

Number SR–NYSE–2014–49 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–NYSE–2014–49. 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–NYSE–2014–49 and should be submitted on or before October 7, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2014–22004 Filed 9–15–14; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73069; File No. SR–NASDAQ–2014–088]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NASDAQ Rule 4753 To Expand the Information Made Available Through the Order Imbalance Indicator in Connection With the NASDAQ Halt Cross

September 10, 2014.

Pursuant to 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 28, 2014, The NASDAQ Stock Market LLC (“NASDAQ” or the “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

NASDAQ proposes a rule change to amend NASDAQ Rule 4753 to expand the information made available through the Order Imbalance Indicator in connection with the NASDAQ Halt Cross (the “Halt Cross” or the “Cross”). NASDAQ proposes to make the change operative on or about October 1, 2014, on a date that is at least 30 days after the date of the filing.

The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com/>, at NASDAQ'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, NASDAQ 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ recently amended the language of Rule 4753 to correct imprecise language with respect to imbalance information disseminated through the Order Imbalance Indicator (also known as the “Net Order Imbalance Indicator” or “NOII”) prior to the execution of the Halt Cross.³ In this new proposed rule change, NASDAQ is proposing to expand the information made available through the NOII to enhance the ability of market participants to understand the interplay of supply and demand of buy and sell orders leading up to the completion of the Cross.

The NASDAQ Halt Cross is designed to provide for an orderly, single-priced opening of securities subject to an intraday halt, including securities that are the subject of an initial public offering (“IPO”). Prior to the Cross execution, market participants enter quotes and orders eligible for participation in the Cross, and NASDAQ disseminates certain information—the NOII—regarding buying and selling interest entered and the indicative execution price.

At the time when the security is released for trading, the Halt Cross will occur at the price that maximizes the number of shares of trading interest eligible for participation in the Cross⁴ to be executed. If there is more than one such price, the Cross will occur at the price that minimizes any Imbalance, which is defined in the rule as “the number of shares of Eligible Interest that may not be matched with other order shares at a particular price at any given time.”⁵ The NOII is disseminated every five seconds during a designated period prior to the completion of the Halt Cross, in order to provide market

³ Securities Exchange Act Release No. 72736 (August 1, 2014), 79 FR 45860 (August 6, 2014) (SR–NASDAQ–2014–075).

⁴ “Eligible Interest” is defined as any quotation or any order that may be entered into the system and designated with a time-in-force of SIOC, SDAY, SGTC, MIOC, MDAY, MGTC, SHEX, or GTMC. These respective times-in-force are defined in Rule 4751. NASDAQ is proposing to simplify this rule language by replacing the list of times-in-force with a more general reference to “a time-in-force that would allow the order to be in force at the time of the Halt Cross.” The change is not substantive in effect.

⁵ Additional provisions of Rule 4753, not pertinent to this proposed rule change, are used to determine the price in the event that there is more than one price that minimizes any Imbalance.

¹² 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

participants with information regarding the possible price and volume of the Cross. The information includes the Current Reference Price, which is the price at which the Cross would occur if it executed at the time of the NOII's dissemination, and the number of shares of Eligible Interest that would be paired at that price.

NASDAQ currently disseminates a Market Order Imbalance—defined as “the number of shares of Eligible Interest entered through market orders that would not be matched with other order shares at the time of the dissemination of an Order Imbalance Indicator”—if in fact there are such unexecutable market order shares. Thus, if all market orders would be executed, the field for the Market Order Imbalance is blank. When the field is populated (*i.e.*, when there is a Market Order Imbalance), NASDAQ also disseminates the buy/sell direction of the Market Order Imbalance. Thus, if a buy-direction Market Order Imbalance is disseminated, potential sellers in the Cross would know that buy liquidity is available at a market price, potentially encouraging them to enter additional sell orders to allow the Cross to proceed.

NASDAQ is proposing also to disseminate information about the size and buy/sell direction of an “Imbalance.” As noted above, Imbalance is defined as “the number of shares of Eligible Interest that may not be matched with other order shares at a particular price at any given time.” As noted above, “Eligible Interest” will be defined as “any quotation or any order that may be entered into the system and designated with a time-in-force that would allow the order to be in force at the time of the Halt Cross.” Thus, the provided information would reflect all shares eligible for participation in the Cross, regardless of time-in-force, and would include non-displayed shares and reserve size.⁶

⁶ Currently, a Market Order Imbalance reflects all shares eligible for participation as noted. The proposed change will result in all shares eligible for participation to be reflected for an Imbalance that is not a Market Order Imbalance. The Exchange notes that, under the current process, non-displayed market orders are potentially disclosed, in aggregate and not individually, through the NOII feed in IPO crosses when there is a Market Order Imbalance. Under the proposal, non-displayed IOC limit orders and hidden/reserve day limit orders (collectively, “non-displayed limit orders”) could also be disclosed, in the aggregate, in the event of an Imbalance once the Reference Price is established. The Exchange notes that this is currently the case for non-displayed limit orders entered for participation in the Opening Cross. As a consequence, the Exchange believes that potential aggregate disclosure of non-displayed limit orders in the IPO Cross is consistent with its current practice and the understanding of market participants.

