

to the benefit of investors and the marketplace.

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

No written comments were solicited or received with respect to the proposed rule change.

**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 self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove the 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEArca-2014-120 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-NYSEArca-2014-120. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the

proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2014-120, and should be submitted on or before November 25, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-73459; File No. SR-ICEEU-2014-18]

**Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change To Provide for the Clearance of Additional Sovereign Contracts**

October 29, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on October 20, 2014, ICE Clear Europe Limited ("ICE Clear Europe") filed with the Securities and Exchange Commission ("Commission") the proposed changes to the rules as described in Items I, II, and III below, which Items have been primarily prepared by ICE Clear Europe. The Commission is publishing this notice to solicit comments on the proposed changes to the rules from interested persons.

<sup>19</sup> 17 CFR 200.30-3(a)(12).

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

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

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The principal purpose of the change is to provide for the clearance of additional CDS contracts that are Western European sovereign CDS contracts referencing the Kingdom of Belgium and the Republic of Austria (the "Additional WE Sovereign Contracts").

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

In its filing with the Commission, ICE Clear Europe included statements concerning the purpose of and basis for proposing the Additional WE Sovereign Contracts. The text of these statements may be examined at the places specified in Item IV below. ICE Clear Europe has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

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

The purpose of the proposed rule change is for ICE Clear Europe to offer clearing of Western European sovereign CDS contracts referencing two additional reference entities, the Kingdom of Belgium and the Republic of Austria. ICE Clear Europe currently clears CDS contracts referencing four other Western European sovereigns: Ireland, the Republic of Italy, the Portuguese Republic and the Kingdom of Spain.<sup>3</sup> ICE Clear Europe believes clearance of the Additional WE Sovereign Contracts will benefit the markets for credit default swaps on Western European sovereigns by offering to market participants the benefits of clearing, including reduction in counterparty risk and safeguarding of margin assets pursuant to Clearing House rules.

The Additional WE Sovereign Contracts will constitute "Non-STEC Single Name Contracts" for purposes of the CDS Procedures and accordingly will be governed by Paragraph 10 of the CDS Procedures, consistent with treatment of the Western European sovereign CDS contracts currently cleared by ICE Clear Europe. Clearing of the Additional WE Sovereign Contracts will not require any changes to ICE

<sup>3</sup> See Exchange Act Release No. 34-71920 (Apr. 9, 2014) (File No. SR-ICEEU-2014-04); 79 FR 21331 (Apr. 15, 2014) (order approving rule changes to clear other Western European sovereign CDS contracts) (the "Prior WE Sovereigns Order").

Clear Europe's existing Clearing Rules and Procedures. In addition, clearing of the Additional WE Sovereign Contracts will not require any changes in ICE Clear Europe's risk management framework (including relevant policies) or margin model.<sup>4</sup> ICE Clear Europe believes that clearing of the proposed Additional WE Sovereign Contracts is consistent with the requirements of Section 17A of the Act<sup>5</sup> and regulations thereunder applicable to it, including the standards under Rule 17Ad-22.<sup>6</sup> The Additional WE Sovereign Contracts are substantially similar to the other Western European sovereign CDS contracts currently cleared by ICE Clear Europe. The additional contracts will be cleared in the same manner as such other Western European sovereign CDS contracts, consistent with ICE Clear Europe's existing clearing arrangements and related financial safeguards, protections, risk management policies and procedures and margin methodology (including those enhancements for Western European sovereign contracts previously adopted and approved in the Prior WE Sovereigns Order). In ICE Clear Europe's view, clearing of the Additional WE Sovereign CDS contracts, under such terms and arrangements, is consistent with the prompt and accurate clearance of and settlement of securities transactions and derivative agreements, contracts and transactions cleared by ICE Clear Europe, the safeguarding of securities and funds in the custody or control of ICE Clear Europe and the protection of investors and the public interest, within the meaning of Section 17A(b)(3)(F) of the Act.<sup>7</sup> Clearing of the Additional WE Sovereign Contracts will also satisfy the relevant requirements of Rule 17Ad-22,<sup>8</sup> as discussed below.

**Financial Resources.** ICE Clear Europe will apply its existing margin methodology for Western European sovereign CDS contracts to the Additional WE Sovereign Contracts. ICE Clear Europe believes that this model will provide sufficient margin to cover its credit exposure to its clearing members from clearing such contracts, consistent with the requirements of Rule 17Ad-22(b)(2) and Rule 17Ad-

22(d)(14).<sup>9</sup> In addition, ICE Clear Europe believes the CDS Guaranty Fund, under its existing methodology, will, together with the required margin, provide sufficient financial resources to support the clearing of Additional WE Sovereign Contracts consistent with the requirements of Rule 17Ad-22(b)(3).<sup>10</sup>

**Operational Resources.** ICE Clear Europe will have the operational and managerial capacity to clear the Additional WE Sovereign Contracts as of the commencement of clearing, consistent with the requirements of Rule 17Ad-22(d)(4).<sup>11</sup> ICE Clear Europe believes that its existing systems used for sovereign CDS contracts are appropriately scalable to handle the clearing of the Additional WE Sovereign Contracts.

