

is designed to promote just and equitable principles of trade, 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. In the Approval Order, the Commission found that Rule 4626(b)(3) is consistent with Act because it “sets forth objective and transparent processes to determine eligible claims and how such claims would be paid to Nasdaq members that elect to participate in the accommodation plan.” The Commission further determined that providing compensation pursuant to the rule would be in the public interest and that the rule would encourage members to compensate their customers. Similarly, Nasdaq believes that this proposed rule change is consistent with the Act because it will allow Nasdaq to accomplish the approved objectives of the Rule 4626(b)(3) through final payment of eligible claims without further delay.

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

Nasdaq believes that the proposed rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the proposed rule change does not relate to the provision of goods or services, nor does it impose regulatory restrictions on the ability of members to compete. Accordingly, the change does not affect competition in any respect.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not 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

discrimination between customers, issuers, brokers, or dealers, or to regulate by virtue of any authority conferred by this chapter matters not related to the purposes of this chapter or the administration of the exchange”).

19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

A proposed rule change filed under 19b-4(f)(6) normally may not become operative prior to 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii)¹⁰ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay. The Exchange notes that if such waiver is granted, it intends to pay all valid claims as soon as practicable thereafter. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would allow the Exchange to pay claimants without undue delay. For this reason, the Commission designates the proposed rule change operative upon filing with the Commission.¹¹

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.

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-NASDAQ-2013-165 on the subject line.

Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission,

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹⁰ *Id.*

¹¹ For the purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-NASDAQ-2013-165. 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 NASDAQ. 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-NASDAQ-2013-165 and should be submitted on or before January 23, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Lynn M. Powalski,
Deputy Secretary.

[FR Doc. 2013-31368 Filed 12-31-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71189; File No. SR-BOX-2013-60]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the Short Term Options Program

December 26, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

¹² 17 CFR 200.30-3(a)(12).

(“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that, on December 20, 2013, BOX Options Exchange LLC (the “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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend interpretive material to Rule 5050 (Series of Options Contracts Open for Trading) and Rule 6090 (Terms of Index Options Contracts) to allow the Exchange to list five Short Term Option Series at one time, and to specify that new series of Short Term Option Series may be listed up to, and including on, the expiration date. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at <http://boxexchange.com>.

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 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 Exchange proposes to amend IM-5050-6 to Rule 5050 (Series of Options Contracts Open for Trading) and IM-6090-2 to Rule 6090 (Terms of Index Options Contracts) to allow the Exchange to list five Short Term Option Series at one time, and to specify that new series of Short Term Option Series may be listed up to, and including on, the expiration date. This is a competitive filing that is based on a

proposal recently submitted by the Chicago Board Options Exchange, Inc. (“CBOE”) and approved by the Commission.³

Currently the Exchange’s Rules allow it to list options in the Short Term Option (“STO” or “weekly”) Program “on each of the next five consecutive Fridays that are business days.”⁴ The filing which gave the Exchange authority to list five STO expirations specifically states that “the total number of consecutive expirations will be five, including any existing monthly or quarterly expirations.”⁵ The Exchange is now proposing to amend its rules so that the next five STOs may be listed at one time, not including the monthly or quarterly options. The Exchange is also proposing to codify an existing practice by adding language stating that strikes may be listed up until and on the day of expiration.

As proposed, the Exchange will have the ability to list a total of five STO expirations and that count of five would not include monthly or quarterly option expirations. The Exchange notes that this proposal would restrict the five listed STOs to those closest to the STO opening date. For example, if a class of options has five STOs listed with expiration dates in July, the other two listed expiration dates may not be in December. The Exchange believes that allowing otherwise would undermine the purpose of the STO Program.

As examples of how this would work in practice, consider a situation in which a quarterly option expires week 1 and a monthly option expires week 3 from now, the proposal would allow the following expirations: Week 1 quarterly option, week 2 weekly option, week 3 monthly option, week 4 weekly option, week 5 weekly option, week 6 weekly option, and week 7 weekly option.⁶ As another example, if a quarterly option expires week 3 and a monthly option expires week 5, the following expirations would be allowed: Week 1 weekly option, week 2 weekly option, week 3 quarterly option, week 4 weekly

option, week 5 monthly option, week 6 weekly option, week 7 weekly option.

