

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 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-NSX-2014-16 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-NSX-2014-16. 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-NSX-

2014-16, and should be submitted on or before September 23, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

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

[FR Doc. 2014-20696 Filed 8-29-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72918; File No. SR-BX-2014-042]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to BX Options Lead Market Maker Rules

August 26, 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 August 21, 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 certain rule text related to an options rule at Chapter VI, Section 10, pertaining to system order executions on BX.

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 Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The purpose of the proposed rule change is to amend rule text in the BX Options Rules at Chapter VI, Section 10 to clarify certain language. A proposed rule change amending Chapter VI, Section 10 was recently approved by the Commission.<sup>3</sup> As part of that rule change, Chapter VI, Section 10, entitled "Book Processing" was amended to afford a Lead Market Maker ("LMM") a participation entitlement if the LMM's bid/offer is at the Exchange's disseminated price and all Public Customer<sup>4</sup> orders have been fully executed.<sup>5</sup> In that proposal the Exchange explained the manner in which orders will be allocated in both a Size Pro-Rata and Price/Time scenario and provided examples. The text of the rule change specified that prior to remaining interest being allocated, an LMM would receive an allocation based on the allocation methods noted in Chapter VI, Section 10.

While the Exchange believes that the rule text is clear on the allocations that the LMM shall be afforded, the Exchange is seeking to further amend Chapter VI, Section 10(1)(C)(1)(b)(2) to

<sup>3</sup> See Securities Exchange Act Release No. 72883 (August 20, 2014), 79 FR 50971 (August 26, 2014) (SR-BX-2014-035).

<sup>4</sup> See Chapter I, Section 1(50). The term "Public Customer" means a person that is not a broker or dealer in securities.

<sup>5</sup> The LMM participation entitlement is as follows with respect to Size Pro Rata executions: A BX Options LMM shall receive the greater of: The LMM's Size Pro-Rata share pursuant to proposed rule BX Options Rule at Chapter VI, Section 10(1)(C)(2)(iii); 50% of remaining interest if there is one or no other Market Maker at that price; 40% of remaining interest if there are two other Market Makers at that price; or 30% of remaining interest if there are more than two other Market Makers at that price; or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract. The LMM participation entitlement is as follows with respect to Price/Time executions: A BX Options LMM shall receive the greater of: (a) Contracts the LMM would receive if the allocation was based on time priority with Public Customer priority pursuant to proposed BX Options Rule at Chapter VI, Section 10(1)(a); (b) 50% of remaining interest if there is one or no other Market Maker at that price; (c) 40% of remaining interest if there are two other Market Makers at that price; or (d) 30% of remaining interest if there are more than two other Market Makers at that price or if rounding would result in an allocation of less than one contract, a BX Options LMM shall receive one contract.

<sup>23</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.

amend the sentence that currently states, "If there are contracts remaining after all LMM interest has been fully executed, such contracts shall be executed based on the Price/Time execution algorithm." The Exchange proposes to amend the sentence to state, "If there are contracts remaining, such contracts shall be executed based on the Price/Time execution algorithm." The Exchange believes that removing the words "after all LMM interest has been fully executed" will avoid any confusion such as that an LMM would not be entitled to a portion of the remainder. The Exchange intended those words to apply to the remaining contracts, which would be allocated after the LMM was afforded their allocation. The Exchange believes the proposed text would avoid any confusion as to its interpretation. The Exchange's proposed change would also be added to Chapter VI, Section 10(2)(ii)(2). The Exchange would add the corresponding sentence to the Size Pro-Rata allocation as follows, "If there are contracts remaining, such contracts shall be executed based on the Size Pro-Rata execution algorithm." The Exchange believes that adding the aforementioned sentence to Chapter VI, Section 10(2)(ii)(2) clarifies that the remaining contracts would be treated in a similar manner within the Size Pro-Rata allocation method.

The amendments proposed herein are in accordance with the text of the proposed rule change and the examples provided in the prior filing.<sup>6</sup> The Exchange does not believe that the amendments are substantive, but rather are clarifying because the text adds specificity to allocation of remainder contracts. The allocation of remainder contracts is not impacted by this rule change. The amendments provide consistency to BX Rules to clarify that remainder contracts are treated in the same general manner under both allocation models.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>8</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the

mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Exchange believes that the non-substantive amendments to the rule text of Chapter VI, Section 10 will conform the wording in the rule text and add clarity. The Exchange believes that while the rule text does reflect the current allocation method, which will remain in place unaffected by this filing, by adding clarifying language the Exchange's text will be clear and concise.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change seeks to correct an error in rule text and make other clarifying changes to conform rule text to avoid confusion.

### 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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>9</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed

rule change, at least five business days prior to the date of filing of the proposed rule change.

## 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-2014-042 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-2014-042. 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 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-2014-042 and should be submitted on or before September 23, 2014.

<sup>6</sup> See note 3.

