

the Commission believes that Amendment No. 1 is consistent with the Act.

## VI. Accelerated Approval

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>114</sup> for approving the proposed rule change, as amended by Amendment No. 1 thereto, prior to 30th day after publication of Amendment No. 1 in the **Federal Register**. As discussed above, Amendment No. 1 responds to one concern raised by a commenter by partially amending FINRA's proposed rule change to clarify that FINRA intends the deadline for correcting non-compliant documents to be 30 days from the time the party receives notice of non-compliance from FINRA. The scope of the amendment adds clarity to one aspect of the proposal, and does not raise any novel regulatory concerns. Furthermore, accelerated approval would allow FINRA to institute the proposed rule change, as amended by Amendment No. 1, without delay. Accordingly, the Commission finds that good cause exists to approve the proposed rule change, as modified by Amendment No. 1, on an accelerated basis.

## VII. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>115</sup> that the proposed rule change (SR-FINRA-2014-008), as modified by Amendment No. 1, be and hereby is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>116</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72267; File No. SR-CBOE-2014-031]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Withdrawal of a Proposed Rule Change To Amend the Fees Schedule

May 28, 2014.

On March 28, 2014, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission

(the "Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt a fee of \$50 per month per login ID for off-floor PULSe Workstation users that elect to access a Complex Order Book Feed. On May 27, 2014, the Exchange withdrew the proposed rule change (SR-CBOE-2014-031).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>3</sup>

**Kevin M. O'Neill**,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72265; File No. SR-NYSEArca-2013-127]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change, as Modified by Amendments No. 1 and No. 2 Thereto, To List and Trade Shares of Nine Series of the IndexIQ Active ETF Trust Under NYSE Arca Equities Rule 8.600

May 28, 2014.

On November 18, 2013, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade shares of the IQ Long/Short Alpha ETF, IQ Bear U.S. Large Cap ETF, IQ Bear U.S. Small Cap ETF, IQ Bear International ETF, IQ Bear Emerging Markets ETF, IQ Bull U.S. Large Cap ETF, IQ Bull U.S. Small Cap ETF, IQ Bull International ETF and IQ Bull Emerging Markets ETF (collectively, "Funds"). On November 26, 2013, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>3</sup> The proposed rule change, as modified by Amendment No. 1, was

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

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

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

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

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

<sup>3</sup> Amendment No. 1 clarifies (i) how certain holdings will be valued for purposes of calculating a fund's net asset value, and (ii) where investors will be able to obtain pricing information for certain underlying holdings.

published for comment in the **Federal Register** on December 4, 2013.<sup>4</sup>

On January 15, 2014, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>6</sup> On March 4, 2014, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change.<sup>7</sup> On April 11, 2014, the Exchange submitted Amendment No. 2 to the proposed rule change.<sup>8</sup> The Commission received no comments on the proposed rule change.

Section 19(b)(2) of the Act<sup>9</sup> provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of 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 proposed rule change was published for notice and comment in the **Federal Register** on December 4, 2013. June 2, 2014 is 180 days from that date, and August 1, 2014 is 240 days from that date.

<sup>4</sup> Securities Exchange Act Release No. 70954 (November 27, 2013), 78 FR 72955 ("Notice").

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

<sup>6</sup> See Securities Exchange Act Release No. 71309, 79 FR 3657 (January 22, 2014). The Commission determined that it was 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. Accordingly, the Commission designated March 4, 2014 as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

<sup>7</sup> See Securities Exchange Act Release No. 71645, 79 FR 13349 (March 10, 2014).

<sup>8</sup> In Amendment No. 2, the Exchange provided additional details describing how the contents of the portfolio composition of the Fund would be disclosed on a daily basis. Specifically, the Fund will disclose on the Fund's Web site the following information regarding each portfolio holding, as applicable to the type of holding: ticker symbol, CUSIP number or other identifier, if any; a description of the holding (including the type of holding, such as the type of swap); the identity of the security, commodity, index or other asset or instrument underlying the holding, if any; for options, the option strike price; quantity held (as measured by, for example, par value, notional value or number of shares, contracts or units); maturity date, if any; coupon rate, if any; effective date, if any; market value of the holding; and the percentage weighting of the holding in the applicable Fund's portfolio.

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>114</sup> 15 U.S.C. 78s(b)(2).

<sup>115</sup> *Id.*

<sup>116</sup> 17 CFR 200.30-3(a)(12).

