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 ICE Clear Europe and on ICE Clear Europe's Web site at *https://www.theice.com/clear-europe/regulation.*

V. Accelerated Approval of Proposed Rule Change as Modified by Amendment No. 1

As discussed above, ICE Clear Europe submitted Amendment No. 1 to the proposed rule change to address the necessary change in the timing of the clearing of transactions incorporating the 2014 ISDA Definitions in light of the change in the implementation timing of the industry-wide ISDA protocol. The Commission believes that Amendment No. 1 does not modify the proposed rule change as described in the Initial Rule Filing [12] in any substantive manner, but will facilitate the trading and clearing of CDS throughout the entire credit derivatives market. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2)(C)(iii) of the Act,[13] to approve the proposed rule change, as modified by Amendment No. 1, prior to the thirtieth day after the date of publication of notice of Amendment No. 1 in the **Federal Register**.

VI. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act [14] and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,[15] that the proposed rule change (File No. SR–ICEEU–2014–13), as modified by Amendment No. 1, be, and hereby is, approved on an accelerated basis.[16]

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[17]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–22791 Filed 9–24–14; 8:45 am]

BILLING CODE 8011–01–P

[12] The Initial Rule Filing was published in the **Federal Register** on August 20, 2014, for 21-day comment and the comment period ended on September 10, 2014. The Commission did not receive comments on the Initial Rule Filing.

[13] 15 U.S.C. 78s(b)(2)(C)(iii).

[14] 15 U.S.C. 78q–1.

[15] 15 U.S.C. 78s(b)(2).

[16] In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

[17] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73152; File No. SR–Phlx–2014–54]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing of Proposed Rule Change To Add a New Complex Order Process Called Legging Orders

September 19, 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 September 10, 2014, NASDAQ OMX PHLX LLC (''Phlx'' 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend Rule 1080.08(f)(iii) to add a new Complex Order process called Legging Orders.

The text of the proposed rule change is available on the Exchange's Web site at *http://nasdaqomxphlx.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 Exchange proposes to implement functionality to provide additional liquidity for Complex Orders resting on top of the Complex Order Book (''CBOOK'') at a price which improves the cPBBO.[3] Today, a Complex Order resting on the CBOOK may be executed either by: (i) trading against an incoming Complex Order that is marketable against the resting Complex Order,[4] or (ii) legging into the market when the net price of the Complex Order can be satisfied by executing all of the legs against the best bids or offers on the Exchange for the individual options series.[5] Legging Orders are designed to increase the opportunity for Complex Orders to ''leg'' into the market.

As proposed herein, a Legging Order is a limit order on the regular order book in an individual series that represents one leg of a two-legged Complex Order (which improves the cPBBO) to buy or sell an equal quantity of two option series resting on the CBOOK.[6] As explained further below, Legging Orders may be automatically generated on behalf of Complex Orders resting on the top of the CBOOK so that they are represented at the best bid and/or offer on the Exchange for the individual legs. Accordingly, Legging Orders serve to *attract* interest to trade, while the existing functionality that legs into the market is merely *reacting* to liquidity that arrives and is placed on the book.

The system will evaluate the CBOOK when a Complex Order enters the CBOOK and at a regular time interval to be determined by the Exchange (which interval shall not exceed 1 second) following a change in the National Best Bid/Offer (''NBBO'') or PHLX Best Bid/Offer (''PBBO'') in any component of a Complex Order eligible to generate Legging Orders to determine whether Legging Orders may be generated. The

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The term ''cPBBO'' means the best net debit or credit price for a Complex Order Strategy based on the PBBO for the individual options components of such Complex Order Strategy, and, where the underlying security is a component of the Complex Order, the National Best Bid and/or Offer for the underlying security. *See* Rule 1080.08(a)(iv).

[4] *See* Rule 1080.08(f)(iii)(A)(2).

[5] *See* Rule 1080.08(f)(iii)(A)(1).

[6] *See* proposed Rule 1080.08(f)(iii)(C). Legging Orders may only be generated for two-legged Complex Orders involving a one-to-one ratio. This is the same as ISE Rule 715(k). Also, both components must be options, and therefore stock-option orders are not permitted.

Exchange may determine to limit the number of Legging Orders generated on an objective basis and may determine to remove existing Legging Orders in order to maintain a fair and orderly market in times of extreme volatility or uncertainty.[7]

Legging Orders are firm orders that are included in the Exchange's displayed best bid or offer. The Exchange will determine the options for which, if any, Legging Order functionality will be available and will communicate this to its participants.

Generating Legging Orders

A Legging Order may be automatically generated for one leg of a Complex Order at a price: (i) That matches or improves upon the best Phlx displayed bid or offer; and (ii) at which the net price can be achieved when the other leg is executed against the best displayed bid or offer (other than against a Legging Order).[8] For example:

A Complex Order to buy 10 series A and to buy 10 series B at a net price of $2.25 is entered into the CBOOK and there is no offsetting Complex Order to sell. The Complex Order cannot leg into the regular market because the net price available for the Complex Order on the PHLX's regular order book is $2.40 as follows:

PHLX bid	PHLX offer
A 10 at $1.00	20 at $1.20.
B 10 at $1.00	20 at $1.20.

Buying A and B at $1.20 would result in a net price of $2.40, but the Complex Order is only willing to pay $2.25.

Legging Orders to buy 10 A at $1.05 and 10 B at $1.05 may be automatically generated, improving the PHLX's best bid for both A and B to $1.05:

PHLX bid	PHLX offer
A 10 at $1.05 (Legging Order).	20 at $1.20.
B 10 at $1.05 (Legging Order).	20 at $1.20.