Next, the Exchange is proposing to add language to IM-5050-6(b)(4) and IM-6090-2(b)(4) to state that additional STO series may be added up to, and including on, the expiration date of the series.⁷ Currently, Exchange rules state that the Exchange may open up to 20 initial series, and up to 10 additional series, for each option class that participates in the STO Program.⁸ The Exchange’s rules, however, are silent on when series may be added. In practice, however, the Exchange, along with the other exchanges, list additional series until the expiration day.⁹ The Exchange believes that codifying this practice will clarify authority that is not currently explicitly stated in its rules to add series up until the day of expiration. Given the short lifespan of STOs, the Exchange believes that the ability to list new series of options intraday is appropriate.

The Exchange notes that the STO Program has been very well-received by market participants, in particular by retail investors. The Exchange believes that the current proposed revision to the STO Program will permit the Exchange to meet increased customer demand and provide market participants with the ability to hedge in a greater number of option classes and series. In addition, the proposed changes will codify an existing practice in the Exchange’s rules.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),¹⁰ in general, and Section 6(b)(5) of the Act,¹¹ in particular, in that it is 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 facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market

⁷ The Exchange is also proposing to add language stating that the proposed provisions in IM-5050-6 and IM-6090-2 will not contradict current provisions in the Exchange’s Rules. More specifically, the proposed provisions would not contradict Rules 5050(c) and 6090(c)(2) respectively. The Exchange believes this addition will eliminate any confusion about when additional series may be added in the STO Program in comparison to other Exchange listing programs.

⁸ See IM-5050-6(b)(3) and (4) to Rule 5050, and IM-6090-2(b)(3) and (4) to Rule 6090.

⁹ The Exchange notes that the Options Clearing Corporation (“OCC”) has the ability to accommodate series in the STO Program added intraday.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 71005 (December 6, 2013), 78 FR 75395 (December 11, 2013) (SR-CBOE-2013-096) (Order Granting Approval of Proposed Rule Change).

⁴ See IM-5050-6 to Rule 5050 and IM-6090-2 to Rule 6090.

⁵ See Securities Exchange Act Release No. 68361 (December 5, 2012), 77 FR 73729 (December 11, 2012) (Notice of Filing and Immediate Effectiveness of SR-BOX-2012-020 which was a rule filing based on approved filings submitted by NYSE Arca, Inc. and NYSE MKT, LLC).

⁶ The proposal would not allow, for example, for nothing to be listed week 7 but week 8 a weekly option.

and a national market system, and, in general to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)¹² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that expanding the STO Program will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions. The Exchange also believes that expanding the STO Program will provide the investing public and other market participants with additional opportunities to hedge their investments, thus allowing these investors to better manage their risk exposure.

With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle any potential additional traffic associated with this current amendment to the STO Program. The Exchange believes that its Participants will not have a capacity issue as a result of this proposal. The Exchange also represents that it does not believe this expansion will cause fragmentation of liquidity.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes the proposal is pro-competitive. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to a filing submitted by the CBOE that was recently approved by the Commission.¹³ The Exchange believes that the proposed rule change is necessary to permit fair competition among the options exchanges with respect to STO Programs. Moreover, the Exchange believes this proposed rule change will benefit investors by providing additional methods to trade options on liquid securities, and by providing greater ability to mitigate risk in managing large portfolios. Specifically, the Exchange believes that investors would benefit from the introduction and availability of additional series for investment, and as

an additional tool for hedging risk in highly liquid securities. For all the reasons stated, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, and believes the proposed change will enhance competition.

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

The Exchange has 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 proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and Rule 19b-4(f)(6) thereunder.¹⁵

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange stated that waiver of this requirement will promote fair competition among the exchanges by allowing the Exchange to list additional STO expirations in the same manner as the CBOE, and by clarifying that, like the CBOE, the Exchange may list new STO series up to, and including on, the expiration date. The Exchange also stated that it would be at a competitive disadvantage if it were not allowed to adopt the proposed rule changes contemporaneously with other exchanges. For these reasons, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because it will allow the Exchange to remain competitive with other exchanges. Therefore, the Commission designates the proposed

rule change to be operative upon filing.¹⁶

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 shall institute proceedings to determine whether the proposed rule 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-BOX-2013-60 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-BOX-2013-60. 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

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f)(6). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

¹⁶ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹² *Id.*

¹³ See *supra*, note 3.

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-BOX-2013-60 and should be submitted on or before January 23, 2014.

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

Lynn Powalski,
Deputy Secretary.