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider this proposed rule change. The proposed rule change would permit the listing and trading of shares of the Funds, which intend to invest primarily in exchange-traded funds (“ETFs”), swap agreements, options contracts and futures contracts. Four of the Funds would use the leverage inherent in swaps and other derivatives to give the funds 200% exposure to their investments.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>10</sup> designates August 1, 2014 as the date by which the Commission should either approve or disapprove the proposed rule change (File Number SR–NYSEArca–2013–127), as modified by Amendments No. 1 and No. 2 thereto.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72266; File No. SR–OCC–2014–10]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Require That Intraday Margin Be Collected and Margin Assets Not Be Withdrawn When a Clearing Member’s Reasonably Anticipated Settlement Obligations to OCC Would Exceed the Liquidity Resources Available to OCC To Satisfy Such Settlement Obligations

May 28, 2014.

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> notice is hereby given that on May 19, 2014, The Options Clearing Corporation (“OCC”) 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 OCC. OCC filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b–

4(f)(1) thereunder<sup>4</sup> so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by OCC would amend OCC’s Rules to require (rather than continue to permit as a discretionary determination) that intraday margin be collected and margin assets not be withdrawn when a clearing member’s reasonably anticipated settlement obligations to OCC would exceed the liquidity resources available to OCC to satisfy such settlement obligations.

#### II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

##### (A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

###### 1. Purpose

The purpose of the proposed rule change is to modify existing OCC Rules 608 and 609 (collectively, the “Rules”), which address the withdrawal of margin and deposit of intra-day margin, respectively. More specifically, OCC is proposing to modify these Rules to require that intraday margin be collected and to preclude margin assets from being withdrawn, to the extent that a clearing member’s reasonably anticipated settlement obligations to OCC would exceed the liquidity resources available to OCC to satisfy such settlement obligations (a “Liquidity Situation”).

OCC Rule 608 (“Rule 608”) already permits OCC to prohibit margin withdrawals in a Liquidity Situation, and OCC Rule 609 (“Rule 609”) already permits OCC to require the collection of intraday margin in a Liquidity Situation. In 2012,<sup>5</sup> OCC adopted an interpretation

under each of the Rules to put clearing members on notice that OCC may refuse a margin withdrawal request or request additional intra-day margin where a clearing member’s future settlement obligations could result in a need for liquidity in excess of liquidity resources available to OCC. In adopting the interpretations, OCC made it clear that such action might be taken even though OCC has made no adverse determination as to the financial condition of the clearing member,<sup>6</sup> the market risk of the clearing member’s positions, or the adequacy of the clearing member’s total overall margin deposit in the accounts in question.

OCC further identified that a circumstance in which OCC might desire to reject a margin withdrawal request or make an intra-day margin call to ensure it had sufficient liquidity concerned the “unwinding” of a “box spread” position. A box spread position involves a combination of two long and two short options on the same underlying interest with the same expiration date that results in an amount to be paid or received upon settlement that is fixed regardless of fluctuations in the price of the underlying interest. Box spreads can be used as financing transactions, and they may require very large fixed payments upon expiration. In this situation, if much of the margin deposited by the relevant clearing member is in the form of common stock and if the clearing member failed to make the settlement payment, the available liquidity resources might be insufficient to cover the settlement obligation. In anticipation of this settlement, OCC might therefore require the clearing member to deposit intra-day margin in the form of cash, or reject a requested withdrawal of cash or U.S. Government securities, so that liquidity resources would be sufficient to cover the clearing member’s obligations. Under the adopted interpretations, OCC would always include margin assets of the relevant clearing member in the form of cash in determining available liquidity resources and could, in its discretion, consider the amount of margin assets in the form of highly liquid U.S. Government securities and/or the amount that OCC would be able to borrow on short order.

Since the adoption of these interpretations, OCC has effected margin calls and precluded clearing members from withdrawing liquid forms of margin assets in three instances, each of which involved the “unwind” of a box

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

<sup>11</sup> 17 CFR 200.30–3(a)(57).

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

<sup>2</sup> 17 CFR 240.19b–4.

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

<sup>4</sup> 17 CFR 240.19b–4(f)(1).

<sup>5</sup> See Securities Exchange Act Release No. 68308 (November 28, 2012), 77 FR 71848 (December 4, 2012) (SR–OCC–2012–21).

<sup>6</sup> *Id.* at 71849.