

(2) Each Participant shall have one vote in each round, except that no Bidding Participant shall be entitled to vote in the second round if the Participant's Bid, a Bid submitted by an Affiliate of the Participant, or a Bid including the Participant or an Affiliate of the Participant is considered in the second round. Until the second round, Bidding Participants may vote for any Shortlisted Bid.

(3) *First Round Voting by the Selection Committee*

(a) In the first round of voting, each Voting Senior Officer shall select a first and second choice from among the Shortlisted Bids.

(b) A weighted score shall be assigned to each choice as follows:

- First—2 points
- Second—1 point

(c) The two Shortlisted Bids receiving the highest cumulative scores in the first round will advance to the second round.

(d) In the event of a tie that would result in more than two Shortlisted Bids advancing to the second round, the tie will be broken by assigning one point per vote, with the Shortlisted Bid(s) receiving the highest number of votes advancing to the second round. If, at this point, the Shortlisted Bids remain tied, a revote will be taken with each vote receiving one point. If the revote results in a tie, the Participants shall identify areas for further discussion and, following any such discussion, voting will continue until two Shortlisted Bids are selected to advance to the second round.

(4) *Second Round Voting by the Selection Committee*

(a) In the second round of voting, each Voting Senior Officer, subject to the recusal provisions in Paragraph (E)(2) above, shall vote for one Shortlisted Bid.

(b) The Shortlisted Bid receiving the most votes in the second round shall be selected, and the proposed entity included in the Shortlisted Bid to serve as the Plan Processor shall be selected as the Plan Processor.

(c) In the event of a tie, a revote will be taken. If the revote results in a tie, the Participants shall identify areas for further discussions with the two Shortlisted Bidders. Following any such discussions, voting will continue until one Shortlisted Bid is selected.

**VII. Implementation**

Within two months after effectiveness of the CAT NMS Plan, the Participants will jointly select the winning Shortlisted Bid and the Plan Processor pursuant to the process set forth in Section VI of the Plan and as incorporated into the CAT NMS Plan. Following the selection of the Plan Processor, the Participants will file with the Commission a statement identifying the Plan Processor and including the information required by SEC Rule 608.

**VIII. Applicability of the Exchange Act**

The rights and obligations of the Participants in respect of the matters covered by the Plan shall at all times be subject to any applicable provisions of the Exchange Act, as amended, and any rules and regulations promulgated thereunder.

**IX. Counterparts and Signatures**

The Plan may be executed in any number of counterparts, no one of which need contain all signatures of all Participants, and as many of such counterparts as shall together contain all such signatures shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Plan has been executed as of the 23rd day of August 2013 by each of the parties hereto.

BATS EXCHANGE, INC.

BY: \_\_\_\_\_

BATS Y-EXCHANGE, INC.

BY: \_\_\_\_\_

BOX OPTIONS EXCHANGE LLC

BY: \_\_\_\_\_

C2 OPTIONS EXCHANGE, INCORPORATED

BY: \_\_\_\_\_

CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED

BY: \_\_\_\_\_

CHICAGO STOCK EXCHANGE, INC.

BY: \_\_\_\_\_

EDGA EXCHANGE, INC.

BY: \_\_\_\_\_

EDGX EXCHANGE, INC.

BY: \_\_\_\_\_

FINANCIAL INDUSTRY REGULATORY AUTHORITY, INC.

BY: \_\_\_\_\_

INTERNATIONAL SECURITIES EXCHANGE, LLC

BY: \_\_\_\_\_

MIAMI INTERNATIONAL SECURITIES EXCHANGE, LLC

BY: \_\_\_\_\_

NASDAQ OMX BX, INC.

BY: \_\_\_\_\_

NASDAQ OMX PHLX LLC

BY: \_\_\_\_\_

THE NASDAQ STOCK MARKET LLC

BY: \_\_\_\_\_

NATIONAL STOCK EXCHANGE, INC.

BY: \_\_\_\_\_

NEW YORK STOCK EXCHANGE LLC

BY: \_\_\_\_\_

NYSE MKT LLC

BY: \_\_\_\_\_

NYSE ARCA, INC.

BY: \_\_\_\_\_

TOPAZ EXCHANGE, LLC

BY: \_\_\_\_\_

[FR Doc. 2013-27906 Filed 11-20-13; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-70889; File No. SR-CBOE-2013-108]

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating To Amend Rule 53.23 Related to CBSX RMM Quoting Obligations**

November 15, 2013.