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

<sup>8</sup> 15 U.S.C. 78f(b)(5).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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. 2014-20700 Filed 8-29-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72916; File No. SR-NYSE-2014-44]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To (i) Delete Obsolete Rules Relating to Exchange-Listed Options Trading and Related References (NYSE Rules 700-794); (ii) Delete Obsolete Rules Related to the Defunct Exchange Stock Portfolio Service and Related References (NYSE Rules 800-817); and (iii) Amend NYSE Rules 15A and 123D To Remove Outdated References to the Terminated Intermarket Trading System Plan

August 26, 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 August 15, 2014, New York Stock Exchange LLC ("NYSE" or "Exchange") 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 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 (i) delete obsolete rules relating to Exchange-listed options trading (Rules 700-794) and related references; (ii) delete obsolete rules related to the defunct Exchange Stock Portfolio Service (Rules 800-817) and related references; and (iii) amend Rules 15A and 123D to remove outdated references to the terminated Intermarket Trading System ("ITS") Plan. 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.

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

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

#### 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 (i) delete obsolete rules governing Exchange-listed options trading (Rules 700-794) and related references; (ii) delete obsolete rules governing the defunct Exchange Stock Portfolio Service (Rules 800-817) and related references; and (iii) amend Rules 15A and 123D to remove references to the terminated ITS Plan.

First, the Exchange proposes to delete the 700 rule series (Rules 700-794), which apply to the trading of option contracts issued by The Options Clearing Corporation on the Exchange. The NYSE sold its listed options business in 1997 and does not currently trade Exchange-listed options.<sup>3</sup> It is no longer necessary to maintain options trading rules for a business the Exchange no longer conducts. The Exchange also proposes to amend Rule 345, relating to registration of employees, to remove references to Rule 700(b)(4). Similarly, the Exchange proposes to remove 700 series rules from the minor rule violation plan and amend Rules 9217 and 476A accordingly.<sup>4</sup>

<sup>3</sup> The business was sold to the Chicago Board Options Exchange, Inc. See Securities Exchange Act Release No. 38542 (April 23, 1997), 62 FR 23521 (April 30, 1997).

<sup>4</sup> In 2013, the NYSE adopted a new set of procedural rules modeled on the rules of the Financial Industry Regulatory Authority ("FINRA") that included aspects of FINRA's process and fine levels for minor rule violations. The Exchange maintained the specific list of rules set forth in NYSE Rule 476A, which were moved to new Rule 9217. See Securities Exchange Act Release Nos. 68678 (Jan. 16, 2013), 78 FR 5213 (Jan. 24, 2013), and 69045 (Mar. 5, 2013), 78 FR 15394 (Mar. 11, 2013) (SR-NYSE-2013-02). Rule 476A continues to apply to disciplinary proceedings filed prior to July 1, 2013. The Exchange also proposes to remove references to the terminated ITS Plan in Rule 476A. See note 12, *infra*.

Second, the Exchange proposes to delete the 800 rule series (Rules 800-817), which governs the NYSE's Exchange Stock Portfolio Service ("ESP Service"). The ESP Service was initiated in 1989 to enable the trading of standardized baskets of stocks at an aggregate price in a single execution on the Exchange's trading Floor.<sup>5</sup> The ESP Service allowed trades in the component stocks of an index basket to be effected in a single execution, as opposed to separate executions for each of the component stocks. The program was suspended in 1991.<sup>6</sup> Because the Exchange no longer conducts the ESP Service, the rules associated with it are also obsolete.

The Exchange also proposes to amend the following rules to remove references to rules in the 800 series:

- Rule 111, governing reports of executions;
- Rule 96, governing limitations on members' trading based on existing options positions;
- Rule 104T, governing dealings by Exchange Designated Market Makers; and,
- Rule 36, governing communications between Exchange and Members' Offices.

Finally, the Exchange proposes to amend Rule 15A, the order protection rule, and Rule 123D, which governs openings and halts in trading, to remove references to the ITS Plan.<sup>7</sup>

Rule 15A was amended in 2007 to describe how the Exchange would automatically route orders to other market centers to prevent trade-throughs on the Exchange in conformance with SEC Rule 611 (the "Order Protection Rule") of Regulation National Market System ("Reg. NMS") beginning on March 5, 2007.<sup>8</sup> However, since the ITS Plan was still in effect, the Exchange retained those portions of Rule 15A describing the circumstances under which the Exchange routed orders to

<sup>5</sup> See SEC No-Action Letter, 1989 WL 246468 (Oct. 26, 1989).

<sup>6</sup> See, e.g., SEC No-Action Letter, 2009 WL 1758909 (June 11, 2009).

<sup>7</sup> Between 1978 and 2007, ITS was the principal means of electronically transmitting orders between market centers to avoid trading through superior quotes in those markets. When the Commission adopted Reg. NMS, the ITS Plan participants terminated the governing agreement, the ITS Plan, and replaced it with the NMS Linkage Plan. See Securities Exchange Act Release No. 34-54551 (September 29, 2006), 71 FR 194 (October 6, 2006). The purpose of the NMS Linkage Plan was to enable the plan participants to act jointly in planning, developing, operating and regulating the NMS Linkage System that would electronically link the participant markets to one another.

<sup>8</sup> See Securities Exchange Act Release No. 34-55387 (March 2, 2007), 72 FR 10808 (March 9, 2007) (SR-NYSE-2007-2[sic]).