

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-2014-21 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-2014-21. 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 will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://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-2014-21 and should be submitted on or before May 19, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71988; File No. SR-NYSEMKT-2014-34]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Deleting NYSE MKT Rule 343—Equities to Harmonize the NYSE MKT's Rules With Changes by Financial Industry Regulatory Authority, Inc. to Amend the Uniform Branch Office Registration Form

April 22, 2014.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on April 11, 2014, NYSE MKT LLC ("Exchange" or "NYSE MKT") 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 change from interested persons.

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

The Exchange proposes to delete NYSE MKT Rule 343—Equities to harmonize the NYSE MKT's rules with changes by Financial Industry Regulatory Authority, Inc. ("FINRA") to amend the Uniform Branch Office Registration Form ("Form BR"). The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to delete NYSE MKT Rule 343—Equities to harmonize the NYSE MKT's rules with changes by FINRA to Form BR.

##### Background

On July 30, 2007, FINRA's predecessor, the National Association of Securities Dealers, Inc. ("NASD"), and NYSE Regulation, Inc. ("NYSER") consolidated their member firm regulation operations into a combined organization, FINRA. Pursuant to Rule 17d-2 under the Act, the New York Stock Exchange ("NYSE"), NYSER and FINRA entered into an agreement (the "Agreement") to reduce regulatory duplication for their members by allocating to FINRA certain regulatory responsibilities for NYSE rules and rule interpretations ("FINRA Incorporated NYSE Rules"). NYSE MKT LLC ("NYSE MKT") became a party to the Agreement effective December 15, 2008.

As part of its effort to reduce regulatory duplication and relieve firms that are members of FINRA, the Exchange, and NYSE of conflicting or unnecessary regulatory burdens, FINRA is now engaged in the process of reviewing and amending the NASD and FINRA Incorporated NYSE Rules in order to create a consolidated FINRA rulebook.<sup>4</sup> FINRA recently harmonized NASD and FINRA Incorporated NYSE Rules and interpretations concerning supervision.<sup>5</sup> FINRA's supervisory rule changes will become effective on December 1, 2014.<sup>6</sup>

As part of this filing, FINRA deleted NYSE Rule 343 and its interpretation.<sup>7</sup>

<sup>4</sup> FINRA's rulebook currently has three sets of rules: (1) NASD Rules, (2) FINRA Incorporated NYSE Rules, and (3) consolidated FINRA Rules. The FINRA Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE ("Dual Members"), while the consolidated FINRA Rules apply to all FINRA members. For more information about the FINRA rulebook consolidation process, see FINRA Information Notice, March 12, 2008.

<sup>5</sup> See Securities Exchange Act Release No. 71179 (December 23, 2013), 78 FR 79542 (December 30, 2013) (SR-FINRA-2013-025).

<sup>6</sup> See FINRA Regulatory Notice 14-10.

<sup>7</sup> NYSE Rule 343 is virtually identical to NYSE MKT Rule 343—Equities except for certain

<sup>18</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

These provisions set forth certain pre-approval requirements for space sharing.<sup>8</sup> As part of the harmonization process, FINRA determined that a pre-approval process was no longer necessary and instead NASD's notice filing model would be utilized.

FINRA also recently amended Form BR, which is used by firms to register their branch offices with FINRA, the Exchange, and participating states via the Central Registration Depository.<sup>9</sup> Among other things, the amendments to Form BR eliminated Section 6, which incorporates space sharing arrangement questions relating to NYSE MKT Rule 343—Equities. The changes to Form BR will become effective on April 7, 2014.<sup>10</sup>

#### Proposed Rule Change

As a result of the proposed changes to Form BR, there will no longer be a mechanism to collect the information used for the space sharing pre-approval process under NYSE MKT Rule 343—Equities, and as such, the Exchange proposes to delete NYSE MKT Rule 343—Equities effective on the same date that FINRA makes its changes to Form BR effective, April 7, 2014, rather than the date that the supervisory rule changes become effective, December 1, 2014. The Exchange notes that it will be submitting a proposed rule change to harmonize the remaining NASD and FINRA Incorporated NYSE Rules and interpretations concerning supervision to coincide with FINRA's December 1, 2014 effective date. The Exchange will announce both effective dates via an Information Memo.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

technical differences. The Exchange does not have a separate set of rule interpretations.

<sup>8</sup>NYSE MKT Rule 343(a)—Equities provides that, unless otherwise permitted by the Exchange, an office or foreign incorporated branch of a member or member organization may not be occupied jointly with any other broker or dealer, investment advisor, or other person who conducts a securities or commodities business with the public. Certain types of office space arrangements that are deemed permissible are described in the rule. NYSE MKT Rule 343(b)—Equities provides that members and member organizations may share office space with any person who is not a broker or dealer, an investment advisor, or who does not conduct a securities or commodities business with the public. NYSE MKT Rule 343(c)—Equities provides that, unless otherwise permitted by the Exchange, the main office of every member organization must remain open for business on every full business day during the trading hours on the Exchange. Supplementary Material 343.10—Equities provides additional guidance relating to office space arrangements.

<sup>9</sup> See Securities Exchange Act Release No. 71626 (February 27, 2014), 79 FR 12547 (March 5, 2014) (SR-FINRA-2013-051).