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 November 8, 2013, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") 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 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" or "CBOE" proposes to amend Rule 53.23 related to CBOE Stock Exchange, LLC ("CBSX") Remote Market-Maker ("RMM") quoting obligations. The text of the proposed rule change is provided below.

(additions are *italicized*; deletions are [bracketed])

\* \* \* \* \*

**Chicago Board Options Exchange, Incorporated Rules**

\* \* \* \* \*

**Rule 53.23 Obligations of CBSX Remote Market-Makers**

(a) No changes.  
(b) *Securities Other than those to which Appointed.* With respect to securities in which it does not hold an Appointment, a CBSX Remote Market-Maker should not engage in transactions for an account in which it has an interest which are disproportionate in relation to, or in derogation of, the performance of its obligations as specified in this Rule with respect to those securities to which it does hold an Appointment. [Whenever a CBSX Remote Market-Maker submits a two-sided quote in a security to which it is not appointed, it must fulfill the obligations established by this Rule for the rest of that trading session.]

. . . *Interpretations and Policies:*

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

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

.01 No changes.

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 amend Rule 53.23 related to CBSX RMM quoting obligations. A "CBSX Remote Market-Maker" or "RMM" is a CBSX Trading Permit Holder that has agreed to fulfill certain market-making obligations thus qualifying for defined benefits as set forth in the CBOE Rules.<sup>3</sup> An RMM is an individual (either a Trading Permit Holder or nominee of a Trading Permit Holder organization) who is registered with CBSX for the purpose of making transactions as a dealer-specialist in the CBSX electronic trading system in accordance with the CBOE Rules. Registered RMMs are designated as specialists on CBSX for all purposes under the Act and the rules and regulations thereunder. RMMs may only operate in a remote capacity.<sup>4</sup>

<sup>3</sup> See Rule 50.3(2). The rules in Chapters 50 through 54 of the CBOE Rules are applicable only to the trading of non-option securities on CBSX. Trading of non-option securities on CBSX is also subject to the rules in Chapters 1 through 29 of the CBOE Rules to the same extent those rules apply to the trading of the products to which those rules apply, in some cases supplemented by the rules in Chapters 50 through 54, except for rules that have been replaced by rules in Chapters 50 through 54 and except where the context otherwise requires. Appendix A to Chapters 50 through 54 lists the rules in Chapters 1 through 29 of the CBOE rules that are applicable to the trading of equity securities on CBSX. Where appropriate, Appendix A also indicates that a rule in Chapters 1 through 29 has been supplemented by a rule in Chapters 50 through 54.

<sup>4</sup> See Rule 53.20.

In a manner prescribed by CBSX, an RMM may select an appointment (having the obligations of Rule 53.23) in one or more non-option securities traded on CBSX.<sup>5</sup> Under Rule 53.23, RMMs must, among other things:

- Enter into transactions that constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market;
- not enter into transactions or make bids or offers that are inconsistent with such a course of dealings;
- with respect to each security for which it holds an appointment, continuously engage in, to a reasonable degree under the existing circumstances, dealings for its own account when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, or a temporary disparity between the supply of and demand for a particular security;
- compete with other CBSX Market-Makers to improve markets;
- make markets which, absent changed market conditions, will be honored for the number of shares entered into the CBSX electronic trading system;
- engage in trading activity of which at least 75% of its total dollar amount traded on CBSX is in securities to which it has an appointment;
- with respect to securities in which an RMM does not hold an appointment, not engage in transactions for an account in which it has an interest that are disproportionate in relation to, or in derogation of, the performance of its obligations with respect to those securities in which it does hold an appointment;
- satisfy RMM obligations in a security in which it does not hold an appointment whenever an RMM submits a two-sided quote in that security for the rest of the trading session; and
- comply with two-sided and minimum size obligations and pricing obligations for bids and offers.

