

2014–019, and should be submitted on or before September 25, 2014.

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

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72942; File No. SR–NYSEArca–2014–75]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Amending NYSE Arca Equities Rules 7.6, 7.11, 7.16, 7.31, 7.34, 7.35, 7.37 and 7.65 to Eliminate Certain Order Types, Modifiers and Related References

August 28, 2014.

I. Introduction

On June 27, 2014, 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”) ¹ and Rule 19b–4 thereunder,² a proposed rule change to eliminate certain order types, modifiers and related references from the Exchange’s rules. The proposed rule change was published for comment in the *Federal Register* on July 16, 2014.³ The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange has proposed to amend NYSE Arca Equities Rules (“Rule(s)”) 7.6, 7.11, 7.16, 7.31, 7.34, 7.35, 7.37 and 7.65 to eliminate certain order types, modifiers and related references. The Exchange states that it is proposing these rule changes in order to streamline its rules and reduce complexity among its order type offerings.⁴

Working Orders. The Exchange has proposed to eliminate five types of working orders⁵—Passive Discretionary Orders, Discretion Limit Orders, Sweep Reserve Orders, Random Reserve Orders, and PL Select Orders—and to

delete the definitions of these order types currently set forth in Rule 7.31(h), as well as references to these order types currently in Rules 7.11 and 7.37.⁶ In addition, in connection with the proposed elimination of Passive Discretionary Orders and Sweep Reserve Orders, the Exchange has proposed not to accept certain combined orders that currently involve these order types, namely, the Passive Discretionary Reserve Order (a Passive Discretionary Order used in combination with a Reserve Order), Sweep Reserve with Discretion Order (a Sweep Reserve Order entered with a discretionary price), and Inside Limit Sweep Reserve Order (a Sweep Reserve Order entered with an inside limit price).⁷

Cross Orders. The Exchange has proposed to accept only one type of cross order—Cross Orders designated IOC—and to revise its rules accordingly. Currently, the Exchange defines a Cross Order in Rule 7.31(s), separately defines an IOC Cross Order in Rule 7.31(aa), and separately defines additional types of cross orders in other provisions of Rule 7.31. To effect the proposed change, the Exchange has proposed to consolidate Rule 7.31(aa) into Rule 7.31(s), thereby creating one provision that describes Cross Orders designated IOC, and to eliminate the additional types of cross orders currently available on the Exchange.⁸ Rule 7.31(aa) would be Consolidated into Rule 7.31(s) by: (i) Adding the clause “designated IOC” to the definition of Cross Order in Rule 7.31(s), (ii) moving to Rule 7.31(s) from Rule 7.31(aa) text stating that Cross Orders that would lock or cross the PBBO or BBO will be cancelled,⁹ and (iii) deleting Rule 7.31(aa).¹⁰ The Exchange also has proposed to delete certain rule provisions that would be

rendered moot or inapplicable by this proposed change.¹¹

Additional Order Types and Rule Reference Deletions. In addition to the foregoing proposed changes with respect to working orders and cross orders, the Exchange has proposed to eliminate or limit the operation of five other order types. First, the Exchange has proposed to eliminate the Market to Limit (“MTL”) Order, and thus to delete Rule 7.31(rr), which currently sets forth the definition of this order type. Second, the Exchange has proposed to amend the definition of an Auction-Only Order in Rule 7.31(t) to provide that the Exchange will only accept the Auction-Only Orders specified therein, namely, Limit-on-Open Orders (“LOO Order”), Market-on-Open Orders (“MOO Order”), Limit-on-Close Orders (“LOC”), and Market-on-Close Orders (“MOC”).¹² Third, the Exchange proposes not to accept NOW Orders with a Reserve Modifier, and thus to amend the definition of a NOW Order in Rule 7.31(v) to provide that NOW Orders entered with a Reserve modifier will be rejected. Fourth, the Exchange proposes not to accept market orders with a NOW or IOC modifier, and thus to delete the reference to market orders in the definition of the IOC modifier in Rule 7.31(c)(3),¹³ and to amend the definition of a NOW Order in Rule 7.31(v) to provide that NOW Orders entered with a Market modifier will be rejected. Lastly, the Exchange proposes to eliminate the use of a Fill or Kill (“FOK”) modifier with a Mid-Point Liquidity (“MPL”) Order, and thus to amend the definition of an MPL Order in Rule 7.31(h)(5) to provide that an

¹¹ See Notice, 79 FR at 41615. Subparagraphs (1)–(6) of current Rule 7.31(s) describe Cross Order functionality that is applicable only when Cross Orders are not designated IOC, and thus, according to the Exchange, the proposal would render those subparagraphs moot. Similarly, the Exchange proposes to delete Rule 7.16(f)(v)(G) as that rule, which provides that short sale cross orders priced at or below the current national best bid will be rejected during a Short Sale Period (defined in Rule 7.16(f)(iv)), would be inapplicable because Cross Orders designated IOC cannot execute at or below the current national best bid. Further, by virtue of the proposed restriction of Cross Orders to those with an IOC designation, the Exchange has proposed to eliminate the Day Cross Order, and thus a Cross Order with a Day modifier would be rejected as a result of the proposal. *Id.*

¹² See Notice, 79 FR at 41615. The Exchange also proposes to replace the references in Rule 7.35 to Auction-Only Limit with LOO and to Auction-Only Market with MOO, and to delete the references to Auction Only Limit Orders in Rule 7.35(f)(3)(E). *Id.*; see also proposed Rule 7.35.