While the current dissemination of the Market Order Imbalance signals to market participants that market orders would not execute in the Cross and therefore the Cross cannot occur until additional liquidity is entered on the other side of the market, the new information would indicate the degree to which available liquidity on one or the other side of the market would not be executed if the Cross were to occur at that time. Because either the Imbalance or the Market Order Imbalance would be disseminated every five seconds with each NOII message,⁷ the modification would provide more continuity with respect to the information about supply and demand made available to market participants in the time leading up to the Cross. Specifically, allowing market participants to see an Imbalance on one side of the market or the other would signal the extent to which orders on the other side might be executable in the Cross if entered thereafter. NASDAQ believes that providing this information will enhance the price discovery process of the Cross and increase the likelihood of order interaction.

Finally, NASDAQ is proposing to add language in the rule to make it clear that the NOII will not include the Current Reference Price if there is a Market Order Imbalance. This is true as a matter of logic: If there is a Market Order Imbalance, not all market orders can be executed in the Cross and therefore there is no price at which the Cross could occur. However, NASDAQ believes that it may promote market participants' understanding of the rule to include this statement explicitly in the rule language.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(5),⁹ in particular, in that it is designed to promote just and equitable principles of trade, remove impediments to and perfect the mechanisms of a free and open market and a national market

⁷ In practical terms, if there is a Market Order Imbalance only, the Exchange will disseminate the Market Order Imbalance indicator. Likewise, in the event of an Imbalance only, the Exchange will disseminate the Imbalance indicator. In the event of both a Market Order Imbalance and an Imbalance, the Exchange will disseminate the Market Order Imbalance indicator only. The Exchange notes that under this last scenario, there is no Reference Price calculated because of the Market Order Imbalance. A Reference Price is required to calculate the Imbalance indicator, and therefore it cannot be disseminated when there is a Market Order Imbalance.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

system and, in general, to protect investors and the public interest. The proposal is consistent with these purposes because it will expand the information made available through the NOII to enhance the ability of market participants to understand the interplay of supply and demand of buy and sell orders leading up to the completion of the Cross. Specifically, by providing information regarding orders that would not be executed in the Cross if it occurred at the time of dissemination of the NOII, the proposed change may encourage entry of additional orders, thereby enhancing price discovery and increasing the likelihood of order interaction. The change will thereby perfect the mechanisms of a free and open market. Moreover, the change will protect investors and the public interest by providing additional transparency regarding the Cross, helping investors to understand the degree of supply and demand for the security that is the subject of the Cross.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the proposed change serves merely to increase the information provided by NASDAQ regarding supply and demand, thereby assisting market participants in making informed investment decisions regarding participation in the Cross. The change does not restrict the ability of market participants to participate in the Cross in any respect, and therefore does not impose any burden on competition.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing of 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 if consistent with the protection of investors and the public interest, it has become effective pursuant to Section

19(b)(3)(A) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

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 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 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. Please include File Number SR-NASDAQ-2014-088 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-NASDAQ-2014-088. 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 offices 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-NASDAQ-2014-088, and should be submitted on or before October 7, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Jill M. Peterson,

Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73068; File No. SR-NYSEArca-2014-98]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Rule 2.23 To Specify the Registration and Examination Requirements for Persons Engaged in Supervisory Activities

September 10, 2014.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 28, 2014, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II 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 amend NYSE Arca Rule 2.23 to specify the registration and examination requirements for a [sic] persons engaged in supervisory activities.⁴ The text of the proposed rule change is available on

the Exchange's Web site at www.nyse.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 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 amend Rule 2.23 to specify the registration and examination requirements for a person engaged in supervisory activities as described in Rule 11.18—Supervision.

Rule 2.23 prescribes the registration and qualification requirements for individuals performing certain duties on behalf of an OTP Holder or OTP Firm⁵, including traders and Proprietary Traders. A "trader" is a person who is directly or indirectly compensated by an OTP Holder or OTP Firm and who trades, makes trading decisions with respect to, or otherwise engages in the proprietary or agency trading of securities. The General Securities Registered Representative Examination, ("Series 7") is the qualifying examination for registered traders. A Proprietary Trader, which is a limited registration category, is any person engaged in the purchase or sale of securities or other similar instruments for the account of an OTP Holder or OTP Firm with which he or she is associated, as an employee or otherwise, and who does not transact any business with the public.⁶ The Proprietary Traders Examination ("Series 56") is the

⁵ See Rule 1.1(p). The term "OTP" shall refer to an Options Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange's Trading Facilities

⁶ The term "Proprietary Trader" does not include a person who is required to be registered as a Market Maker in accordance with Rule 6.33 or a Market Maker Authorized Trader in accordance with Rule 6.34A. See Rule 2.23(b)(2)(C).

¹² 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

²⁵ U.S.C. 78a.

³⁷ 17 CFR 240.19b-4.

⁴ The Rules of NYSE Arca govern NYSE Arca Options. Rule changes proposed in this filing are not applicable to NYSE Arca Equities.

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).