If a marketable order to sell 10 A is received, it will execute against the Legging Order to buy A at $1.05, there will be an automatic execution of the other leg of the Complex Order against the displayed offer for B at $1.20, and the Legging Order to buy B at $1.05 will be automatically removed. As a result, the net price of $2.25 is achieved for the Complex Order (buy A at $1.05 + buy B at $1.20 = $2.25 net).[9] Following the execution of the Complex Order, the PHLX BBO is:

PHLX bid	PHLX offer
A 10 at $1.00	20 at $1.20.
B 10 at $1.00	10 at $1.20.

In addition to enabling the execution of the Complex Order at a net price of $2.25, the Legging Order enhanced execution for orders in the regular order book as (i) the incoming marketable order to sell A received a better price ($1.05 instead of $1.00), and (ii) liquidity to execute resting interest to sell 10 B at $1.20 was provided by the Complex Order.

As explained above, the proposed rule specifies when a Legging Order can be generated. Specifically, Legging Orders may be generated only for two-legged options orders with the same quantity on both legs.[10] A Legging Order may be automatically generated for one leg of a Complex Order at a price: (i) That matches or improves upon the best displayed bid or offer; and (ii) at which the net price can be achieved when the other leg is executed against the best Phlx displayed bid or offer (other than against a Legging Order).[11] Two Legging Orders relating to the same Complex Order can be generated, but only one of those can execute as part of the execution of a particular Complex Order.[12]

However, Legging Orders will not be generated at a price that would lock or cross the price of an away market. Nor will a Legging Order be generated if there is an auction, including but not limited to a Complex Order Live Auction (''COLA'') or a PIXL auction in either side or Posting Period under Rule 1080(p) regarding Acceptable Trade Range (''ATR'') on the same side in progress in the series.[13] Furthermore, a Legging Order will not be generated if the price of the Complex Order is outside of the Acceptable Complex Execution (''ACE'') Parameter of Rule 1080.08(i), which is explained further below. Legging Orders will not be generated respecting a Complex Order that is an all-or-none order, because of the difficulty of fulfilling an order size contingency.[14] Finally, Legging Orders will not be generated for a Complex Order if it will immediately cause Legging Orders to be removed pursuant to proposed Rule 1080.08(f)(iii)(C)(4)(ix).[15]

There can be only one Legging Order on the same side of the market in a series, unless a Legging Order, if generated, would have priority at the same price over an existing Legging Order based on the participant (in which case the lower priority order would be removed). For example, an order for a broker-dealer has a lower priority under Exchange rules than an order for a customer.[16] A Legging Order with a higher priority may be generated and cause a lower priority Legging Order at the same price to be removed. If a Legging Order would have the same priority as another Legging Order at the same price, the second Legging Order would not be generated, because Legging Orders would only be generated in the same series on the same side of the market respecting the first Complex Order received. This discussion applies to the priority of *generating* orders, as opposed to execution priority, which is discussed below.

In addition to these limitations, the Exchange will carefully manage and curtail the number of Legging Orders being generated so that they do not negatively impact system capacity and performance.[17] Accordingly, Legging Orders may not be generated for all eligible Complex Orders resting on the CBOOK.

A Legging Order may be generated and executed in an increment other than the minimum increment for that series and will be ranked on the order book at its generated price and displayed at a price that is rounded, down for Legging Orders to buy and up for Legging Orders to sell, to the nearest minimum increment allowable for that series. In

[7] *See* proposed Rule 1080.08(f)(iii)(C).

[8] *See* proposed Rule 1080.08(f)(iii)(C)(1).

[9] If a marketable order to sell 10 B is received, it will execute against the Legging Order to buy B at $1.05, there will be an automatic execution of the other leg of the Complex Order against the displayed offer for A at $1.20, and the Legging Order to buy A at $1.05 will be automatically removed. As a result, the net price of $2.25 is achieved for the Complex Order (buy A at $1.20 + buy B at $1.05 = $2.25 net).

[10] This is the same as ISE Rule 715(k).

[11] *See* proposed Rule 1080.08(f)(iii)(C)(1). CBOE similarly does not generate its version of this order when there is a ''legging order'' that comprises the best bid/offer for the other leg.

[12] *See* proposed Rule 1080.08(f)(iii)(C)(2).

[13] *See* Phlx Rules 1080.08, 1080(n) and 1080(p) regarding COLA, PIXL auction and ATR, respectively.

[14] Rule 1080.08 (b)(v) provides that Complex Orders may be submitted as All-or-None orders—to be executed in their entirety or not at all. These orders can only be submitted for non-broker-dealer customers. -Notwithstanding this rule language, All-or-None Complex Orders are not affirmatively permitted to be submitted at this time. The Exchange anticipates that it will file a proposed rule change in the near future to permit the trading system to accept All-or-None Complex Orders. *See* SR–Phlx–2014–42P at footnote 21. The instant proposed rule change describes how All-or-None Complex Orders, once they are permitted under Exchange rules, will not generate Legging Orders.

[15] *See* proposed Rule 1080.08(f)(iii)(C)(2).

[16] *See* Phlx Rule 1014(g)(vii).

[17] The Exchange will curtail the number of Legging Orders on an objective basis, such as limiting the number of orders generated in a particular option. The Exchange will not limit the generation of Legging Orders on the basis of the entering participant or the participant category of the order (*e.g.,* professional or public customer).

other words, although the Legging Order may be displayed at a rounded price, it will be ranked on the order book and executed at its actual price.[18] This is the same as BOX Rule 7240(c)(1).

Legging Orders, like all regular orders, will be disseminated by the Exchange to the Options Price Reporting Authority (''OPRA'') as part of its best bid and offer, as well as over the Exchange's own data feeds, TOPO Plus Orders and PHLX Orders. TOPO Plus Orders and PHLX Orders will indicate that an order is a Legging Order. Currently, orders on TOPO Plus Orders and PHLX Orders are indicated to be simple orders or Complex Orders. Indicating an order is a Legging Order is consistent with that behavior.

