For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[16]

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71879; File No. SR–NYSE–2014–15]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Price List To Introduce a New Credit for Certain Retail Providing Liquidity on the Exchange

April 4, 2014.

Pursuant to Section 19(b)(1)[1] of the Securities Exchange Act of 1934 (''Act'')[2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on March 24, 2014, New York Stock Exchange LLC (''NYSE'' or ''Exchange'') 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 self-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 Substance of the Proposed Rule Change

The Exchange proposes to amend its Price List to introduce a new credit for certain retail providing liquidity on the Exchange. The Exchange proposes to implement the fee change effective April 1, 2014. 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 the 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Price List to introduce a new credit for certain retail providing liquidity on the Exchange.[4] The Exchange proposes to implement the fee change effective April 1, 2014.

The Exchange currently operates the Retail Liquidity Program as a pilot program that is designed to attract additional retail order flow to the Exchange for NYSE-listed securities while also providing the potential for price improvement to such order flow.[5] Retail order flow is submitted through the Retail Liquidity Program as a distinct order type called a ''Retail Order,'' which is defined in Rule 107C(a)(3) as an agency order or a riskless principal order that meets the criteria of Financial Industry Regulatory Authority, Inc. (''FINRA'') Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization (''RMO''), provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.[6] An execution of a Retail Order is always considered to remove liquidity, whether against contra-side interest in the Retail Liquidity Program or against the Book.[7] As described in the Price List, executions of Retail Orders receive a credit of $0.0005 per share if executed against Retail Price Improvement Orders (''RPIs'') or Mid-Point Passive Liquidity (''MPL'') Orders and are otherwise charged according to standard fees applicable to non-Retail Orders if executed against the Book.[8]

The Exchange proposes to introduce a new credit of $0.0030 per share for executions of orders designated as ''retail'' that provide liquidity on the Book.[9] An order properly designated as ''retail'' would be required to satisfy the requirements of Rule 107C(a)(3), but would not be submitted as a Retail Order within the Retail Liquidity Program and therefore would not need to be submitted by an RMO.[10] Designation of an order as ''retail'' for purposes of the proposed new credit would be separate and distinct from submission of a Retail Order for purposes of the Retail Liquidity Program, despite the characteristics being identical (i.e., they must each satisfy the requirements in Rule 107C(a)(3)).

The Exchange proposes to permit members and member organizations to designate orders as ''retail'' for the purposes of the proposed $0.0030 credit either (1) by means of a specific tag in the order entry message or (2) by designating a particular member or member organization mnemonic used at the Exchange as a ''retail mnemonic.'' A member or member organization would be required to attest, in a form and/or manner prescribed by the Exchange, that substantially all orders submitted to the Exchange satisfy the requirements of Rule 107C(a)(3).[11]

[16] 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.

[4] The proposed pricing would only apply to securities priced $1.00 or greater.

[5] *See* Rule 107C. *See also* Securities Exchange Act Release No. 67347 (July 3, 2012), 77 FR 40673 (July 10, 2012) (SR–NYSE–2011–55).

[6] RMO is defined in Rule 107C(a)(2) as a member organization (or a division thereof) that has been approved by the Exchange under Rule 107C to submit Retail Orders.

[7] A Retail Order is an Immediate or Cancel Order. *See* Rule 107C(a)(3). *See also* Rule 107C(k) for a description of the manner in which a member or member organization may designate how a Retail Order will interact with available contra-side interest.

[8] RPI is defined in Rule 107C(a)(4) and consists of non-displayed interest in NYSE-listed securities that is priced better than the best protected bid (''PBB'') or best protected offer (''PBO''), as such terms are defined in Regulation NMS Rule 600(b)(57), by at least $0.001 and that is identified as such. MPL Order is defined in Rule 13 as an undisplayed limit order that automatically executes at the mid-point of the protected best bid or offer (''PBBO'').

[9] The existing rates in the Price List would apply to executions of MPL Orders (e.g., $0.0015 per share). Similarly, the existing rates in the Price List would apply to executions of Non-Displayed Reserve Orders (e.g., $0.0010 per share). A Supplemental Liquidity Provider (''SLP'') market maker (''SLMM'') could designate orders as ''retail'' and be eligible for the proposed new credit. Orders designated as ''retail'' that provide liquidity would count toward a member's or member organization's overall level of providing volume for purposes of other pricing on the Exchange that is based on such levels (e.g., the Tier 1, Tier 2 and Tier 3 Adding Credits).

