

member for insolvency or non-insolvency related reasons. Section 4 of Rule 16 (Ceasing to Act for the Member) is renumbered as new Section 3 and revised to remove the reference to the “Time of Insolvency” concept.

In Rule 17—“Procedures for When the Corporation Ceases to Act,” Section 1 (Notification) is revised to clarify that FICC will notice the Commission as well as MBSD’s members of every decision to cease to act for a MBSD member. Section 1 of Rule 17 is further revised to remove the requirement that FICC establish a separate “Time of Insolvency,” in the event it ceases to act because of a member’s insolvency, or “Cut-Off Time,” in the event it ceases to act for a member for non-insolvency related reasons.

Sections 2, 2(a), 2(d) and 2(e) of Rule 17 are revised to remove the “Time of Insolvency” and “Cut-Off Time” concepts, and instead rely on the time FICC ceases to act for a member for purposes of determining its obligations with respect to pending transactions involving such member.

Section 2(g) of Rule 17, which provides that, in the context of FICC ceasing to act for a MBSD member, a transaction involving such member that would not otherwise be compared or deemed compared under the MBSD rules may, in certain circumstances, be deemed compared based solely on data submitted by a non-defaulting member, based on a multi-pronged facts and circumstances-based test, is removed. FICC will instead rely on the compared trade definitions in the MBSD rules when determining its obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, subject to the discretion of FICC’s Board of Directors to determine otherwise in order to promote orderly settlement with respect to transactions the data on which have been submitted only by non-defaulting members.

### III. Discussion

Section 19(b)(2)(C) of the Act<sup>11</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act<sup>12</sup> requires, among other things, that the rules of a clearing agency be designed to achieve several goals, including promoting the prompt and accurate clearance and

settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions.

The Commission concludes that the proposed rule change is consistent with Section 17A(b)(3)(F)<sup>13</sup> of the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder because it will promote the prompt and accurate clearance and settlement of securities transactions and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. In particular, the rule change simplifies FICC’s process in a cease to act situation and provide greater legal certainty for FICC and its members as to FICC’s obligations with respect to pending transactions involving an insolvent or otherwise defaulted member, particularly in an intra-day cease to act situation.

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposed rule change is consistent with the requirements of the Act, particularly those set forth in Section 17A,<sup>14</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>15</sup> that the proposed rule change (SR-FICC-2014-06) be, and hereby is, *approved*.<sup>16</sup>

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>17</sup>

Brent J. Fields,

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

### Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, January 22, 2015 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain

<sup>11</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>14</sup> 15 U.S.C. 78q-1.

<sup>15</sup> 15 U.S.C. 78s(b)(2).

<sup>16</sup> In approving the proposed rule change, the Commission considered the proposal’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Stein, as duty officer, voted to consider the items listed for the Closed Meeting in closed session.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings

Consideration of amicus participation; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: January 15, 2015.

Brent J. Fields,

Secretary.

[FR Doc. 2015-00926 Filed 1-15-15; 4:15 pm]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74042; File No. SR-OCC-2015-01]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Concerning the Date of the Annual Meeting of The Options Clearing Corporation’s Stockholders

January 13, 2015.

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 January 7, 2015, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in I Items I, II and III below, which Items have been prepared by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(3)<sup>4</sup>

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(3).

<sup>11</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).

thereunder, so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change would provide OCC with flexibility with respect to setting the date for the annual meeting of OCC's stockholders.

### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

#### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The purpose of this proposed rule change is to provide OCC with administrative flexibility with respect to setting the date of the annual meeting of OCC's stockholders. As background, a corporation incorporated under the laws of the State of Delaware, such as OCC, must hold an annual meeting of its stockholders.<sup>5</sup> Currently, Article II, Section 1 of OCC's By-Laws provides that the date of the annual meeting of OCC's stockholders shall be the fourth Tuesday in April of each year. OCC desires to adopt a less prescriptive definition of when the annual meeting of stockholders shall occur (consistent with the laws of the State of Delaware) to, for example, permit the meeting to coincide with a meeting of its Board of Directors. OCC therefore is proposing to amend Article II, Section 1 of its By-Laws to provide that the annual meeting of OCC's stockholders shall be a date no later than April 30th of each year as determined by OCC's Board of Directors. OCC believes that by providing it with the administrative flexibility to hold the annual meeting of its stockholders on a date before April 30th of each year, OCC will be able to function in a more efficient manner by, for example, scheduling the annual meeting of stockholders to coincide with a meeting

of OCC's Board of Directors so that, for those directors first elected at such annual meeting of stockholders, they may participate at such meeting of the Board of Directors. The proposed rule change will not affect clearing members, or other users of OCC's services.

##### 2. Statutory Basis

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(C) of the Securities Exchange Act of 1934, as amended (the "Act"),<sup>6</sup> since the proposed rule change is ministerial in nature and does not affect the fair representation of its stockholders in the administration of OCC's affairs, nor does it affect the ability of OCC's clearing members to participate in the selection of OCC's Board of Directors, since OCC is not proposing to change the provisions of Article III, Section 5 of its By-Laws, which provides the means by which clearing members may participate in the selection of OCC's Board of Directors. In addition, OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>7</sup> because it is designed to protect investors and the public interest. By permitting the annual meeting of OCC's stockholders to be held on an earlier date, any newly elected directors would be able to participate in the first meeting of OCC's Board of Directors thereby better ensuring that the persons sitting on OCC's Board of Directors are most suited to serve OCC in a given year, which, in turn, provides for better protection of investors and is in the public interest. The proposed rule change is not inconsistent with the existing By-Laws or Rules of OCC, including any By-Laws proposed to be amended.

#### (B) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.<sup>8</sup> Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency and the markets that the clearing agency serves. This proposed rule change affects OCC in that it amends the By-Law prescribing the date on which the annual meeting of OCC's stockholders shall occur. The proposed modifications would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because they relate to the administration of OCC

and would not impose any burden on clearing members or other OCC participants.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies and would not impose a burden on competition.

#### (C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

### III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. 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.

### 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-OCC-2015-01 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-OCC-2015-01. 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 of submission. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

<sup>5</sup> 8 Del. C. 1953, § 211.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(C).

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

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(I).

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 Section, 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 OCC and on OCC's Web site at [http://www.theocc.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_15-01.pdf](http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_15-01.pdf). 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-OCC-2015-01 and should be submitted on or before February 10, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Brent J. Fields,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74041; File No. SR-NASDAQ-2014-110]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving a Proposed Rule Change To Adopt NASDAQ Rule 7015(i) To Offer the New IPO Workstation

January 13, 2015.

#### I. Introduction

On November 14, 2014, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to offer stand-alone access to the Exchange's IPO Indicator service. The

proposed rule change was published for comment in the **Federal Register** on December 2, 2014.<sup>3</sup> The Commission received no comments on the proposal. This order approves the proposed rule change.

#### II. Description of the Proposal

The Commission recently approved a proposed rule change from the Exchange to offer the IPO Indicator as an enhancement to the NASDAQ Workstation at no additional cost.<sup>4</sup> The Exchange now proposes to adopt Exchange Rule 7015(i) to offer stand-alone access to the IPO Indicator service ("IPO Workstation") at no cost at this time.<sup>5</sup> That is, a subscription to the full NASDAQ Workstation will not be required to access the IPO Indicator for those subscribing to the IPO Workstation.<sup>6</sup>