Of course, Legging Orders will not be generated if the Exchange or a particular option has not opened, is halted or is otherwise not available for trading. Similarly, the particular Complex Order Strategy must be available for trading. Legging Orders are not routable and are limit orders with a time-in-force of DAY, as they represent an individual component of a Complex Order.

Execution of Legging Orders

In terms of execution priority, a Legging Order is executed only after all other executable orders (including any non-displayed size) and quotes at the same price are executed in full pursuant to the Phlx priority rule applicable to Phlx XL non-Complex Orders, rather than based on the time of receipt of the Complex Order.[19] Accordingly, the generation of a Legging Order will not affect the existing priority, or execution opportunities, currently provided to participants in the regular market in any way. When a Legging Order is executed, the other leg of the Complex Order will be automatically executed against the displayed best bid or offer on the Exchange and any other Legging Order based on that Complex Order will be removed.[20]

For example:

A Complex Order to buy 50 A and to buy 50 B at a net price of $2.25 (buy A/B 50 at $2.25) is entered into the CBOOK and there is no off-setting Complex Order to sell.

The Complex Order cannot leg into the regular market because the PBBO net price available for the Complex Order on the PHLX's regular order book is $2.40 as follows:

PHLX bid	PHLX offer
A 40 at $1.05	60 at $1.20.
B 20 at $1.05	80 at $1.20.

Legging Orders to buy 50 A at $1.05 and 50 B at $1.05 may be automatically generated, increasing the size of the PHLX's best bid for both A and B as follows:

PHLX bid	PHLX offer
A 90 at $1.05 (50 Legging Order).	60 at $1.20.
B 70 at $1.05 (50 Legging Order).	80 at $1.20.

If a marketable order to sell 30 A is received, it will execute against the orders and/or quotes at $1.05 other than the Legging Order pursuant to the Exchange's regular allocation algorithm,[21] and the size of the bid for A will be reduced to 60 contracts as follows:

PHLX bid	PHLX offer
A 60 at $1.05 (50 Legging order).	60 at $1.20.
B 70 at $1.05 (50 Legging order).	80 at $1.20.

If a marketable order to sell 50 A were then received, it would first execute the remaining 10 A from the orders and/or quotes at $1.05 that are not the Legging Order, and then execute 40 A against the Legging Order.

At this time, the Complex Order will also execute 40 B at $1.20. The residual 10 contracts of the Legging Orders in A and the Legging Order for 50 contracts of B will be removed. As a result, the net price of $2.25 is achieved for a partial execution of the Complex Order (buy 40 A at $1.05 + buy 40 B at $1.20 = 40 at $2.25 net).

Following the partial execution of the Complex Order, the PHLX BBO is:

PHLX bid	PHLX offer
A $0.00	60 at $1.20.
B 20 at $1.05	40 at $1.20.

Removal

Pursuant to proposed Rule 1080.08(f)(iii)(C)(4), a Legging Order will be removed from the regular limit order book automatically: (i) If the price of the Legging Order is no longer at the Exchange's displayed best bid or offer on the regular limit order book; (ii) if execution of the Legging Order would no longer achieve the net price of the Complex Order when the other leg is executed against the Exchange's best displayed bid or offer on the regular limit order book (other than another Legging Order); (iii) if the Complex Order is executed in full or in part; (iv) if the Complex Order is cancelled or modified; (v) if the price of the Complex Order is outside of the ACE Parameter of Rule 1080.08(i); (vi) upon receipt of a Qualified Contingent Cross Order or an order that will trigger an auction under Exchange rules in a component in which there is a Legging Order (whether a buy order or a sell order); (vii) if a Legging Order is generated by a different Complex Order in the same leg at a better price or the same price for a participant with a higher priority; (viii) if a Complex Order is marketable against the cPBBO where a Legging Order is present and has more than one leg in common with the existing Complex Order that generated the Legging Order; (ix) if a Complex Order becomes marketable against multiple Legging Orders; (x) if a Complex Order consisting of an unequal quantity of components is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components of the cPBBO; or (xi) if an incoming all-or-none order is entered onto the order book at a price which is equal to or crosses the price of a Legging Order. Once a Legging Order is removed, it no longer exists as an order, even though the ''parent'' Complex Order may still exist. Upon occurrence of any of these conditions, the system will recognize the condition and remove the Legging Order accordingly.

For example:

A Complex Order to buy 20 A and to buy 20 B at a net price of $2.25 (buy A/B 20 at $2.25) is entered into the CBOOK and there is no offsetting Complex Order to sell.

The Complex Order cannot leg into the regular market because the PBBO net price available for the Complex Order is $2.40 as follows:

PHLX bid	PHLX offer
A 10 at $1.05	20 at $1.20.
B 10 at $1.05	50 at $1.20.

Legging Orders to buy 20 A at $1.05 and 20 B at $1.05 may be automatically generated, increasing the size of the PHLX's best Bid for both A and B as follows:

PHLX bid	PHLX offer
A 30 at $1.05 (20 Legging Order).	20 at $1.20.
B 30 at $1.05 (20 Legging Order).	50 at $1.20.

If a limit order to buy 10 A at $1.10 is received, the Legging Order to buy 20 A at $1.05 will be removed because it is no longer at the PHLX best Bid.

PHLX bid	PHLX offer
A 10 at $1.10	20 at $1.20.
B 30 at $1.05 (20 Legging Order).	50 at $1.20.

If a marketable order to buy 20 A is received, the PHLX best Offer will move

[18] *See* proposed Rule 1080.08(f)(iii)(C)(2).