[FR Doc. 2013-31371 Filed 12-31-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71188; File No. SR-BOX-2013-59]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Short Term Option Series Program

December 26, 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 December 20, 2013, BOX Options Exchange LLC (the “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 self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend Interpretive Material 5050-6 (“IM-5050-6”) to BOX Rule 5050 (Series of Options Contracts Open for Trading) to expand the Short Term Options Program with respect to non-index options.³ The

text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at <http://boxexchange.com>.

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 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 Exchange proposes to amend IM-5050-6 to BOX Rule 5050 (Series of Options Contracts Open for Trading) to expand the Short Term Options Program with respect to non-index options. This is a competitive filing that is based on a proposal recently submitted by The International Securities Exchange, LLC (“ISE”).⁴

The Exchange proposes to expand the Short Term Options (“STO”) Program for non-index options so that the Exchange may: change the current thirty option class limitation to fifty option classes on which STOs may be opened; match the parameters for opening initial and additional STO strikes to what is permissible per the Options Listing Procedures Plan (“OLPP”);⁵ open up to

the series may be opened (or shall expire) on the first business day immediately prior to that Thursday or Friday, respectively. For STO Program rules regarding non-index options, see Rule 100(64) and IM-5050-6 to Rule 5050. For STO Program rules regarding index options, which are not implicated by this proposal, see Rule 6010(n) and IM-6090-1 to Rule 6090.

⁴ See SR-ISE-2013-69 which is based on the recently approved rule filing, SR-Phlx-2013-101. See Securities Exchange Act Release No. 71004 (December 6, 2013), 78 FR 75437 (December 11, 2013) (SR-Phlx-2013-101) (Order Granting Approval of Proposed Rule Change Regarding the Short Term Options Program).

⁵ The full name of the OLPP (which is applicable to all option exchanges) is Plan For The Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options Submitted Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934. With regard to the listing of new series on equity, ETF, or trust issued receipt (“TIRs”) option classes, subsection 3.(g)(i) of the OLPP states, in

thirty initial STO series for each expiration date in an STO class; add an STO strike price interval of \$2.50 or greater where the strike price is above \$150; and in general harmonize the different parts of the Program (e.g., initial listings and additional series).

The STO Program, which was established in 2010,⁶ is codified in IM-5050-6 for non-index options including equity, currency, and exchange traded fund (“ETF”) options.⁷ These rules currently provide that after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on no more than thirty option classes that expire on each of the next five consecutive Fridays that are business days.⁸ In addition to the thirty-option class limitation, there is also a limitation that no more than twenty initial series for each expiration date in those classes may be opened for trading; provided, however, that the Exchange may open up to 10 additional series when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.⁹

Furthermore, the strike price of each STO has to be fixed with approximately

relevant part, that the exercise price of each option series listed by an exchange that chooses to list a series of options (known as the Series Selecting Exchange) shall be fixed at a price per share which is reasonably close to the price of the underlying equity security, ETF, or TIR at or about the time the Series Selecting Exchange determines to list such series. Except as provided in subparagraphs (ii) through (iv) of the OLPP, if the price of the underlying security is less than or equal to 20, the Series Selecting Exchange shall not list new option series with an exercise price more than 100% above or below the price of the underlying security. If the price of the underlying security is greater than \$20, the Series Selecting Exchange shall not list new option series with an exercise price more than 50% above or below the price of the underlying security. Subsection 3.(g)(i) of the OLPP indicates that an option series price has to be reasonably close to the price of the underlying security and must not exceed a maximum of 50% or 100%, depending on the price, from the underlying. The Exchange’s proposal related to non-index options, while conforming to the current structure of the Exchange’s STO rules, is similar in practical effect to the noted OLPP subsection.

⁶ See Securities Exchange Act Release No. 62505 (July 15, 2010), 75 FR 42792 (July 22, 2010) (SR-BX-2010-047) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Establish a Short Term Option Program).

⁷ The Exchange does not by this filing propose any changes to Interpretive Material, IM-6090-6, to BOX Rule 6090 related to the STO Program for index options.

⁸ The Exchange increased the number of option issues that could be opened pursuant to the STO Program in 2012. See Securities Exchange Act Release No. 66982 (May 14, 2012), 77 FR 29718 (May 18, 2012) (SR-BOX-2012-001).

⁹ See IM-5050-6(b)(3) and (4) to Rule 5050.

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ STOs, also known as “weekly options” as well as “Short Term Options”, are series in an options class that are approved for listing and trading on the Exchange in which the series are opened for trading on any Thursday or Friday that is a business day and that expire on the Friday of the next business week. If a Thursday or Friday is not a business day,