

Commission takes such action, the Commission will institute proceedings 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-CBOE-2014-053 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-CBOE-2014-053. 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-CBOE-2014-053, and should be submitted on or before August 6, 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. 34-72584; File No. SR-BX-2014-036]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees and Rebates for Various Options

July 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 July 1, 2014, NASDAQ OMX BX, Inc. ("BX" 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 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 proposes to amend BX Options Rules, Chapter XV, Section 2 entitled "BX Options Market—Fees and Rebates" to amend fees and rebates for various options.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxbx.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.

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

##### 1. Purpose

BX proposes to amend certain rebates and fees in Chapter XV, Section 2(1), Fees for Execution of Contracts on the BX Options Market. Specifically, the Exchange proposes to: (i) Increase the BX Options Fee to Remove Liquidity for BX Options Market Makers as well as Non-Customers in Penny Pilot<sup>3</sup> Options and Non-Penny Pilot Options; and (ii) increase the BX Options Customer Rebate to Remove Liquidity in certain Penny Pilot Options from \$0.32 to \$0.35 per contract, as explained further below.

First, the BX Options Fee to Remove Liquidity for BX Options Market Makers and Non-Customers will increase from \$0.45 per contract to \$0.46 per contract in all Penny Pilot Options. Penny Pilot Options include two categories of options that are part of the Penny Pilot: (i) Certain options that are specified on the Exchange's pricing schedule<sup>4</sup> and (ii) all other Penny Pilot Options. Accordingly, this proposal raises the BX Options Fee to Remove Liquidity for BX Options Market Makers and Non-Customers for all Penny Pilot Options; the fee is currently the same (\$0.45 per contract) and will continue to be the same \$0.46 per contract for all Penny Pilot Options. The Exchange is similarly proposing to increase the Fee for Removing Liquidity for BX Options Market Makers and Non-Customers in Non-Penny Pilot Options from \$0.88 to \$0.89 per contract. Non-Customers

<sup>3</sup> The Penny Pilot on BX Options was established in June 2012, and was expanded and extended through December 31, 2014. See Securities Exchange Act Release Nos. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030) (order approving BX Options rules and establishing Penny Pilot); 67342 (July 3, 2012), 77 FR 40666 (July 10, 2012) (SR-BX-2012-046) (notice of filing and immediate effectiveness expanding and extending Penny Pilot); 68518 (December 21, 2012), 77 FR 77152 (December 31, 2012) (SR-BX-2012-076) (notice of filing and immediate effectiveness expanding and extending Penny Pilot); 69784 (June 18, 2013), 78 FR 37873 (June 24, 2013) (SR-BX-2013-039); 71107 (December 12, 2013), 78 FR 77528 (December 23, 2013) (SR-BX-2013-061) (notice of filing and immediate effectiveness expanding and extending Penny Pilot); and 72246 (May 23, 2014), 79 FR 31160 (May 30, 2014) (SR-BX-2014-027) (notice of filing and immediate effectiveness expanding and extending Penny Pilot).

<sup>4</sup> These include options on Bank of America Corporation ("BAC"), iShares Russell 2000 Index ("IWM"), PowerShares QQQ ("QQQ"), SPDR S&P 500 ("SPY"), and iPath S&P 500 VIX St Futures ETN ("VXX") (together, "Specified Penny Pilot Options").

<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.

include a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker. These modest increases are intended to defray the cost of the proposed increased rebate, which is described below.

Second, the Exchange proposes to increase the BX Options Customer Rebate to Remove Liquidity in Penny Pilot Options from \$0.32 per contract to \$0.35 per contract. This change does not apply to Penny Pilot Options overlying the following stocks: BAC, IWM, QQQ and SPY, because there is no rebate in those particular options.

The Exchange believes that the proposed amended BX Options fees are competitive and should encourage BX members to transact business on the Exchange.

## 2. Statutory Basis

BX believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>5</sup> in general, and with Section 6(b)(4) and 6(b)(5) of the Act,<sup>6</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers, as explained further below.

The proposed increase in the Fee to Remove Liquidity for BX Options Market Makers and Non-Customers from \$0.45 per contract to \$0.46 per contract in all Penny Pilot Options is reasonable, because it is a very modest increase. In addition, it is similar to the fees charged by The NASDAQ Stock Market LLC's NASDAQ Options Market ("NOM") (which is \$0.48 per contract for xxx [sic]) and NASDAQ OMX PHLX (which charges \$0.48 per contract). Similarly, the increase in the Fee for Removing Liquidity for BX Options Market Makers and Non-Customers in Non-Penny Pilot Options from \$0.88 to \$0.89 per contract is also reasonable, because it is a very modest increase, and would result in the same fee as NOM currently charges. These proposed increases are equitable and not unfairly discriminatory, because they apply to all BX Options Market Makers and Non-Customers in Penny Pilot Options equally.<sup>7</sup>

The proposal to increase the Customer Rebate to Remove Liquidity in Penny Pilot Options from \$0.32 per contract to \$0.35 per contract is intended to attract additional customer business to BX

Options. This, in turn, should bring more liquidity to the BX Options marketplace, which should benefit all market participants. The Exchange believes that the increase in the rebate is reasonable, because it is modest. The rebate has been \$0.32 since it was first established in 2012.<sup>8</sup> The Exchange pays the Rebate to Add Liquidity to a Customer only when the Customer is contra to a Non-Customer or BX Options Market Maker.