[19] *See* proposed Rule 1080.08(f)(iii)(C)(3).

[20] This is the same as ISE Rule 715(k).

[21] *See* Rule 1014(g)(vii), which is the Phlx XL priority provision that allocates orders based on participant type.

above $1.20, resulting in the removal of the Legging Order to buy B at $1.05 because the net price of $2.25 can no longer be achieved.

PHLX bid	PHLX offer
A 10 at $1.10	20 at $1.25.
B 10 at $1.05	50 at $1.20. (buy A at $1.25 + buy B at $1.05 = $2.30 net)

As noted above,[22] a Legging Order is also removed from the regular order book if the price of the Complex Order is outside the ACE Parameter of Rule 1080.08(i). The ACE Parameter feature is designed to help maintain a fair and orderly market by helping to mitigate the potential risk of executions at prices which are extreme and potentially erroneous. Specifically, the ACE Parameter prevents Complex Orders from automatically executing at potentially erroneous prices by establishing a price range outside of which a Complex Order will not be executed. The ACE Parameter is based on the Complex National Best Bid or Offer (''cNBBO'')[23] at the time an order would be executed. A Complex Order to sell will not be executed at a price that is lower than the cNBBO Bid by more than the ACE Parameter. A Complex Order to buy will not be executed at a price that is higher than the cNBBO Offer by more than the ACE Parameter. A Complex Order or a portion of a Complex Order that cannot be executed within the ACE Parameter will be placed on the CBOOK. This proposal does not change the ACE Parameter.

For example:

A Complex Order to buy 20 A and to buy 20 B at a net price of $3.25 (buy A/B 20 at $3.25) is entered into the CBOOK and there is no offsetting Complex Order to sell. Assume legging orders to buy 20 A at $1.05 and 20 B at $1.05 were automatically generated.

PHLX bid	PHLX offer
A 20 at $1.05 (legging order)	20 at $2.20.
B 20 at $1.05 (legging order)	20 at $2.20.

Now, assume the away markets move and the NBBO is as follows,

NBBO Bid	NBBO Offer
A 50 at $1.05	20 at $1.20.
B 50 at $1.05	50 at $1.20.

The cNBBO for the Complex Order strategy is $2.10 Bid, Offered at $2.40.

Assuming an ACE Parameter setting of 5%, the Exchange will not allow the Complex Order to buy 20 A and to buy 20 B to execute more than 5% above the cNBBO Offer of $2.40, or no higher than $2.52 [$2.40+($2.40*.05)]. Since the Complex Order is no longer executable at its limit price of $3.25 due to the ACE Parameter protection, the legging orders associated with the Complex Order are removed from the limit order book.

As noted above,[24] a Legging Order is also removed from the regular order book upon receipt by the Exchange of an order that will trigger an auction under Exchange rules in a component where a Legging Order (whether a buy order or a sell order) has been generated, such as a COLA-eligible Order or PIXL Order, or upon receipt of a Qualified Contingent Cross (''QCC'') Order.[25] These types of orders may involve multiple option components which may have multiple Legging Orders for various Complex Orders included in the option BBOs. In order to ensure that Legging Orders do not adversely affect the execution of these orders and in order to avoid the system complexities that would result from combining the execution of Legging Orders and thus Complex Orders with the already complex auction processes, the Exchange will remove Legging Orders upon acceptance of an auctionable order or QCC order and will not consider generation of any new Legging Orders until the auction has been completed or the QCC order has been executed. For example, assume two separate Complex Orders have generated Legging Orders which are represented in the PBBO. Complex Order 1 has generated a Legging Order in A and Complex Order 2 has generated a Legging Order in B.

PHLX bid	PHLX offer
A 20 at $1.05 (legging order 1).	20 at $1.20.
B 20 at $0.50 (legging order 2).	20 at $0.80.
C 20 at $0.25	20 at $0.50.

Assume an auctionable Complex Order is received. Upon receipt of an auctionable order, a Complex Auction is initiated. The Legging Orders in A and B are therefore removed from the system and no new Legging Orders will be generated until the end of the Auction. This removal eliminates system complexities that would result from combining regular Complex Auction executions and Legging Orders executions. In addition, scenarios could arise in which incoming Complex Orders or QCC Orders consist of the same components as the Complex Orders which generated Legging Orders and are reliant on the execution of the same interest as the Legging Orders. Since the purpose of Legging Orders is to provide additional liquidity for Complex Orders resting on the CBOOK without negatively affecting the trading opportunities of unrelated interest, the Exchange believes that removing Legging Orders upon receipt of an auctionable order or QCC order eliminates the need for system complexities and ensures trading opportunities remain unaffected for auctions and QCC Orders.

In order to ensure Complex Orders are executed in accordance with the priority rules associated with such order, the Exchange proposes to remove a Legging Order from the limit order book when another Legging Order is generated by a different Complex Order in the same leg at a better price or at the same price for a participant with a higher priority.[26] For example the system will remove a Legging Order representing a leg of a Complex Order for a Market Maker when a Legging Order is also generated in that leg at the same price for a Customer Complex Order.

As noted above, a Legging Order will be removed when a Complex Order is marketable against the cPBBO where a Legging Order is present and has more than one leg in common with the existing Complex Order that generated the Legging Order.[27] This behavior ensures there is no risk of resting Complex Orders which have generated Legging Orders and incoming Complex Orders both relying on executions against the same displayed interest in order to satisfy all of their component legs. Consider the following example, with the following Legging Orders already generated by Complex Order 1:

PHLX bid	PHLX offer
A 30 at $1.05 (20 Legging Order).	20 at $1.20.
B 30 at $1.05 (20 Legging Order).	50 at $1.20.