<sup>10</sup> See FINRA Regulatory Notice 14-11.

Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular, because it is designed to promote just and equitable principles of trade and to remove impediments to and perfect the mechanism of a free and open market and a national market system. Specifically, the Exchange believes that the proposed rule change supports the objectives of the Act by providing greater harmonization between Exchange rules and FINRA rules and forms of similar purpose, resulting in less burdensome and more efficient regulatory compliance. In particular, deleting NYSE MKT Rule 343—Equities would promote just and equitable principles of trade by harmonizing the Exchange's rules with the Form BR, which is used by the Commission, SROs, and states.

#### 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 that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change is not intended to address competitive issues but rather to achieve greater consistency between the Exchange's rules and Form BR.

#### 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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>13</sup> and Rule 19b-4(f)(6) thereunder.<sup>14</sup> 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

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

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

investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>15</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b4(f)(6)(iii),<sup>16</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as it will harmonize NYSE MKT's rules with FINRA Rules at the same time that the revised Form BR becomes operative, thus helping to eliminate confusion regarding broker obligations.<sup>17</sup> Therefore, the Commission designates the proposed rule change to be operative upon filing. 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>18</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-NYSEMKT-2014-34 on the subject line.

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>17</sup> 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).

<sup>18</sup> 15 U.S.C. 78s(b)(2)(B).

*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-NYSEMKT-2014-34. 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 will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://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-NYSEMKT-2014-34 and should be submitted on or before May 19, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71985; File No. SR-Phlx-2014-22]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding Quoting Obligations

April 22, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that on April 11, 2014, NASDAQ OMX PHLX LLC ("Phlx" 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 is filing with the Commission a proposal to amend Rule 1014 (Obligations and Restrictions Applicable to Specialists and Registered Options Traders) to indicate that quoting obligations will apply collectively to all of a Market Maker's<sup>3</sup> appointed issues, rather than on an issue-by-issue basis.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

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

<sup>3</sup> Market Makers are, as discussed below, Registered Options Traders that include Registered Options Traders, Streaming Quote Trades [sic], Remote Streaming Quote Traders, specialists, and Remote Specialists.

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

##### 1. Purpose

The purpose of this proposed rule change is to amend Rule 1014 to indicate that quoting obligations will apply collectively to all of a Market Maker's appointed issues, rather than on an issue-by-issue basis.

This proposal conforms the noted Rule 1014 quoting obligations to that of BATS Rule 22.6(d)(3).<sup>4</sup>

Market Makers on the Exchange include Registered Options Traders ("ROTs"),<sup>5</sup> Streaming Quote Traders ("SQTs"),<sup>6</sup> Remote Streaming Quote Traders ("RSQTs"),<sup>7</sup> specialists,<sup>8</sup> and Remote Specialists.<sup>9</sup> As set forth in Rule 1014, Market Makers have an obligation to make two-sided markets in products listed on the Exchange. This rule change proposal does not negate, or attempt to

<sup>4</sup> See Securities Exchange Act Release No. 71129 (December 18, 2013) 78 FR 77736 (December 24, 2013) (SR-BATS-2013-062) (notice of filing and immediate effectiveness regarding quoting obligations applying to a Market Maker's appointed issues collectively). See also Exchange Act Release Nos. 69176 (March 19, 2013) 78 FR 17958 (March 25, 2013) (SR-MIAX-2013-08) (notice of filing and immediate effectiveness regarding quoting obligations applying collectively); and 61829 (April 1, 2010) 75 FR 17981 (April 8, 2010) (SR-BX-2010-023) (notice of filing and immediate effectiveness regarding quoting obligations applying collectively). Regarding quoting obligations applying collectively, see also NYSE MKT Rule 925.1NY, NYSE Arca Equity Rule 6.37B, and ISE Rule 804(e).

<sup>5</sup> An ROT is a regular member or a foreign currency options participant of the Exchange located on the trading floor who has received permission from the Exchange to trade in options for his own account. See Rule 1014(b)(i).

<sup>6</sup> An SQT is an ROT who has received permission from the Exchange to generate and submit option quotations electronically in options to which such SQT is assigned. An SQT may only submit such quotations while such SQT is physically present on the floor of the Exchange. See Rule 1014(b)(ii)(A).

<sup>7</sup> An RSQT is an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. An RSQT may only submit such quotations electronically from off the floor of the Exchange. See Rule 1014(b)(ii)(B).

Rule 1014 also discusses other market makers including Directed SQTs and Directed RSQTs, which receive Directed Orders as defined in Rule 1080(l)(i)(A). Specialists may likewise receive Directed Orders.

<sup>8</sup> A member may not act as an options specialist (to include a Remote Specialist as defined in Rule 1020(a)(ii)) in any option unless such member is registered as an options specialist in such option by the Exchange pursuant to Rule 501 and such registration may be revoked or suspended at any time by the Exchange. See Rule 1020(a)(i).

<sup>9</sup> A Remote Specialist is an options specialist in one or more classes that does not have a physical presence on an Exchange floor and is approved by the Exchange pursuant to Rule 501. See Rule 1020(a)(ii).

<sup>19</sup> 17 CFR 200.30-3(a)(12).