**Settlement.** ICE Clear Europe will use its existing settlement procedures (including for physical settlements), account structures and approved financial institutions as used in other sovereign CDS clearing for the Additional WE Sovereign Contracts. ICE Clear Europe believes that clearing of the Additional WE Sovereign Contracts will therefore be consistent with the requirements of Rule 17Ad-22(d)(5), (12) and (15).<sup>12</sup>

**Default Procedures.** ICE Clear Europe's existing Rules and default management policies and procedures for CDS will apply to the Additional WE Sovereign Contracts. ICE Clear Europe believes that the Rules and procedures allow for it to take timely action to contain losses and liquidity pressures and to continue meeting its obligations in the event of clearing member insolvencies or defaults, including in respect of Additional WE Sovereign Contracts, in accordance with Rule 17Ad-22(d)(11).<sup>13</sup>

**Governance.** As discussed in further detail in the Prior WE Sovereigns Order, although the margin model applicable to Western European sovereign CDS contracts, including the Additional WE Sovereign Contracts, may result in clearing members being subject to different margin charges based on their domicile and correlation with the underlying sovereign, ICE Clear Europe believes that the margin model properly aligns the margin requirements to the risks presented by particular clearing members. Moreover, the model operates without the need for ICE Clear Europe (or its management, Board or CDS Risk Committee) to exercise discretion

concerning particular clearing members or the margin levels applicable to them. As a result, in ICE Clear Europe's view, the clearing of such contracts does not result in unfair discrimination among clearing members within the meaning of Section 17A(b)(3)(F) of the Act and Rule 17Ad-22(d)(8).<sup>14</sup>

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

ICE Clear Europe does not believe the proposed Additional WE Sovereign Contracts would have any impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purpose of the Act. ICE Clear Europe does not anticipate that its commencement of clearing for the Additional WE Sovereign Contracts will adversely affect the trading market for those contracts or for CDS more generally. Specifically, allowing clearing of the Additional WE Sovereign Contracts will provide market participants with the additional choice to have their transactions in these types of contracts cleared, and should generally promote the further development of the market for these contracts. Moreover, ICE Clear Europe has established fair and objective criteria for eligibility to clear the Additional WE Sovereign Contracts, consistent with its criteria for other cleared CDS.

Although clearance of Additional WE Sovereign Contracts may result in higher margin requirements for some clearing members as a result of the general wrong way risk component of the margin model, ICE Clear Europe believes that the model properly aligns margin requirements to the risks presented by such clearing members with respect to the Additional WE Sovereign Contracts. As a result, ICE Clear Europe is of the view that these changes are necessary and appropriate in furtherance of the purpose of the Act and the Commission's regulations thereunder, including the financial resources and risk management requirements of Rule 17Ad-22.<sup>15</sup> Furthermore, ICE Clear Europe does not believe that any such increase in margin requirements would significantly affect the ability of clearing members or other market participants to continue to clear CDS, consistent with the risk management requirements of the Clearing House, or otherwise limit market participants' choices for selecting clearing services. Accordingly ICE Clear Europe does not believe that

<sup>4</sup> For a description of previously approved changes to ICE Clear Europe's risk management framework to accommodate clearing of Western European sovereign CDS contracts, see the Prior WE Sovereigns Order. ICE Clear Europe has performed a variety of empirical analyses related to clearing of the Additional WE Sovereign Contracts under its margin methodology, including back tests and stress tests.

<sup>5</sup> 15 U.S.C. 78q-1.

<sup>6</sup> 17 CFR 240.17Ad-22.

<sup>7</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>8</sup> 17 CFR 240.17Ad-22.

<sup>9</sup> 17 CFR 240.17Ad-22(b)(2), (d)(14).

<sup>10</sup> 17 CFR 240.17Ad-22(b)(3).

<sup>11</sup> 17 CFR 240.17Ad-22(d)(4).

<sup>12</sup> 17 CFR 240.17Ad-22(d)(5), (12) and (15).

<sup>13</sup> 17 CFR 240.17Ad-22(d)(11).

<sup>14</sup> 15 U.S.C. 78q-1(b)(3)(F); 17 CFR 240.17Ad-22(d)(8).

<sup>15</sup> 17 CFR 240.17Ad-22.

clearance of the Additional WE Sovereign Contracts will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments relating to the acceptance of the Additional WE Sovereign Contracts for clearing have not been solicited or received. ICE Clear Europe will notify the Commission of any written comments received by ICE Clear Europe.

**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 up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the 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](mailto:rule-comments@sec.gov). Please include File Number SR-ICEEU-2014-18 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-ICEEU-2014-18. 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 filings will also 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/notices/Notices.shtml?regulatoryFilings>.

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-ICEEU-2014-18 and should be submitted on or before November 25, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-73463; File No. SR-MIAX-2014-54]

**Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Add Exchange Rule 531, Trade Nullification and Price Adjustment Procedure**

October 29, 2014.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 20, 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 add Rule 531, Trade Nullification and Price Adjustment Procedure.

The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to add Rule 531, Trade Nullification and Price Adjustment Procedure.<sup>3</sup> As proposed, Rule 531 will allow for transactions to be nullified if both parties to the transaction agree to the nullification and allow the price of transaction [sic] and authorized by the Exchange.<sup>4</sup> The proposal is based upon a recent filing of another options exchange.<sup>5</sup>

The Exchange proposes to add Rule 531, "Trade Nullification and Price Adjustment Procedure," which would: (a) Allow for any trades on the Exchange

<sup>3</sup> The Exchange notes that this proposal is only intended to be effective until the joint efforts by the exchanges to create uniform trade nullification and adjustment rules are approved and in effect. Once the uniform rule has been approved and is effective, the Exchange will amend its rules appropriately.

<sup>4</sup> The Exchange notes that, as proposed, Rule 6.19 [sic] will only apply to trades that were executed on the Exchange and, as such, any orders that were either fully or partially routed to, or executed, on another Exchange will not be subject to the Proposed Rule 531.

<sup>5</sup> See Securities Exchange Act Release No. 72970 (September 3, 2014), 79 FR 53498 (September 9, 2014) (SR-CBOE-2014-066).

<sup>16</sup> 17 CFR 200.30-3(a)(12).

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

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