Consider a scenario where the Exchange then received Complex Order 2 to buy 20 contracts of A and sell 20 contracts of B for a net debit of $0.15. Complex Order 2 has more than one leg in common with Complex Order 1.

[22] *See* proposed Rule 1080.08(f)(iii)(C)(4)(v).

[23] *See* Rule 1080.08(a)(vi).

[24] *See* proposed Rule 1080.08(f)(iii)(C)(4)(vi).

[25] *See* Rule 1080(o), which defines a QCC Order as an originating order to buy or sell at least 1000 contracts (or 10,000 contracts in the case of mini options) that is identified as being part of a qualified contingent trade coupled with a contra-side order or orders totaling an equal number of contracts.

[26] *See* proposed Rule 1080.08(f)(iii)(C)(4)(vii).

[27] *See* proposed Rule 1080.08(f)(iii)(C)(3)(viii).

Complex Order 2 would need to execute against all 20 contracts of A Offered at $1.20 and 20 contracts of B at $1.05 (10 contracts against the $1.05 regular quote in B and 10 contracts against the Legging Order in B). However, when the 10 contracts of the Legging Order of B are executed at $1.05, an execution of 10 contracts of A at $1.20 must occur in order to satisfy Complex Order 1. There is now an issue because Complex Order 2 will have already executed all available contracts of A at $1.20 making it impossible for Complex Order 1 to be executed in accordance with the component strategy. To avoid this situation, the Legging Order in B to buy 20 for $1.05 which was generated by Complex Order 1 will be removed upon receipt of Complex Order 2. To illustrate the rule further, if the example above were revised such that Complex Order 2 is to sell 20 contracts of A and to sell 20 contracts of B for a net credit of $2.25, the system will cancel the Legging Orders in A and B and trade Complex Order 2 against Complex Order 1. In this particular scenario the system has Complex Order 1 on the book in the same strategy as Complex Order 2 which Complex Order 2 is marketable against. Upon receipt of Complex Order 2, the system will trade the order against the buy Complex Order. There is no need to trade with the Legging Orders.

Similarly, a Legging Order will also be removed when a Complex Order becomes marketable against multiple Legging Orders.[28] Legging Orders will be removed in this instance in order to minimize system complexities as well as to mitigate any risk of Complex Orders executing only certain components. For example, assume a Legging Order in A and a Legging Order in B represent two unique Complex Orders (Complex Order 1 and Complex Order 2 respectively) both reliant on the quoted market of another option, C, and a third Complex Order (Complex Order 3) arrived consisting of options A, B, and C. The execution of Complex Order 3 could result in the inability of Complex Orders 1 and 2 to execute if Complex Order 3 executes against the interest in C, which Complex Orders 1 and 2 were also reliant upon. In order to mitigate any risk of Complex Orders executing only certain components, in both cases, the Exchange will remove the existing Legging Orders created by Complex Orders 1 and 2. Thereafter, if conditions change, new Legging Orders could be generated. To illustrate the application of the rule to a different scenario, assume the existence of Complex Order 1 to Buy A and Buy B, with a Legging Order generated in A, and Complex Order 2 to Buy C and Buy D, with a Legging Order generated in C. Assume the system then receives a marketable Complex Order 3 to Sell A and Sell C. Since Complex Order 3 is marketable against multiple Legging Orders (in A and C), the Legging Orders in both A and C are removed.

As noted above, the Exchange also proposes to remove Legging Orders from the limit order book if a Complex Order consisting of an unequal quantity of components is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components of the cPBBO.[29] Since Complex Orders are accepted by the Exchange consisting of ratios of up to 3:1,[30] a Complex Order may appear to be executable against the cPBBO but in fact cannot trade due to the ratio of the components of the strategy and the size available in each component in the cPBBO. In order to mitigate the risk of incoming Complex Orders appearing to be tradable against Legging Orders and to limit the complexity of the system in relation to Legging Orders, the Exchange proposes to remove Legging Orders from the limit order book if a Complex Order consisting of an unequal quantity of components is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components of the cPBBO. For example, assume the following example of a Complex Order (Complex Order 1) to buy 1 A and buy 1 B for $2.25 on the CBOOK which has generated Legging Orders,

	PHLX bid	PHLX offer
A	1 at $1.05 (Legging Order)	20 at $1.20.
B	1 at $1.05 (Legging Order)	20 at $1.20.
C	5 at $0.50	5 at $0.60.

Assume a second Complex Order (Complex Order 2) arrives to sell 3 A and sell 1 C at a net price of $3.65. The limit price of $3.65 is marketable against the cPBBO bid of $3.65 ((3*$1.05)+$0.50). However, Complex Order 2 cannot be executed because the volume available at the cPBBO does not line up correctly with the ratio of the legs. Complex Order 2 requires the sale of 3 contracts of A for every sale of a contract in C. However, there is only one contract in A (the Legging Order bidding $1.05 for one contract) available. Since Complex Order 2 cannot be executed, it will go onto the CBOOK. The Legging Order in A will be removed. In order to minimize the appearance that a Complex Order (in this example, Complex Order 2) is tradable against a Legging Order when in fact it is not tradable due to the ratio of the components of the Complex Order, the Exchange proposes to remove a Legging Order (in the example, the Legging Order to buy A associated with Complex Order 1) when another Complex Order consisting of an unequal quantity of components is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components of the cPBBO. The purpose of removing the Legging Order in this case is to minimize any possible misperception on the part of market participants that Complex Order 2 is tradable against a Legging Order, when in fact it is not. Elimination of the Legging Order will thus mitigate possible investor confusion due to market participants' focus on price alone rather than price and size. In situations in which Complex Orders consisting of an unequal quantity of components are in fact tradable against Legging Orders, an execution will occur.