The Exchange believes the proposed Customer Rebate to Remove Liquidity in Penny Pilot Options is equitable and not unfairly discriminatory, because it is available to all Customers. In addition, the Exchange believes the proposal is equitable and not unfairly discriminatory, because the Exchange desires to incentivize participants to transact Customer orders on the Exchange and obtain this rebate. The Exchange believes that this rebate will incentivize members to bring order flow and increase the liquidity on the Exchange to the benefit of all market participants. Further, the Exchange also believes that it continues to be reasonable, equitable and not unfairly discriminatory to only offer the Rebate to Remove Liquidity to Customers and not to other market participants as an incentive to attract Customer order flow to the Exchange. As the Exchange stated when adopting this rebate,<sup>9</sup> it is an important Exchange function to provide an opportunity to all market participants to trade against Customer orders.

Customer order flow benefits all market participants by improving liquidity, the quality of order interaction and executions at the Exchange.

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

BX does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, BX has designed its fees and rebates to compete effectively for the execution and routing of options contracts. The Exchange operates in a highly competitive market comprised of twelve U.S. options exchanges in which sophisticated and knowledgeable market participants can and do send order flow to competing exchanges if they deem fee levels at a particular exchange to be excessive. The Exchange

believes that the proposed fee and rebate program discussed herein is competitive. The Exchange believes that this competitive marketplace materially impacts the fees and rebates present on the Exchange today and substantially influences the proposal set forth above.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>10</sup>

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule 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-BX-2014-036 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-BX-2014-036. 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

<sup>8</sup> See Securities Exchange Act Release No. 67339 (July 3, 2012), 77 FR 40688 (July 10, 2012) (SR-BX-2012-043) (notice of filing and immediate effectiveness of proposed rule change to adopt transaction and routing fees).

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

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>5</sup> 15 U.S.C. 78f.

<sup>6</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>7</sup> Customers do not pay a Fee for Removing Liquidity in any options.

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 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-BX-2014-036, and should be submitted on or before August 6, 2014.

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

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

[FR Doc. 2014-16648 Filed 7-15-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72583; File No. SR-MIAX-2014-37]

### Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Its Fee Schedule

July 10, 2014.

Pursuant to the provisions of 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 June 30, 2014, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I, II, and III 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 a proposal to amend its Fee Schedule. The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, 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 establish a monthly transaction fee cap of \$60,000 for orders that are entered and executed for an account identified by an Electronic Exchange Member for clearing in the OCC "Firm" range "Monthly Firm Fee Cap." The Monthly Firm Fee Cap is based on the similar fees of another competing options exchange.<sup>3</sup>

The current transaction fees for Firms on the Exchange are \$0.25 transaction fee for executions in standard option

<sup>3</sup> See NASDAQ OMX PHLX LLC Pricing Schedule, Section II. See also Securities Exchange Act Release Nos. 59393 (February 11, 2009), 74 FR 7721 (February 19, 2009) (SR-PHLX-2009-12); 65888 (December 5, 2011), 76 FR 77046 (December 9, 2011) (SR-PHLX-2011-160). See also NYSE Amex Options Fee Schedule, p. 17. In contrast to PHLX and NYSE MKT, the Exchange does not propose to exclude all dividend, merger, and short stock interest strategy executions from the Monthly Firm Fee Cap. In addition, in contrast to PHLX, the Exchange does not at this time propose to apply the Monthly Firm Fee Cap to proprietary orders effected for the purpose of hedging the proprietary over-the-counter trading of an affiliate of a Member that qualifies for the Monthly Firm Fee Cap. Further, in contrast to PHLX and NYSE MKT which apply to floor and manual transactions respectively, since the Exchange is a fully electronic exchange and thus does not have a trading floor or manual trading, the Monthly Firm Fee Cap will apply to electronic Firm transactions.

contracts and \$0.025 transaction fee for Mini Option contracts. As proposed, in a single billing month the total amount of transaction fees for Firms would be capped and thus would not exceed \$60,000. Members must notify the Exchange in writing of all accounts in which the Member is not trading in its own proprietary account. The Exchange will not make adjustments to billing invoices where transactions are commingled in accounts which are not subject to the Monthly Firm Fee Cap.

Mini Option contracts are not eligible for inclusion in the Monthly Firm Fee Cap. Firm transactions in Mini Options, however, will continue to be executed at the rate of \$0.025 per contract. Mini Options contracts are excluded from the Monthly Firm Fee Cap because the cost to the Exchange to process quotes, orders and trades in Mini Options is the same as for standard options. This, coupled with the lower per-contract transaction fees charged to other market participants, makes it impractical to offer Members a transaction fee cap for Firm Mini Option volume that they transact. The Exchange notes that this exclusion is nearly identical to ones made by other exchanges.<sup>4</sup>

The proposed Monthly Firm Fee Cap is intended to create an additional incentive for Firms to send order flow to the Exchange. The Exchange believes that the proposed Monthly Firm Fee Cap would increase both intermarket and intramarket competition by incenting Firms on other exchanges to direct additional orders to the Exchange to allow the Exchange to compete more effectively with other options exchanges for such transactions.

The Exchange proposes to implement the new transaction fees beginning July 1, 2014.

###### 2. Statutory Basis

The Exchange believes that its proposal to amend its fee schedule is consistent with Section 6(b) of the Act<sup>5</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>6</sup> in particular, in that it is an equitable allocation of reasonable fees and other charges among Exchange members.

The Exchange believes that the proposal is fair, equitable and not unreasonably [sic] discriminatory. The proposed Monthly Firm Fee Cap is reasonable because it is designed to be lower than the range of similar transaction fees on another competing

<sup>4</sup> See NASDAQ OMX PHLX LLC Pricing Schedule, Preface A; NYSE Amex Options Fee Schedule, p. 17.

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

<sup>6</sup> 15 U.S.C. 78f(b)(4).

<sup>11</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.