The proposed rule change amends Rule 53.23 to eliminate the requirement that a RMM fulfill the obligations established by Rule 53.23 when it submits a two-sided quote in a security to which it is not appointed for the rest of the trading session. The Exchange

<sup>5</sup> See Rule 53.22. CBSX may also appoint a RMM in one or more non-option securities trading on CBSX, giving attention to (1) the preference of registrants; (2) the maintenance and enhancement of competition among RMMs in each security; and (3) whether the financial resources available to an RMM enable it to satisfy the obligations set forth in Rule 53.23 with respect to each security in which it holds an appointment.

believes it is an unnecessary burden to impose these obligations on RMMs with respect to securities in which they do not hold appointments because they do not receive any corresponding benefits. RMMs only qualify for defined benefits in exchange for fulfillment of market-making obligations in their appointments. The Exchange believes the elimination of an obligation with no benefit that accompanies quoting in non-appointments will incentivize RMMs to submit quotes in non-appointments, which will provide additional liquidity and enhance competition in those non-appointments. CBSX will retain the ability to appoint RMMs in order to maintain a fair and orderly market.<sup>6</sup> RMMs will continue to be subject to the same obligations set forth in Rule 53.23, and receive the same defined benefits, with respect to their appointments, including the obligation to maintain continuous two-sided quotes in their appointments and contribute to the maintenance of a fair and orderly market.

The Exchange notes that other self-regulatory organizations with substantially similar market-maker quoting obligations do not require market-makers to fulfill those quoting obligations in securities in which they submit quotes but do not hold appointments.<sup>7</sup>

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>8</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>9</sup> requirements that the rules of an exchange 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 securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the

<sup>6</sup> CBSX also retains the authority under Rule 53.22(a) to suspend or terminate any RMM appointment if it is in the interest of a fair and orderly market.

<sup>7</sup> See, e.g., BATS Exchange, Inc. Rule 11.8; Chicago Stock Exchange, Inc. Article 16, Rule 8; and National Stock Exchange, Inc. Rule 11.8.

<sup>8</sup> 15 U.S.C. 78f(b).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

proposed rule change is consistent with the Section 6(b)(5)<sup>10</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the proposed rule change removes impediments to a free and open market, because it will incentivize RMMs to submit quotes in non-appointments by eliminating an obligation that accompanies that quoting, which will provide additional liquidity and enhance competition in those securities. CBSX will still have authority to suspend or terminate RMM appointments in the interest of a fair and orderly market, including if necessary to prevent fraudulent and manipulative acts and practices and protect investors or if an RMM does not satisfy its obligations with respect to its appointments. Additionally, the Exchange notes that other self-regulatory organizations with substantially similar market-maker quoting obligations do not impose a quoting obligation on market-makers in securities in which they submit quotes but do not hold appointments.<sup>11</sup> The Exchange also notes that the proposed rule change does not result in unfair discrimination, as it applies to all RMMs.

The Exchange believes that the rules applicable to CBSX RMMs will continue to provide an appropriate balance between obligations and benefits of RMMs. The proposed rule change eliminates an obligation of RMMs that has no accompanying benefit in non-appointments. RMMs only qualify for defined benefits in exchange for fulfillment of market-making obligations in their appointments. The proposed rule change has no impact on these obligations and corresponding benefits within RMM appointments, which remain in the same balance. RMMs must still comply with the same obligations set forth in Rule 53.23 and will receive the same benefits for fulfillment of those obligations with respect to their appointments, which the Exchange believes will continue to ensure continuous, two-sided quotations in their appointments. CBSX will retain the authority to make RMM appointments in securities in the interest of a fair and orderly market. The proposed rule change only eliminates an obligation with respect to RMM non-appointments, which obligation has no corresponding benefit. The Exchange believes it is unduly burdensome to continue to impose this obligation on RMMs if they receive nothing in return

for fulfillment of the obligation and further believes this obligation reduces the incentive of RMMs to quote in non-appointments. Thus, the proposed rule change maintains the current balance between obligations and benefits of RMMs within their appointments and eliminates the imbalance between obligations and benefits of RMMs within their non-appointments.

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

CBOE 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 because it provides the same relief to a group of similarly situated market participants—RMMs. The proposed rule change eliminates an obligation of RMMs that has no corresponding benefit within their non-appointments. All RMMs will be relieved of this unduly burdensome obligation but must still comply with the remaining obligations set forth in Rule 53.23 to receive the corresponding defined benefits within their appointments, which the Exchange believes will continue to ensure continuous, two-sided quotations in their appointments.