Lastly, the Exchange proposes to remove Legging Orders from the limit order book when an incoming all-or-none order is entered onto the order book at a price which is equal to or crosses the price of a Legging Order.[31] An all-or-none order received at a price which can be executed against PBBO interest, inclusive of Legging Orders, will execute against such interest. However, if an all-or-none order is received which cannot be executed due to the size of the all-or-none contingency, such all-or-none order will rest on the order book and cause any Legging Order which it crosses or is equal to in price to be removed. This removal eliminates the risk of the system having to handle and maintain Legging Orders which cross the order book.

To summarize, proposed Rule 1080.08(f)(iii)(C)(4) addresses when a Legging Order will be removed from the regular limit order book automatically, which results in the Legging Order no longer existing as such. In each case of removal, the system removes the Legging Order when one of the conditions in subparagraph (C)(4) occurs, which the system assesses continuously.

[28] *See* proposed Rule 1080.08(f)(iii)(C)(4)(ix).

[29] *See* proposed Rule 1080.08(f)(iii)(C)(4)(x).

[30] *See* Rule 1080.08(a)(ix).

[31] *See* proposed Rule 1080.08(f)(iii)(C)(4)(xi).

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act [32] in general, and furthers the objectives of Section 6(b)(5) of the Act [33] in particular, in that it is designed 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, by increasing the opportunity for Complex Orders to receive an execution, while also enhancing execution quality for orders in the regular market.

In particular, the Exchange believes that automatically generating Legging Orders, which will only be executed after all other executable interest at the same price (including non-displayed interest and quotes) is executed in full, will provide additional execution opportunities for Complex Orders, without negatively impacting any investors in the regular market. In fact, the generation of Legging Orders may enhance execution quality for investors in the regular market by improving the price and/or size of the PBBO and by providing additional execution opportunity for resting orders on the regular order book. The Exchange believes Legging Orders will provide market participants with another tool for adding trading interest on Phlx. Legging Orders may serve to increase liquidity to the extent market participants find Legging Orders result in better executions. This may result in more aggressive trading interest in the overall Phlx market, thereby perfecting the mechanism of a free and open market.

The Exchange believes Legging Orders will increase opportunities for execution of Complex Orders, potentially increase executions of interest on the regular order book, and lead to tighter spreads and finer pricing on Phlx, which will benefit investors. Legging Orders may provide investors with opportunities to trade at better prices than would otherwise be available—possibly inside the otherwise existing PBBO in a leg series. The Exchange believes that the potential for investors to receive executions inside the otherwise existing PBBO could result in better executions for investors, thus making Legging Orders consistent with the Act.

The Exchange also believes that the generation of Legging Orders is fully compliant with all regulatory requirements. In particular, Legging Orders are firm orders that will be displayed within the PBBO. A Legging Order will be automatically removed if it is no longer displayable at the PBBO, if the net price of the Complex Order can no longer be achieved, or in other limited situations which could cause normal trading to be adversely affected or unnecessary system complexities to arise.[34] Moreover, to assure compliance with inter-market rules,[35] a Legging Order will not be generated at a price that would lock or cross another market. Finally, the generation of Legging Orders is limited in scope, as they may be generated only for Complex Orders with two legs. Additionally, the Exchange will closely manage and curtail the generation of Legging Orders if needed to assure that they do not negatively impact system capacity and performance.

Furthermore, the Exchange notes that its proposed rule change is similar to International Securities Exchange LLC's (''ISE's'') previously approved Legging Orders, as well as certain aspects of the Chicago Board Options Exchange (''CBOE'') and BOX Options Exchange LLC (''BOX'') rules, which the Commission has previously found to be consistent with the Act. In most respects, the proposal is similar to ISE Rules 715(k) and 722(b)(3)(ii). However, the Exchange proposes to handle its proposed Legging Orders the same way that BOX does respecting: (i) Orders that are generated in an increment other than the minimum increment allowable for that series,[36] and (ii) executing Complex Orders outside a certain price.[37] The Exchange believes that its application of its ACE Parameter to both generating and removing Legging Orders is akin to BOX's NBBO protection, but does not believe that this is a material difference because the Exchange believes that users would *expect* an exchange's normal price protections to apply to its execution of Complex Orders, regardless of the particular circumstance that caused the execution. Moreover, the ACE parameter is a protection intended to benefit users submitting Complex Orders.

In addition, the Exchange proposes to handle the following aspects of Legging Orders in the same manner as CBOE: [38] (i) The Exchange will not generate Legging Orders with an all-or-none contingency; [39] (ii) the Exchange will not generate a Legging Order unless the other leg can be executed against the PBBO without regard to another Legging Order; [40] (iii) the Exchange will periodically evaluate whether a Legging Order should be generated or removed; [41] and (iv) when a Legging Order is executed, the other leg is executed against the PBBO and the second Legging Order, if generated, of the Complex Order represented by the executed Legging Order is removed.[42]

Certain aspects of the Exchange's proposal potentially differ from the rules of other options exchanges in a few minor ways, but these differences are not material. First, if a Legging Order

[32] 15 U.S.C. 78f(b).

[33] 15 U.S.C. 78f(b)(5).

[34] In particular, Legging Orders will be removed when a Complex Order is marketable against the cPBBO where a Legging Order is present and has more than one leg in common with the existing Complex Order that generated the Legging Order, as well as when a Complex Order becomes marketable against multiple Legging Orders. Elimination of Legging Orders in those instances should eliminate the operational difficulties that may otherwise result from those executions and the potential for those executions to interfere with the system and other trading. The Exchange notes that its existing rules contain provisions that prevent the execution of Complex Orders that might otherwise be executable. *See, e.g.,* Rule 1080.08(i), Acceptable Complex Execution (''ACE'') parameter. Legging Orders are not firm on Phlx with respect to other Complex Orders and will not trade against legs of other Complex Orders, which is consistent with the existing Complex Order execution provisions in Rule 1080.08 that do not allow execution of overlapping legs of Complex Orders. *See also* Securities and Exchange Act Release No. 69364 (April 11, 2013), 78 FR 22926 (April 17, 2013) (Notice of CBOE Filing of a Proposed Rule Change, as Modified by Amendment No. 1, Relating to Complex Orders), at footnote 25: ''Leg orders are thus not firm with respect to other complex orders and will not trade against legs of other complex orders, which is consistent with the existing complex order execution provisions in Rule 6.53C that do not allow execution of overlapping legs of complex orders.''

