

At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)<sup>14</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2014-18 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-2014-18. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal

office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSE-2014-18 and should be submitted on or before May 2, 2014.

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. 2014-08125 Filed 4-10-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71895; File No. SR-NYSEArca-2014-10]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change To Adopt NYSE Arca Equities Rule 8.900, Which Permits the Listing and Trading of Managed Portfolio Shares, and To List and Trade Shares of the ActiveShares<sup>SM</sup> Large-Cap Fund, ActiveShares<sup>SM</sup> Mid-Cap Fund, and ActiveShares<sup>SM</sup> Multi-Cap Fund Pursuant to That Rule

April 7, 2014.

On February 7, 2014, NYSE Arca, Inc. ("Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt new NYSE Arca Equities Rule 8.900, which would govern the listing and trading of Managed Portfolio Shares, and to list and trade shares of the ActiveShares<sup>SM</sup> Large-Cap Fund, ActiveShares<sup>SM</sup> Mid-Cap Fund, and ActiveShares<sup>SM</sup> Multi-Cap Fund (collectively, "Funds") under proposed NYSE Arca Equities Rule 8.900. The proposed rule change was published for comment in the **Federal Register** on February 26, 2014.<sup>3</sup> The Commission has received one comment letter on the proposed rule change.<sup>4</sup>

Section 19(b)(2) of the Act<sup>5</sup> provides that, within 45 days of the publication

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

<sup>14</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> See Securities Exchange Act Release No. 71588 (Feb. 20, 2014), 79 FR 10848.

<sup>4</sup> See Letter from Gary L. Gastineau, President, ETF Consultants.com, Inc., to Elizabeth M. Murphy, Secretary, Commission, dated March 18, 2014.

<sup>5</sup> 15 U.S.C. 78s(b)(2).

of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding, or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The Commission is extending this 45-day time period.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the comment received. The proposed rule change would permit the Exchange to adopt new NYSE Arca Equities Rule 8.900, which would set forth the initial and continued listing standards applicable to Managed Portfolio Shares. In addition, the proposed rule change would permit the listing and trading of shares of the Funds pursuant to proposed NYSE Arca Equities Rule 8.900.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates May 27, 2014, as the date by which the Commission shall either approve or disapprove or institute proceedings to determine whether to disapprove the proposed rule change (File Number SR-NYSEArca-2014-10).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-08130 Filed 4-10-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71888; File No. SR-DTC-2014-02]

### Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the DTC Settlement Service Guide to Clarify the Largest Provisional Net Credit Procedures

April 7, 2014.

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

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

<sup>7</sup> 17 CFR 200.30-3(a)(31).

<sup>14</sup> 15 U.S.C. 78s(b)(2)(B).

(“Act”)<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on March 27, 2014, the Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change<sup>3</sup> as described in Items I, II and III below, which Items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>4</sup> of the Act and Rule 19b-4(f)(4)<sup>5</sup> thereunder, which renders the proposal effective upon filing with the Commission. 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

As discussed below, the proposed rule change would clarify DTC’s existing Largest Provisional Net Credit (“LPNC”)<sup>6</sup> Procedures within DTC’s Settlement Service Guide (the “Service Guide”).<sup>7</sup>

### II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC 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

With regard to processing of Money Market Instruments (“MMI”), DTC employs the LPNC risk management control to mitigate the risks associated, on the same business day, with: (i) the insolvency of an MMI issuer or refusal to pay (“RTP”) on a MMI maturity

obligation by the applicable MMI Issuing and Paying Agent, and (ii) a DTC Participant’s (“Participant”) failure to settle or DTC’s ceasing to act for the Participant. In this regard, on each processing day, DTC withholds intraday credit from each MMI Participant for the sum of the two largest aggregate net credits with respect to an issuer’s acronym for purposes of calculating the Participant’s net settlement balance and collateral monitor. This provides protection in the event that MMI transactions are reversed in DTC’s system in accordance with the DTC Rules & Procedures (“Rules”) as a result of an issuer failure or RTP.<sup>8</sup>

DTC most recently updated its Rules relating to LPNC in 2013.<sup>9</sup>

Pursuant to this rule filing, DTC proposes clarifications to the LPNC Procedures in the Service Guide, including: (i) providing an example illustrating the composition of the LPNC calculation; and (ii) making other technical changes relating to the description of the LPNC process and timeframes.

##### 2. Statutory Basis

The proposed rule change clarifies the terms associated with processing of MMI transactions and associated risk controls. As a result, the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC, and in particular, with Section 17A(b)(3)(F)<sup>10</sup> of the Act. This section requires that the Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest.

##### 3. Implementation Timeframe

The proposed rule change is effective immediately.

#### (B) Self-Regulatory Organization’s Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition. As stated above, the proposed change merely provides clarifications to the Service Guide and will not impact any Participant’s access to, or use of, DTC services. In addition, the proposal does not impact the costs of Participants’ use of DTC services.

<sup>8</sup> Such reversals override DTC’s net debit cap and collateral monitor risk controls.

<sup>9</sup> Securities Exchange Act Release No. 68983 (Feb. 25, 2013), 78 FR 13924 (Mar. 1, 2013) (SR-DTC-2012-10).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

Written comments relating to the proposed rule change have not yet been solicited or received with respect to this filing.

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

The forgoing [sic] rule change has become effective pursuant to Section 19(b)(3)(A)<sup>11</sup> of the Act and paragraph (f)(4)<sup>12</sup> of Rule 19b-4 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.

### 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](mailto:rule-comments@sec.gov). Please include File No. SR-DTC-2014-02 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 No. SR-DTC-2014-02. 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

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(4).

