

2014–25 and should be submitted on or before July 7, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72358; File No. SR-ICC–2014–09]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Update the ICC Risk Management Framework

June 10, 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 30, 2014, ICE Clear Credit LLC (“ICC”) 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 primarily by ICC. ICC filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b–4(f)(1)<sup>4</sup> thereunder, 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. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The purpose of this proposed rule change is to revise the ICC Risk Management Framework to clarify language related to ICC’s forced allocation procedures. This revision does not require any changes to the ICC Rules.

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

In its filing with the Commission, ICC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received regarding the proposed rule change. The text of these

statements may be examined at the places specified in Item IV below. ICC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

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

The proposed revision to ICC’s Risk Management Framework is intended to clarify language related to ICC’s forced allocation procedures and to promote consistency between ICC’s forced allocation procedures as set forth in the ICC Rules and the ICC Risk Management Framework.

ICC believes such revision will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revision is described in detail as follows.

Currently, the ICC Risk Management Framework states that, in the event of a forced allocation, positions will be allocated to Clearing Participants (“CPs”) based on each CP’s overall risk profile. Under ICC Rule 20–605(c)(vii), ICC, in the event of a failed auction or other inability to close-out or transfer relevant positions, may allocate positions to Non-Defaulting CPs on a pro rata basis in proportion to the size of each CP’s required contribution to the Guaranty Fund, as relative to the aggregate of all Non-Defaulting CPs’ required contributions to the Guaranty Fund. ICC proposes revising the ICC Risk Management Framework to more closely reflect the forced allocation language in ICC Rule 20–605(c)(vii). Specifically, ICC proposes adding clarifying language which states that in the event of a forced allocation, positions will be allocated to each Non-Defaulting CP on a pro rata basis in proportion to the size of each CP’s required contribution to the Guaranty Fund. ICC believes this update to the ICC Risk Management Framework alleviates potential confusion regarding the allocation process. This is a clarifying revision, and the changes to the ICC Risk Management Framework do not require any operational changes.

Section 17A(b)(3)(F) of the Act<sup>5</sup> requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions and to comply with the provisions of the Act

and the rules and regulations thereunder. ICC believes that the proposed revision is consistent with the requirements of the Act and the rules and regulations thereunder applicable to ICC, in particular, to Section 17A(b)(3)(F)<sup>6</sup>, because ICC believes that the proposed rule changes will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of securities and funds associated with swap transactions which are in the custody or control of ICC or for which it is responsible. The revision to the ICC Risk Management Framework alleviates potential confusion regarding the allocation process. As such, the proposed rule changes will facilitate the prompt and accurate settlement of swaps and contribute to the safeguarding of customer funds and securities within the control of ICC within the meaning of Section 17A(b)(3)(F)<sup>7</sup> of the Act.

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

ICC does not believe the proposed revision would have any impact, or impose any burden, on competition. The revision to ICC’s Risk Management Framework regarding forced allocation procedures applies uniformly across all CPs. Therefore, ICC does not believe the proposed revision imposes any burden on competition that is inappropriate in furtherance of the purposes of the Act.

##### 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 been solicited or received. ICC will notify the Commission of any written comments received by ICC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>8</sup> of the Act and Rule 19b–4(f)(1)<sup>9</sup> thereunder because the update constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. Specifically, ICC is updating language in the ICC Risk Management Framework to more closely reflect the forced allocation procedures set forth in ICC Rule 20–605(c)(vii). At any time within

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

<sup>4</sup> 17 CFR 240.19b–4(f)(1).

<sup>6</sup> Id.

<sup>7</sup> Id.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b–4(f)(1).

<sup>5</sup> 15 U.S.C. 78q–1(b)(3)(F).

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 Number SR-ICC-2014-09 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-ICC-2014-09. 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 filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's Web site at <https://www.theice.com/notices/Notices.shtml?regulatoryFilings>.

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-ICC-2014-09 and should be submitted on or before July 7, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-72362; File No. SR-NASDAQ-2014-060]**

### Self-Regulatory Organizations; the NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Joint Back Office Pricing

June 10, 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 29, 2014, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by NASDAQ. 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

NASDAQ proposes to amend Chapter XV (Options Pricing) on The NASDAQ Options Market ("NOM"), NASDAQ's facility for executing and routing standardized equity and index options to assess joint back office ("JBO")<sup>3</sup> participants pricing the same as Broker-Dealers<sup>4</sup> and require JBO participants to utilize a new origin code to identify JBO orders.

The text of the proposed rule change is available on the Exchange's Web site at <http://www.nasdaq.cchwallstreet.com>, at the

<sup>10</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> A JBO participant is a Participant organization that maintains a JBO arrangement with a clearing broker-dealer ("JBO Broker") subject to the requirements of Regulation T Section 220.7 of the Federal Reserve System. See also Exchange Rules at Chapter XIII, Section 5.

<sup>4</sup> The term "Broker-Dealer" applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

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.

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

##### 1. Purpose

The Exchange proposes to introduce a new origin code which will be used to indicate orders for a JBO account to be cleared into the Firm range at The Options Clearing Corporation ("OCC") for purposes of pricing only. Further, the Exchange proposes to assess fees and pay rebates to JBO Orders the same as Broker-Dealers.

Currently, JBO orders clear in the Firm<sup>5</sup> range at OCC as do Firm orders. The Exchange is proposing to introduce an origin code for Participants to identify orders for a JBO account. The origin code will simplify the process of identifying JBO orders for purposes of pricing only. Participants would be required to mark their JBO orders in accordance with the technical specifications definitions which are provided by the Exchange. This rule change will not impact the manner in which JBO orders are treated for purposes of other Exchange Rules including but not limited to priority in the Exchange's System. With this proposal, JBO orders will continue to be cleared in the Firm range at OCC. Today, JBO orders are assessed transaction fees and paid rebates the same as Firms. The Exchange's current pricing does not differentiate Firms and Broker-Dealers. These market participants are assessed the same fees and paid the same rebates. There will be no impact as a result of this rule change as far as pricing because Firms and

<sup>5</sup> The term "Firm" applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.