[35] *See, e.g.,* Phlx Rule 1084, Order Protection.

[36] *See* BOX Rule 7240(c)(1). Specifically, BOX will price and rank a Legging Order at its generated price to buy (sell) but it will be displayed at the minimum trading increment permitted for the series below (above) its price. If an incoming order is executable against such Legging Order, it will be executed at the Legging Order's generated price.

[37] BOX does not permit Complex Order executions outside the NBBO for the Complex Order, which is akin to the Exchange applying its ACE parameter. *See* BOX Rule 7130(b) and (c).

[38] The Exchange cannot discern from ISE's rules how these particular aspects are specifically handled.

[39] *See* CBOE Rule 6.53(x).

[40] *See* CBOE Rule 6.53C(c)(iv)(1)(A) referring to ''other than leg orders.''

[41] *See* CBOE Rule 6.53C(c)(iv)(1). The evaluation methodologies differ somewhat. CBOE's evaluation occurs ''when a Complex Order enters the COB, when the Exchange BBO changes and at a regular time interval to be determined by the Exchange (which interval shall not exceed one (1) second . . . (emphasis added)''. Phlx, however, will evaluate ''when a Complex Order enters the CBOOK and at a regular time interval, to be determined by the Exchange (which interval shall not exceed 1 second) following a change in the NBBO or PBBO in any component of a Complex Order eligible to generate Legging Orders . . .''. Phlx's evaluation methodology avoids complexities associated with evaluation of flickering quotes while still updating Legging Orders regularly to provide liquidity to the market.

[42] *See* CBOE Rule 6.53C(c)(iv)(2)(B).

would otherwise be generated, the Exchange will not do so if there is an auction on the either side in progress in the series. The Exchange will also remove existing Legging Orders when an order arrives that will trigger an auction in a component in which there is a Legging Order (whether a buy order or a sell order), or upon receipt of a QCC Order which includes a component in which there is a Legging Order.[43] The Exchange does not believe the way in which removal or generation of Legging Orders is affected by auctions is a material difference, because the Exchange does not believe that there is one particular expectation on the part of market participants about how orders like Legging Orders should co-exist with auctions. Further, there are certain system complexities associated with having to coordinate Legging Orders with an ongoing auction or complex execution.[44] The Exchange believes it will be simpler from both a system processing and user acceptance standpoint to wait for an auction in that series to be complete or a QCC Order to be executed, which is a minimal amount of time.

In addition, the Exchange will not generate a Legging Order if there is already a Legging Order in that series on the same side of the market at the same price unless it has priority based on the participant type under existing Exchange rules. Likewise, a Legging Order will be automatically removed if a Legging Order is generated by a different Complex Order in the same leg at a better price or the same price for a participant with a higher priority. The Exchange does not believe that this is a material difference, because this behavior serves to ensure that the priority rules relating to resting Complex Orders are maintained.[45] The Exchange will also remove the Legging Order when (1) a Complex Order is marketable against the cPBBO where a Legging Order is present and has more than one leg in common with the existing Complex Order that generated a Legging Order or (2) if a Complex Order becomes marketable against multiple Legging Orders. Moreover, pursuant to proposed Rule 1080.08(f)(iii)(C)(2)(vi), no Legging Orders will be created for a Complex Order if the Complex Order will immediately cause existing Legging Orders to be removed under Rule 1080.08(f)(iii)(C)(4)(ix)—*i.e.,* because the Complex Order has become marketable against multiple Legging Orders. The Exchange does not believe that this is a material difference, because the situation of overlapping Legging Orders and Legging Order dependencies on other components has to be addressed and the Exchange believes its approach is reasonable.[46]

The Exchange will remove a Legging Order when a Complex Order consisting of components of unequal quantities is marketable against the cPBBO where a Legging Order is present but cannot be executed due to insufficient size in at least one of the components of the cPBBO. The Exchange does not believe that this is a material difference, because this behavior serves to minimize occurrences where there may be the appearance of potential execution when in fact, there is no potential execution due to the ratio of the components. Lastly, the Exchange proposes to remove Legging Orders from the limit order book when an incoming all-or-none order is entered onto the order book at a price which is equal to or crosses the price of a Legging Order. This removal eliminates the risk of the system having to handle and maintain Legging Orders which cross the order book, thereby eliminating unnecessary system complexity to the benefit of investors.

In conclusion, the Exchange believes that its proposed rules are similar to rules of other exchanges that the Commission has already determined to be consistent with the Act and in the public interest, with any differences raising no new regulatory issues.

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 not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the proposal is pro-competitive. The proposal will permit the Exchange to compete against other options exchanges with similar functionality, such as BOX, CBOE and ISE.[47] The Exchange believes the proposed rule change could result in improved liquidity, finer pricing, better executions and increased competition within its Complex Order market to the benefit of the Exchange and market participants and thus allow the Exchange to better compete with other options exchanges for Complex Order flow. The Exchange also believes Legging Orders may facilitate additional executions and enhance execution quality for investors in the regular market by improving the price and/or size of the PBBO and by providing additional execution opportunities for resting orders on the regular order book. Within the Exchange's market for Complex Orders, the Legging Order functionality will be available to all participants who participate in the Complex Orders system. All market participants have the option to send their Complex Orders to Phlx in order to take advantage of this order type.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) By order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be 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–Phlx–2014–54 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–Phlx–2014–54. This file number should be included on the subject line if email is used. To help the Commission process and review your

[43] Auctions include a COLA as well as a PIXL auction.