The IPO Indicator, according to the Exchange, is designed to assist member firms in monitoring their orders in the NASDAQ Halt Cross process leading up to the launch of an initial public offering ("IPO").<sup>7</sup> According to the Exchange, the NASDAQ Halt Cross ("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 IPO.<sup>8</sup> Prior to the Cross execution, the Exchange states that market participants enter quotes and orders eligible for participation in the Cross, and the Exchange disseminates certain information regarding buying and selling interest entered and the indicative execution price information, known as the Net Order Imbalance Indicator ("NOII").<sup>9</sup> The Exchange further states that the NOII is disseminated every five seconds during a designated period prior to the completion of the Halt Cross, in order to provide market participants with information regarding the possible price and volume of the Cross. According to the Exchange, the information provided in the NOII message includes the Current Reference Price<sup>10</sup> and the number of shares of Eligible Interest.<sup>11</sup>

<sup>3</sup> See Securities Exchange Act Release No. 73683 (November 25, 2014), 79 FR 71490 ("Notice").

<sup>4</sup> See Securities Exchange Act Release No. 73950 (December 29, 2014), 80 FR 268 (January 5, 2015).

<sup>5</sup> See Notice, *supra* note 3 at 71491.

<sup>6</sup> See *id.* at 71492.

<sup>7</sup> See *id.* at 71491.

<sup>8</sup> See *id.*

<sup>9</sup> See *id.*

<sup>10</sup> See Exchange Rule 4753(a)(3)(A). The Exchange describes the Current Reference Price as the price at which the Cross would occur if it executed at the time of the NOII's dissemination. See Notice, *supra* note 3, at 71491.

<sup>11</sup> See Exchange Rule 4753(a)(5) (defining Eligible Interest as "any quotation or any order that has

The Exchange also disseminates information about the size and buy/sell direction of an Imbalance,<sup>12</sup> which the Exchange defines as the number of shares of Eligible Interest with a limit price equal to the Current Reference Price that may not be matched with other order shares at a particular price at any given time.<sup>13</sup> The Exchange states that the disseminated information reflects all shares eligible for participation in the Cross, regardless of time-in-force (including non-displayed shares and reserve size) and is meant to 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.

In the case of an IPO, the Exchange states that the Halt Cross operates as follows: first, the underwriters to the IPO make a determination to launch the IPO during the Pre-Launch Period<sup>14</sup> when the underwriters believe the security is ready to trade.<sup>15</sup> Second, once the underwriter informs the Exchange that it is ready to launch the IPO, the NASDAQ system calculates the Current Reference Price at that time (the "Expected Price") and displays it to the underwriter.<sup>16</sup> If the underwriter then approves proceeding, the NASDAQ system conducts two validation checks: (1) The NASDAQ system determines whether all market orders will execute in the cross; and (2) whether the Expected Price and the price calculated by the Cross differ by an amount in excess of the price band selected by the underwriter.<sup>17</sup> According to the Exchange, if either of the validation checks fails, the security will not be released for trading and the Pre-Launch

been 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").

<sup>12</sup> See Exchange Rule 4753(a)(1).

<sup>13</sup> See Notice, *supra* note 3, at 71491. The Exchange states that it also disseminates a Market Order Imbalance, which the Exchange defines 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 a NOII, if in fact there are such unexecutable market order shares. See Exchange Rule 4753(a)(2). When there is a Market Order Imbalance, the Exchange notes that it disseminates the imbalance and the buy/sell direction of the imbalance. See Notice, *supra* note 3, at 71491.

<sup>14</sup> The Exchange explains that the Pre-Launch Period is the second phase of a two-phase process that NASDAQ uses for launching IPOs. *See id.* According to the Exchange, the Pre-Launch Period follows a 15-minute Display Only Period and is of no fixed duration. *See id.* In addition, the Exchange states that the NOII is disseminated every five seconds during both periods. *See id.*

<sup>15</sup> *See id.*

<sup>16</sup> *See id.*

<sup>17</sup> See Notice, *supra* note 3, at 71491.

<sup>9</sup> 17 CFR 200.30-3(a)(12).

<sup>10</sup> 15 U.S.C. 78s(b)(1).

<sup>11</sup> 17 CFR 240.19b-4.