Act of 1934 (the "Act") ² and Rule 19b-4 thereunder, ³ notice is hereby given that, on October 22, 2013, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 the Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Arca Options Fee Schedule ("Fee Schedule") to apply routing fees to Penny Pilot issues. The Exchange proposes to implement the fee change effective November 1, 2013. The text of the proposed rule change is available on the Exchange's Web site at 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to apply routing fees to Penny Pilot issues. The Exchange proposes to implement the fee change effective November 1, 2013.

The Exchange currently charges a routing fee of \$0.11 per contract for orders in non-Penny Pilot issues that are routed and executed at away market centers pursuant to order protection requirements of the Options Order Protection and Locked/Crossed Market Plan.⁴ The fee applies to standard and Mini option contracts. In addition, the Exchange passes through any transaction fees charged by the destination exchange on executions of such routed orders. The Exchange pays a fee to its routing brokers, and in turn pays clearing fees to OCC to clear routed orders.

The Exchange proposes to begin charging the same \$0.11 per contract routing fee for orders in Penny Pilot

issues, which would apply to both standard and Mini option contracts. The Exchange also proposes to pass through any transaction fees charged by the destination exchange on executions of routed orders in Penny Pilot issues. The proposed change would not affect the applicable liquidity take rates for Penny Pilot or non-Penny Pilot issues. The Exchange notes that it did not initially impose the routing fee on Penny Pilot issues because Penny Pilot issues were charged a take liquidity fee that offset the cost of routing.⁵ The Exchange subsequently imposed a take liquidity fee on non-Penny Pilot issues.⁶ The Exchange believes that imposing a routing fee would further defray the cost of routing orders and would allow routed orders in Penny Pilot issues to be charged in the same manner as routed orders in non-Penny Pilot issues, which may reduce investor confusion. The Exchange notes that firms may avoid routing charges by either routing orders themselves directly to the away market that is at the National Best Bid or Offer ("NBBO"), or by use of various order types on the Exchange that carry an instruction to not route the order.

The proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that firms would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,⁷ in general, and furthers the objectives of Sections 6(b)(4) and (5) of the Act,⁸ in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that it is reasonable to impose routing fees on Penny Pilot issues because it would further defray the cost of routing orders. These charges may be avoided by direct routing of an order to the away market that is at the NBBO or by the use of do-not-route order types on the Exchange. The Exchange believes that it is equitable and not unfairly discriminatory to impose routing fees on Penny Pilot issues because they are applied in an identical manner to all market participants with similarly

situated orders. In addition, the Exchange would be imposing the same routing fees that currently apply to non-Penny Pilot issues. The Exchange also believes that harmonizing the routing fees that apply to Penny Pilot and non-Penny Pilot issues would reduce client confusion.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition. For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,⁹ the Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed changes will assist the Exchange in balancing its revenues and costs when routing orders to away market centers and allow routed orders in Penny Pilot issues to be charged in the same manner as routed orders in non-Penny Pilot issues, which may reduce investor confusion. The Exchange also notes that firms may avoid these charges by direct routing of an order to the away market that is at the NBBO or by the use of do-not-route order types on the Exchange.

Finally, 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. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A)¹⁰ of the Act and

⁵ *Id.* at 20398.

⁶ See Securities Exchange Act Release No. 68179 (November 8, 2012), 77 FR 68163 (November 15, 2012) (SR-NYSEArca-2012-121).

⁷ 15 U.S.C. 78f(b).

⁸ 15 U.S.C. 78f(b)(4) and (5).

⁹ 15 U.S.C. 78f(b)(8).

¹⁰ 15 U.S.C. 78s(b)(3)(A).

⁴ See Securities Exchange Act Release No. 64216 (April 6, 2011), 76 FR 20396 (April 12, 2011) (SR-NYSEArca-2011-16).

subparagraph (f)(2) of Rule 19b-4¹¹ thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

At any time within 60 days of the filing of such 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. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)¹² of the Act to determine whether the proposed rule change should be approved or disapproved.

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-NYSEArca-2013-109 on the subject line.

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-NYSEArca-2013-109. 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 such 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-NYSEArca-2013-109, and should be submitted on or before November 27, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-26558 Filed 11-5-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70788; File No. SR-MIAX-2013-50]

Self-Regulatory Organizations: Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the MIAX Fee Schedule

October 31, 2013.

Pursuant to the provisions of 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 October 24, 2013, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a 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 is filing a proposal to amend its Fee Schedule.

The text of the proposed rule change is available on the Exchange's Web site at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX'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 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 proposes to establish a \$0.08 transaction fee for executions in standard option contracts and \$0.008 transaction fee for Mini Option contracts for Market Makers³ registered on the Exchange.

The current transaction fees for Market Makers are: (i) RMMs \$0.05 per contract for standard options or \$0.005 for Mini Options; (ii) LMMs \$0.05 per contract for standard options or \$0.005 for Mini Options; (iii) DLMMs and PLMMs \$0.05 per contract for standard options or \$0.005 for Mini Options; and (iv) DPLMMs \$0.05 per contract for standard options or \$0.005 for Mini Options.⁴ The proposal will increase the transaction fees for all Market Makers in both standard options and Mini Options. The Exchange proposes to implement the new transaction fees beginning November 1, 2013.

The previous transaction fees were designed both to enhance the Exchange's competitiveness with other option exchanges and to strengthen its market quality. Now that both intermarket and intramarket competition has been increased the

³ Market Makers may be registered as a Lead Market Maker or as a Registered Market Maker. See Exchange Rule 600(b). Market Makers registered on the Exchange for purposes of the transaction fee and Section 1(a)(i) of the Fee Schedule include: (i) Registered Market Maker ("RMM"); (ii) Lead Market Maker ("LMM"); (iii) Directed Order Lead Market Maker ("DLMM"); (iv) Primary Lead Market Maker ("PLMM"); and (v) Directed Order Primary Lead Market Maker ("DPLMM"). See MIAX Options Fee Schedule, Section 1(a)(i)—Market Maker Transaction Fees.

⁴ See MIAX Options Fee Schedule, Section 1(a)(i)—Market Maker Transaction Fees. See also Securities Exchange Act Release No. 70346 (September 9, 2013), 78 FR 56762 (September 13, 2013) (SR-MIAX-2013-41).

¹¹ 17 CFR 240.19b-4(f)(2).

¹² 15 U.S.C. 78s(b)(2)(B).

¹³ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.