[10] The RMO aspect of Rule 107C(a)(3) would not be considered when determining whether an order designated as ''retail'' satisfies the requirements thereunder.

[11] This would be similar to the process under the Retail Liquidity Program, whereby an RMO must attest, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under Rule 107C. *See* Rule 107C(b)(C). This would also be similar to the manner in which an Exchange Trading Permit (''ETP'') Holder on NYSE Arca Equities, Inc. (''NYSE Arca Equities'') may designate orders as

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A member or member organization would be required to have written policies and procedures reasonably designed to assure that it will only designate orders as ''retail'' if all the requirements of Rule 107C(a)(3) are met. Such written policies and procedures must require the member or member organization to (1) exercise due diligence before entering orders designated as ''retail'' to assure that such entry is in compliance with the requirements specified by the Exchange, and (2) monitor whether orders designated as ''retail'' meet the applicable requirements. If the member or member organization represents orders designated as ''retail'' from another broker-dealer customer of the member or member organization, the member's or member organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such broker-dealer customer that it designates as ''retail'' meet the requirements of Rule 107C(a)(3). The member or member organization must (1) obtain an annual written representation, in a form acceptable to the Exchange, from each broker-dealer customer that sends it orders to be designated as ''retail'' that entry of such orders designated as ''retail'' will be in compliance with the requirements specified by the Exchange, and (2) monitor whether its broker-dealer customer's orders designated as ''retail'' meet the applicable requirements.[12]

Designating orders as ''retail'' would be optional. Accordingly, a member or member organization that chooses not to designate orders as ''retail'' would therefore either (1) not use the applicable tag in the order entry message or (2) not designate any of its mnemonics as ''retail mnemonics.'' The Exchange further proposes that it may disqualify a member or member organization from eligibility for the proposed new $0.0030 credit if the Exchange determines, in its sole discretion, that a member or member organization has failed to abide by any of the requirements proposed herein, including, for example, if a member or member organization (1) designates greater than a de minimis quantity of orders to the Exchange as ''retail'' that fail to meet any of the applicable requirements, (2) fails to make the required attestation to the Exchange, or (3) fails to maintain the required policies and procedures.

The proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that members and member organizations 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,[13] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[14] 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 notes that a significant percentage of the orders of individual investors are executed over-the-counter.[15] While the Exchange believes that markets and price discovery optimally function through the interactions of diverse flow types, it also believes that growth in internalization has required differentiation of retail order flow from other order flow types. In this regard, the Exchange believes that the proposed change is reasonable because it would contribute to maintaining or increasing the proportion of retail flow in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods). The proposed change is also equitable and not unfairly discriminatory because it would contribute to investors' confidence in the fairness of their transactions and because it would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also believes that providing a credit for executions of orders that provide liquidity on the Book and that are designated as ''retail'' is reasonable because it would create an added financial incentive for members and member organizations to bring additional retail flow to a public market. The proposed new credit is also reasonable because it would reduce the costs of members and member organizations that represent retail flow and potentially also reduce costs to their customers. The proposed change is also reasonable because it would be similar to the manner in which The Nasdaq Stock Market, LLC (''NASDAQ'') provides a $0.0033 credit for ''Designated Retail Orders'' that provide liquidity.[16]

Absent this proposal, for example, a credit of $0.0022, $0.0020 or $0.0017 (or $0.0010 if a Non-Displayed Reserve Order) would apply to the retail providing liquidity that this proposal targets for a member or member organization that qualifies for the Tier 1, Tier 2 or Tier 3 Adding Credits, respectively.[17] A credit of $0.0015 per share (or $0.0010 per share if a Non-Displayed Reserve Order) would otherwise apply to the retail providing liquidity. The Exchange believes that providing a credit of $0.0030 per share for executions of orders that provide liquidity on the Book and that are designated as ''retail'' is reasonable because it is set at a level that would reasonably incentivize members and member organizations to qualify for eligibility to designate orders as ''retail'' (e.g., attestations and procedures) as well as to actually direct such retail flow to the Exchange. Such orders designated as ''retail'' would increase the pool of robust liquidity available on the Exchange, thereby contributing to the quality of the Exchange's market and to the Exchange's status as a premier destination for liquidity and order execution. The Exchange believes that, because retail flow is likely to reflect long-term investment intentions, it promotes price discovery and dampens volatility. Accordingly, the presence of retail flow on the Exchange has the potential to benefit all market

''retail'' outside of the NYSE Arca Equities Retail Liquidity Program. *See, e.g.,* Securities Exchange Act Release No. 68322 (November 29, 2012), 77 FR 72425 (December 5, 2012) (SR–NYSEArca–2012–129).

