the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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 15 and subparagraph (I)(2) of Rule 19b–4 thereunder,16 because it establishes a subparagraph (f)(2) of Rule 19b–4 effective pursuant to Section 19(b)(2) of the Act and the Commission’s approval of such rule change.

The Exchange also has submitted this proposed rule change to the Commission pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(2) thereunder,17 because it imposes a fee or other charge on participants. The Exchange believes that the proposed fee changes reflect this competitive environment.

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 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–ISE–2013–65 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–ISE–2013–65. 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–ISE–2013–65 and should be submitted on or before January 10, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.18

Kevin M. O’Neill, Deputy Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Options Clearing Corporation; Advance Notice Concerning the Governance Committee Charter

December 16, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)1 and Rule 19b–4(n)(1)(i),2 notice is hereby given that on September 14, 2012, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the advance notice described in Items I and II below, which Items have been prepared by OCC. The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

I. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice

This advance notice concerns the charter of the Governance Committee (“GC Charter”) of OCC’s Board of Directors (“Board”).

II. Clearing Agency’s Statement of the Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A) and (B) below, of the most significant aspects of such statements.

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Advance Notice

This advance notice concerns the GC Charter. The Board authorized the formation of the Governance Committee (“GC”) at its May 21, 2013, meeting and approved the GC Charter at its September 24, 2013, meeting. As set forth in the GC Charter, the purpose of the GC is to review the overall corporate governance of OCC and recommend improvements to OCC’s Board. The GC Charter describes the role the GC plays in assisting the Board in fulfilling its responsibilities, as described in OCC’s By-Laws and Rules, as well as specifying the policies and procedures governing the membership and organization, scope of authority, and specific functions and responsibilities of the GC. In addition, the guidelines for the composition of the GC as well as the policies regarding its meeting schedule, quorum rules, minute-keeping and reporting requirements are set forth in the GC Charter and conform to applicable requirements specified in OCC’s By-Laws and Rules.

The GC is composed of no fewer than five Directors with at least one Public Director, one Exchange Director and one Member Director. Management Directors will not be members of the GC. The Board will designate a GC Chair and if the Chair is not present at a meeting, the members who are present will designate a member to serve as the Acting Chair. The GC will meet at least four times a year and a majority of the GC members

The GC’s activities. The GC has the authority to approve the fees and retention terms of such advisors and specialists.

3 The GC, subject to the approval of the Board, is permitted to hire specialists or rely on outside advisors or specialists to assist it in carrying out the GC’s activities. The GC has the authority to approve the fees and retention terms of such advisors and specialists.


submissions should refer to File Number SR–OCC–2013–807 and should be submitted on or before January 10, 2014.

By the Commission.

Kevin O’Neill,  
Deputy Secretary.

[FR Doc. 2013–30268 Filed 12–19–13; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION  

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rules 104—Equities and 123C—Equities To Specify That Closings May Be Effectuated Manually or Electronically

December 16, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)1 and Rule 19b–4 thereunder,2 notice is hereby given that on December 3, 2013, NYSE MKT LLC (“NYSE MKT” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 to amend Rules 104—Equities and 123C—Equities to specify that closings may be effectuated manually or electronically. 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 amend Rules 104—Equities (“Rule 104”) and 123C—Equities (“Rule 123C”) to specify that closings may be effectuated manually or electronically.3 Rule 104(a)(3) currently provides that designated market makers (“DMM”) have the responsibility, among other things, to facilitate the close of trading for each of the securities in which the DMM is registered as required by Exchange rules (including Rule 123C), which may include supplying liquidity as needed. Rule 104(b) further provides that DMM units shall have the ability to employ algorithms for quoting and trading consistent with Exchange and SEC regulations. As such, DMM units at the Exchange all use algorithms to engage in quoting and trading activity at the Exchange.

Rule 123D(1)—Equities specifies that openings may be effectuated manually or electronically. Accordingly, the Exchange currently provides DMM units with functionality to open a security, either on a trade or on a quote, algorithmically. The Exchange is in the process of making a technological change to enable DMM units to use algorithms to close a security as well, i.e., to effectuate a close electronically. The Exchange believes that such functionality would be consistent with current Rule 104(b) because the rule already permits algorithms to engage in quoting or trading activity. However, for the avoidance of doubt, the Exchange proposes to amend Rule 123C to add supplementary material that parallels the current Rule 123D(1)—Equities rule provision governing the manner by which openings are effectuated to similarly provide that closings may be effectuated manually or electronically.

To assure that certain non-displayed interest is eligible to participate in manual executions, which include the open and close, Exchange systems include all interest eligible to participate in the opening transaction in the aggregate order information available for execution at a price point when the DMM facilitates a manual transaction. See Securities Exchange Act Release No. 34–58184 (July 17, 2008), 73 FR 42653 at 42668 (July 23, 2008) (SR–NYSEHLD–2008–45) (The Exchange’s equity trading rules are based on the rules of the New York Stock Exchange LLC). See also Rule 115—Equities (providing that the aggregated interest of Minimum Display Reserve Orders may be included in the information a DMM may provide to an inquiry from a Floor broker conducting a market probe in the normal course of business).

3. Immediate Effectiveness of Proposed Rule Change

The Exchange proposes to amend Rule 104(a)(3) to add that DMM and DMM unit algorithms will have access to aggregate order information in order to comply with their requirement to facilitate the close of trading as required by Exchange rules. The proposed additional rule text mirrors the current rule text in Rule 104(a)(2).

Rule 104(b)(iii) provides that the DMM unit’s system employing algorithms will have access only to publicly-available information. However, as noted above, certain non-displayed interest must be included in the opening or closing transaction. Currently, in order to both include such interest in an opening that is effectuated electronically and meet the Rule 104(b)(iii) requirements, the Exchange delivers aggregate order information that includes such non-displayed interest to DMM unit algorithms in a format that is accessible only for the purpose of the opening transaction. Stated otherwise, such information is not made available to the DMM algorithms that engage in intraday quoting and trading activity. The Exchange proposes to use similar mechanisms to deliver aggregate order information necessary for DMM units to effectuate a closing transaction electronically so that it is similarly restricted in its use and availability. In order to provide additional transparency in Exchange rules, the Exchange proposes to amend Rule 104(b)(iii) to add a qualifying statement that except as provided for in Rule 104(a)(2) and proposed Rule 104(a)(3), which as described above are of limited purpose, the DMM unit’s system employing algorithms will not have access to order