¹³ As a result, the use of the IOC modifier would be limited to limit orders, and a market order entered with an IOC modifier would be rejected. See proposed Rule 7.31(c)(3); see also Notice, 79 FR at 41615.

⁶ A more detailed description of these order types and the provisions of Rules 7.11, 7.31(h) and 7.37 that would be deleted is set forth in the Notice. See Notice, 79 FR at 41614; see also proposed Rules 7.11, 7.31(h) and 7.37.

⁷ See Notice, 79 FR at 41614 n. 8 and 9.

⁸ The additional types of cross orders currently available on the Exchange, and which would be eliminated under the proposal, are the Midpoint Cross Order (currently defined in Rule 7.31(y)), Post No Preference (“PNP”) Cross Order (currently defined in Rule 7.31(bb)), Cross-and-Post Order (currently defined in Rule 7.31(ff)), and Portfolio Crossing Service (“PCS”) Order (currently defined in Rule 7.31(ii)). The definitions of these cross order types currently set forth in Rule 7.31 would be deleted, as would references to certain of these cross order types currently set forth in Rules 7.34(g), 7.37(d) and 7.65. *Id.* at 41615.

⁹ The terms “PBBO” and “BBO” are defined in Rules 1.1(h) and (dd), respectively.

¹⁰ See Notice, 79 FR at 41614–15; see also proposed Rule 7.31(s).

¹⁸ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ See Securities Exchange Act Release No. 72591 (July 10, 2014), 79 FR 41613 (“Notice”).

⁴ See Notice, 79 FR at 41614.

⁵ According to the Exchange, workings orders are orders with a conditional or undisplayed price and/or size. *Id.*; see also Rule 7.31(h).

MPL Order entered with a FOK modifier will be rejected.

Furthermore, the Exchange has proposed to delete commentary .04 to Rule 7.6, as the commentary provides an exception to Rule 7.6 (which governs trading differentials) for Midpoint Cross Orders, which would be eliminated as a result of the instant proposal, and for Midpoint Directed Fills, which were eliminated in a prior rule filing.¹⁴ The Exchange also proposes to delete references to Cleanup Orders from Rules 7.34 and 7.35, as Cleanup Orders were eliminated in the same prior rule filing that eliminated Midpoint Directed Fills.¹⁵

The Exchange has proposed, due to the technology changes associated with this proposal, to announce via Trader Update the implementation date of the elimination of the order types under this proposal.¹⁶

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹⁷ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁸ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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; and are not designed to permit unfair discrimination between customers, issuers, brokers or dealers.

The Commission notes that the instant proposal does not add any new functionality but instead reduces the number of order types and order type/modifier combinations that will be accepted by the Exchange, which should simplify to a degree the order type functionality available on the Exchange. The Commission believes that the proposed rule change should

promote just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,¹⁹ that the proposed rule change (SR–NYSEArca–2014–75) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72943; File No. SR–MIAX–2014–45]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the MIAX Fee Schedule to Adopt Fees for MIAX PRIME

August 28, 2014.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b–4 thereunder,² notice is hereby given that on August 15, 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 the Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options 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, at MIAX’s principal office, and at the Commission’s Public Reference Room.

¹⁹ 15 U.S.C. 78s(b)(2).

²⁰ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 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 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 amend the Fee Schedule to adopt transaction fees and rebates for Members that participate in the price improvement auction (“PRIME Auction” or “PRIME”) pursuant to Rule 515A.³ The Exchange intends to implement the PRIME Auction mechanism August 8, 2014 and therefore proposes to add PRIME Auction transaction fees and rebates to the Fee Schedule so that such fees and rebates will be in place once the PRIME Auction mechanism is implemented.

PRIME is a process by which a Member may electronically submit for execution (“Auction”) an order it represents as agent (“Agency Order”) against principal interest and/or an Agency Order against solicited interest. The Agency Order is referred to as a PRIME Agency Order for purposes of the Fee Schedule. The Member that submits the PRIME Agency Order (the “Initiating Member”) agrees to guarantee the execution of the PRIME Agency Order by submitting a contra-side order representing principal interest or solicited interest (“Contra-side Order”).⁴ When the Exchange receives a properly designated Agency Order for Auction processing, a Request for Responses (“RFR”) detailing the option, side, size, and initiating price will be sent to all subscribers of the Exchange’s data feeds. Members may submit responses to the RFR (specifying prices and sizes). RFR responses can be

³ See Exchange Rule 515A. See also Securities Exchange Act Release Nos. 71640 (March 4, 2014), 79 FR 13334 (March 10, 2014) (SR–MIAX–2014–09) (“Notice”); 72009 (April 23, 2014), 79 FR 24032 (April 29, 2014) (SR–MIAX–2014–09).

⁴ The paired order submitted to PRIME that includes both the PRIME Agency Order and the Contra-side Order is referred to as the PRIME Order for purposes of the Fee Schedule.

¹⁴ See Notice, 79 FR at 41615–16; see also Securities Exchange Act Release No. 71331 (January 16, 2014), 79 FR 3907 (January 23, 2014) (SR–NYSEArca–2013–92).

¹⁵ *Id.*

¹⁶ See Notice, 79 FR at 41616.

¹⁷ In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁸ 15 U.S.C. 78f(b)(5).