The Exchange notes that other self-regulatory organizations with substantially similar market-maker quoting obligations do not require market-makers to fulfill those quoting obligations in securities in which they submit quotes but do not hold appointments.<sup>12</sup> The Exchange does not believe the proposed rule change will help RMMs to the detriment of market participants on other exchanges. Rather, the Exchange believes that continuing to impose the quoting obligation that the Exchange proposes to eliminate will be detrimental to RMMs. It is unduly burdensome to require RMMs to satisfy an obligation for which they receive no benefits and to which market-makers at other exchanges with otherwise similar quoting obligations are not subject. RMMs will continue to be subject to the same obligations with respect to their appointments, which are similar to the market-making obligations within appointments imposed by other exchanges. The proposed rule change is merely eliminating an obligation with respect to RMMs non-appointments to which market-makers at other exchanges are not subject. Market participants on other exchanges are welcome to become CBSX Trading Permit Holders and trade as RMMs on CBSX if they determine that this

proposed rule change has made CBSX more attractive or favorable.

CBOE believes that the proposed rule change will relieve any burden on, or otherwise promote, competition, as it will relieve RMMs of a quoting obligation that has no corresponding benefits within their non-appointments. The Exchange believes this will incentivize RMMs to submit quotes in non-appointments, which will provide additional liquidity and enhance competition in those securities.

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

The Exchange neither solicited nor received comments 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:

A. Significantly affect the protection of investors or the public interest;

B. impose any significant burden on competition; and

C. 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>13</sup> and Rule 19b-4(f)(6)<sup>14</sup> thereunder. 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. If the Commission takes such action, the Commission will institute proceedings 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

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> *Id.*

<sup>11</sup> See *supra* note 7.

<sup>12</sup> See *supra* note 7.

• Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2013-108 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-CBOE-2013-108. 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 offices 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-CBOE-2013-108, and should be submitted on or before December 12, 2013.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-27904 Filed 11-20-13; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70885; File No. SR-TOPAZ-2013-11]

### Self-Regulatory Organizations; Topaz Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Address the Treatment of Certain Stop Orders During a Limit State or Straddle State

November 15, 2013.

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 November 7, 2013, the Topaz Exchange, LLC (d/b/a ISE Gemini) (the "Exchange" or "Topaz") filed with the Securities and Exchange Commission ("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 the Substance of the Proposed Rule Change

The Exchange proposes to amend its rules to address how certain stop orders are handled during a Limit State or Straddle State.

The text of the proposed rule change is available on the Exchange's Internet Web site at <http://www.ise.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 self-regulatory organization 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 purpose of this proposed rule change is to amend Exchange rules to address how stop orders are handled during a Limit State<sup>3</sup> or Straddle State.<sup>4</sup> On May 31, 2012, the Commission approved the Plan to Address Extraordinary Market Volatility (the "Plan"),<sup>5</sup> which establishes procedures to address extraordinary volatility in NMS Stocks. The procedures provide for market-wide limit up-limit down requirements that prevent trades in individual NMS Stocks from occurring outside of specified Price Bands. These limit up-limit down requirements are coupled with Trading Pauses to accommodate more fundamental price moves. The Plan procedures are designed, among other things, to protect investors and promote fair and orderly markets.<sup>6</sup> The Plan has been implemented, as a one year pilot program, in two phases.<sup>7</sup> Phase I of the Plan became effective on April 18, 2013 and applies to Tier I NMS Stocks per Appendix A of the Plan, with Phase II, which would apply to all NMS Stocks, scheduled to become effective six months later.

Topaz is not a participant in the Plan because it does not trade NMS Stocks. However, Topaz trades options contracts overlying NMS Stocks. Because options pricing models are highly dependent on the price of the underlying security and the ability of options traders to effect hedging transactions in the underlying security, the implementation of the Plan impacts the trading of options classes traded on the Exchange.

When the national best bid (offer) for a security underlying an options class is non-executable, the ability for options market participants to purchase (sell) shares of the underlying security and the price at which they may be able to purchase (sell) shares becomes

<sup>3</sup> Limit State means the condition when the national best bid or national best offer for an underlying security equals an applicable price band, as determined by the primary listing exchange for the underlying security. See Topaz Rule 703A(a)(2).

<sup>4</sup> Straddle State means the condition when the national best bid or national best offer for an underlying security in non-executable, as determined by the primary listing exchange for the underlying security, but the security is not in a Limit State. See Topaz Rule 703A(a)(3).

<sup>5</sup> See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (File No. 4-631) ("Plan Approval Order").

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

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

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

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