[12] FINRA, on behalf of the Exchange, would review member and member organization compliance with these requirements through an exam-based review of the member's or member organization's internal controls.

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(4) and (5).

[15] *See* Concept Release on Equity Market Structure, Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (''Concept Release'') (noting that dark pools and internalizing broker-dealers executed approximately 25.4% of share volume in September 2009). *See also* Mary Jo White, Focusing on Fundamentals: The Path to Address Equity Market Structure (Speech at the Security Traders Association 80th Annual Market Structure Conference, Oct. 2, 2013) (available on the Commission's Web site) (''White Speech''); Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) (available on the Commission's Web site) (''Schapiro Speech''). In her speech, Chair White noted a steadily increasing percentage of trading that occurs in ''dark'' venues, which appear to execute more than half of the orders of long-term investors. Similarly, in her speech, only three years earlier, Chair Schapiro noted that nearly 30 percent of volume in U.S.-listed equities was executed in venues that do not display their liquidity or make it generally available to the public and the percentage was increasing nearly every month.

[16] *See* NASDAQ Rule 7018.

[17] The Price List also provides for credits for SLPs.

participants. For this reason, the Exchange believes that it is equitable and not unfairly discriminatory to provide a financial incentive to encourage greater retail participation on the Exchange.

The Exchange believes that the process for designating orders as ''retail'' and the requirements surrounding such designations, such as attestations and procedures, are reasonable because they would reasonably ensure that substantially all of those orders would satisfy the applicable requirements of Rule 107C(a)(3) and therefore be eligible for the corresponding credit of $0.0030 per share. These processes and requirements are also reasonable because they are substantially similar to those in effect on the Exchange for the Retail Liquidity Program and on NYSE Arca Equities related to pricing for certain retail flow.[18] More specifically, the Exchange understands that some members and member organizations represent both retail flow as well as other agency and riskless principal flow that may not meet the strict requirements of Rule 107C(a)(3). The Exchange further understands that limitations in order management systems and routing networks used by such members and member organizations may make it infeasible for them to isolate 100% of retail flow from other agency or riskless principal, non-retail flow that they would direct to the Exchange. Unable to make the categorical attestation required by the Exchange, some members and member organizations may not attempt to qualify for the proposed new $0.0030 credit, notwithstanding that they have substantial retail flow. The Exchange believes that it is reasonable to permit a de minimis amount of orders to be designated as ''retail,'' despite not satisfying the requirements of Rule 107C(a)(3), because it would allow for enough flexibility to accommodate member and member organization system limitations while still reasonably ensuring that no more than a de minimis amount of orders submitted to the Exchange would not satisfy the requirements of Rule 107C(a)(3). This is also equitable and not unfairly discriminatory because it will reasonably ensure that similarly situated members and member organizations that have only slight differences in the capability of their systems would be able to equally benefit from the proposed pricing for orders designated as ''retail.''

[18] *See supra* note 11.

The pricing proposed herein is equitable and is not designed to permit unfair discrimination, but instead to promote a competitive process around retail executions such that retail investors' orders would be subject to greater transparency. As previously recognized by the Securities and Exchange Commission (''Commission''), ''markets generally distinguish between individual retail investors, whose orders are considered desirable by liquidity providers because such retail investors are presumed on average to be less informed about short-term price movements, and professional traders, whose orders are presumed on average to be more informed.'' [19] The Exchange has sought to balance this view in setting the pricing of the credit available for executions of orders designated as ''retail'' that provide liquidity compared to other liquidity providing executions, recognizing that the ability of a member's or member organization's contra-side liquidity to interact with such orders designated as ''retail'' could be a potential benefit applicable to the members or member organizations submitting such contra-side liquidity.