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

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

<sup>3</sup> Exhibit 5 of this proposed rule change filing shows the text of the rule changes to be made by DTC. File No. SR-DTC-2014-02, Exhibit 5, <http://www.sec.gov/rules/sro/dtc.shtml>.

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(4).

<sup>6</sup> DTC Rule 1 (Definitions), available at <http://www.dtcc.com/en/legal/rules-and-procedures.aspx>.

<sup>7</sup> Service Guide, available at <http://www.dtcc.com/~media/Files/Downloads/legal/service-guides/Settlement.ashx>.

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 filings will also be available for inspection and copying at the principal office of DTC and on DTC's Web site at <http://www.dtcc.com/legal/sec-rule-filings.aspx>. 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 No. SR-DTC-2014-02 and should be submitted on or before May 2, 2014.

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

**Kevin M. O'Neill,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71891; File No. SR-Phlx-2013-113]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Request for Comment and Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Offer a Customer Rebate

April 7, 2014.

On October 31, 2013, NASDAQ OMX PHLX LLC ("Exchange" or "Phlx") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend the Customer Rebate Program in Section B of the Exchange's Pricing Schedule to increase Customer rebates available to certain market participants that transact Customer orders on Phlx. The proposed rule change was published for comment in the **Federal Register** on November 19, 2013.<sup>3</sup> On November 25, 2013, the

Commission temporarily suspended and initiated proceedings to determine whether to approve or disapprove the proposed rule change.<sup>4</sup> The Commission has received six comment letters on the proposal<sup>5</sup> and one rebuttal letter from Phlx.<sup>6</sup>

Section 19(b)(2) of the Act<sup>7</sup> provides that, after instituting proceedings to determine whether to approve or disapprove a proposed rule change, within 180 days of the publication of notice of the filing of a proposed rule change, the Commission shall either approve the proposed rule change or disapprove the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The 180th day for this filing is May 18, 2014.

The Commission finds that it is appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to review comment letters submitted in response to the Order Instituting Proceedings, to review the Exchange's response to such comments, and to consider and take action on the Exchange's proposed rule change.

The Commission also seeks additional comment to help further inform its analysis of the proposed rule change. Specifically, the Commission invites interested persons to submit data, views, and arguments concerning the proposed rule change, including whether the proposed rule change is consistent with the Act. In particular, the Commission seeks comment on the following.

<sup>4</sup> See Securities Exchange Act Release No. 70940 (November 25, 2013), 78 FR 71700 (November 29, 2013) ("Order Instituting Proceedings").

<sup>5</sup> See letters to Elizabeth M. Murphy, Secretary, Commission, from: Michael J. Simon, Secretary, International Securities Exchange, LLC, dated November 11, 2013; William O'Brien, Chief Executive Officer, Direct Edge Holdings LLC, dated November 13, 2013; Brian O'Neill, Vice President and Senior Counsel, Miami International Securities Exchange, LLC, dated November 27, 2013; John C. Nagel, Managing Director and General Counsel, Citadel Securities, dated December 18, 2013; Angelo Evangelou, Associate General Counsel, Chicago Board Options Exchange, Inc., dated December 20, 2013; and Michael J. Simon, Secretary, International Securities Exchange, LLC, dated December 20, 2013.

<sup>6</sup> See letter to Elizabeth M. Murphy, Secretary, Commission, from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ OMX PHLX LLC, dated January 24, 2014 ("Phlx Response Letter").

<sup>7</sup> 15 U.S.C. 78s(b)(2).

Phlx states in its January 24, 2014 response to comments ". . . if an exchange believes that it would be attractive to customers to have a choice between multiple affiliated exchanges, it may create such exchanges as some self-regulatory exchanges—including commenters CBOE and ISE—have already done."<sup>8</sup> Phlx further states that "[t]here are no significant barriers to SROs creating additional options exchanges."<sup>9</sup> Phlx's response suggests that, if the proposal were approved, there is a potential for entities to create new options exchanges in order to compete with Phlx.<sup>10</sup>

The Commission has previously stated that its task has been to facilitate an appropriately balanced market structure that promotes competition among markets, while minimizing the potentially adverse effects of fragmentation on efficiency, price transparency, best execution of investor orders, and order interaction.<sup>11</sup> In that Concept Release, the Commission discussed the impact of competition among trading venues and market fragmentation.<sup>12</sup> The Commission also stated that when many trading centers compete for order flow in the same security, however, such competition can lead to the fragmentation of order flow in that security.<sup>13</sup> The Commission further stated that fragmentation can inhibit the interaction of investor orders and thereby impair certain efficiencies and the best execution of investors' orders.<sup>14</sup> On the other hand, the Commission stated that mandating the consolidation of order flow in a single venue would create a monopoly and thereby lose the important benefits of completion among markets.<sup>15</sup> The Commission stated that the benefits of such competition include incentives for trading centers to create new products, provide high quality trading services that meet the needs of investors, and keep trading fees low.<sup>16</sup>

As a result, the Commission has stated that such market fragmentation concerns have presented challenges to the Commission's objective to protect investors and maintain fair and orderly markets.<sup>17</sup>

<sup>8</sup> See Phlx Response Letter, *supra* note 6, at 7.

<sup>9</sup> *Id.*

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

<sup>11</sup> See Exchange Act Release No. 61358 (Jan. 14, 2010), 75 FR 3593, 3597 (Jan. 21, 2010) ("Concept Release").

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> See Concept Release, *supra* note 11, at 3597.

<sup>17</sup> *Id.*

<sup>13</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 70866 (November 13, 2013), 78 FR 69472 ("Notice").