[44] CBOE, on the other hand, considers which side of the market is affected when an auction could impact one of its legging orders. *See* CBOE Rule 6.53C.07.

[45] CBOE addresses priority in its Rule 6.53C(c)(iv)(2)(A).

[46] CBOE takes into account the size of an order. *See* CBOE Rule 6.53C(c)(iv)(3)(A).

[47] *See* ISE Rules 715(k) and 722(b)(3)(ii), BOX Rule 7240(c) and CBOE Rule 6.53C(c)(iv).

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–Phlx–2014–54, and should be submitted on or before October 16, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[48]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–22789 Filed 9–24–14; 8:45 am]

BILLING CODE 8011–01–P

[48] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73147; File No. SR–ISE–2014–09]

Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change Related to Market Maker Risk Parameters

September 19, 2014.

I. Introduction

On March 10, 2014, the International Securities Exchange, LLC (the ''Exchange'' or the ''ISE'') 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 amend ISE Rules 722 and 804 to mitigate market maker risk by adopting an Exchange-provided risk management functionality. The proposed rule change was published for comment in the **Federal Register** on March 26, 2014.[3] The Commission received no comments on the proposal. On May 7, 2014, pursuant to Section 19(b)(2) of the Act,[4] the Commission designated a longer period within which to either approve the proposed rule change, disapprove the proposed rule changes, or institute proceedings to determine whether to disapprove the proposed rule change.[5] On June 24, 2014, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change.[6] In response to the Order Instituting Proceedings, the Commission received five comment letters on the proposal.[7] This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to amend ISE Rule 722 and ISE Rule 804 to enhance its risk management offering for market maker quotes.[8]

Currently, there are four parameters that can be set by market makers on a class-by-class basis. These parameters are available for market maker quotes in single options series and in complex instruments on the complex order book. Market makers establish a time frame during which the system calculates: (1) The number of contracts executed by the market maker in an options class; (2) the percentage of the total size of the market maker's quotes in the class that has been executed; (3) the absolute value of the net between contracts bought and sold in an options class, and (4) the absolute value of the net between (a) calls purchased plus puts sold, and (b) calls sold plus puts purchased. Once the limits for each of the four parameters are exceeded within the prescribed time frame, the market maker's quotes in all series of that class are automatically removed or curtailed. Additionally, ISE's rules provide that if a specified number of curtailment events are exceeded within the prescribed time period, the market maker quotes in all classes will be automatically removed from ISE's trading system.[9] The Exchange now proposes to implement functionality to allow market maker quotes to be removed from the trading system if a specified number of curtailment events occur across both ISE and ISE Gemini, LLC (''ISE Gemini'').

To the extent that a market maker utilizes the offered functionality, ISE and ISE Gemini's trading systems will count the number of times a market maker's pre-set curtailment events occur on each exchange and aggregate them. Once a market maker's specified number of curtailment events across both markets is reached, the trading systems will remove the market maker's quotes in all classes on both ISE and ISE Gemini. The Exchange will then reject any quotes sent by the market maker after the parameters across both exchanges have been triggered until the market maker notifies the market operations staff of the Exchange that it is ready to come out of its curtailment. Once notified by the market maker, the Exchange will reactivate the market maker's quotes on the Exchange.

The Exchange believes that the proposal will enhance the Exchange's current risk management offering by allowing market makers to manage their

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 71759 (March 20, 2014), 79 FR 16850 (March 26, 2014) (SR–ISE–2014–09) (''Notice'').

[4] 15 U.S.C. 78s(b)(2).

[5] *See* Securities Exchange Act Release No. 72117, 79 FR 27360 (May 13, 2014). The Commission determined that it was appropriate to designate a longer period within which to take action on the proposed rule change so that it would have sufficient time to consider the proposed rule change. Accordingly, the Commission designated June 24, 2014, as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change.

[6] *See* Securities Exchange Act Release No. 72455, 79 FR 36849 (Jun. 30, 2014) (''Order Instituting Proceedings''). In the Order Instituting Proceedings, the Commission noted, among other things, that questions remains as to whether the Exchange's proposal is consistent with the requirements of Section 6(b)(5) of the Act, 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 perfect the mechanism of a free and open market and a national market system, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. Additionally, the Commission questioned whether the proposal is consistent with Section 6(b)(8) of the Act, which requires that the rules of a national securities exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

[7] *See* Letters to the Commission from Andrew Killion, Chief Executive Officer, Akuna Securities LLC, dated July 24, 2014 (''Akuna Letter''); Brent Hippert, President/CCO, Hardcastle Trading USA LLC, dated July 28, 2014 (''Hardcastle Letter''); John Kinahan, Chief Executive Officer, Group One Trading, L.P., dated July 29, 2014 (''Group One Letter''); Sebastiaan Koeling, Chief Executive Officer, Optiver US LLC, dated July 29, 2014 (''Optiver Letter''); and Andrew Stevens, General Counsel, IMC Chicago, LLC d/b/a IMC Financial Markets, dated August 18, 2014 (''IMC Letter'').

[8] For a more complete description of the proposal, *see* Notice, *supra* note 3.

[9] *See* Securities Exchange Act Release Nos. 70132 (August 7, 2013), 78 FR 49311 (August 13, 2013) (SR–ISE–2013–38) and 71446 (January 30, 2014), 79 FR 6951 (February 5, 2014) (SR–ISE–2014–04).