The proposal is also equitable and not unfairly discriminatory because the ability to designate an order as ''retail'' is available to all members and member organizations that submit qualifying orders and satisfy the other related requirements.

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,[20] the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change would increase competition among execution venues and encourage additional liquidity. In this regard, the Exchange believes that the transparency and competitiveness of attracting additional executions on an exchange market, and the pricing related thereto, would encourage competition. The proposed change would also permit the Exchange to compete with other markets, including NASDAQ, which similarly provides a credit for ''Designated Retail Orders'' that provide liquidity.[21]

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 or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates 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 and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations 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 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) [22] of the Act and subparagraph (f)(2) of Rule 19b–4 [23] 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

[19] *See* SR–NYSE–2011–55, *supra* note 5. *See also* Concept Release, White Speech, Schapiro Speech, *supra* note 15.

[20] 15 U.S.C. 78f(b)(8).

[21] *See supra* note 16.

[22] 15 U.S.C. 78s(b)(3)(A).

[23] 17 CFR 240.19b–4(f)(2).

under Section 19(b)(2)(B) [24] 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–NYSE–2014–15 on the subject line.

Paper Comments

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

All submissions should refer to File Number SR–NYSE–2014–15. 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 inspection and copying in the Commission's Public Reference Section, 100 F Street NE., Washington, DC 20549–1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for Web site viewing and printing at the NYSE's principal office and on its Internet Web site at *www.nyse.com.* 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–NYSE–2014–15 and should be submitted on or before May 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[25]

Kevin M. O'Neill,

Deputy Secretary.

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[24] 15 U.S.C. 78s(b)(2)(B).

[25] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71880; File No. SR–CBOE–2014–036]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to the End of Trading on CBSX

April 4, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the '' Exchange Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that, on April 1, 2014, 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 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

CBOE proposes to amend Rule 51.2 to permit CBOE to end trading on the CBOE Stock Exchange, LLC (''CBSX'') as of the close of business on April 30, 2014 (the ''Closing Date''). The text of the proposed rule change is provided in Exhibit 5.

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

CBSX, of which CBOE is a partial owner, is regulated as a stock trading facility of the Exchange under Section 3(a)(2) of the Exchange Act.[3] Section 9.15 of the Third Amended and Restated Operating Agreement of CBOE Stock Exchange, LLC, dated as of December 30, 2011 between CBOE and the other owners (''Non-CBOE Owners'') of CBSX (''Operating Agreement''), requires the prior affirmative vote of CBOE,[4] as well as the affirmative vote by each of the CBSX Board and a Super Majority of the Owners of CBSX,[5] prior to CBSX: (i) Materially changing CBSX's business model; or (ii) changing the status of or registration of CBSX as a facility of CBOE. Each of CBOE, the Board, and a Super Majority of Owners has affirmatively approved the ending of CBSX trading operations and ceasing to operate CBSX as a facility of the Exchange. This rule filing is not proposing any change to the ownership structure of CBSX. The proposed rule change is intended to further the Exchange's strategic goal to focus its resources on other business opportunities while fulfilling its regulatory obligations under the Exchange Act. CBSX's Trading Permit

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

[2] 17 CFR 240.19b–4.

[3] In 2007, the Commission approved the establishment of CBSX as a facility of the Exchange. *See* Securities Exchange Act Release No. 55389 (March 2, 2007), 72 FR 10575 (March 8, 2007).

[4] CBOE's prior affirmative vote is required so that CBOE will have the opportunity to determine, in advance of action taken by the CBSX Board of Directors (''Board'') or the Non-CBOE Owners, whether a proposed action, transaction, or aspect of an action or transaction requiring a Super Majority of the Owners (as defined below) would interfere with the performance of CBOE's regulatory functions, its responsibilities under the Exchange Act or as specifically required by the SEC (''Regulatory Requirements'').

[5] Section 2.1(a)(26) of the Operating Agreement generally defines ''Super Majority of the Owners'' to mean, subject to the prior affirmative vote of CBOE as to its Regulatory Requirements, the affirmative vote of both: (i) All of the Owners of the Series A voting shares at the time (currently CBOE), and (ii) Owners of Series B voting shares representing at least a 20% interest in CBSX. While not material to a Super Majority, the Exchange notes that CBSX also has Series C non-voting restricted shares for Management Owners.