

that the Penny Pilot Program has contributed to an increase in quotation message traffic from the options markets.<sup>30</sup> In approving the extension and expansion of the Penny Pilot Program in 2009, the Commission relied, in part, on the Exchange's representation that it would continue to use quote mitigation strategies that would continue to mitigate quotation traffic sent to OPRA.<sup>31</sup>

As noted above, the Exchange believes that its quote mitigation strategy is no longer necessary because: (1) The Exchange has incorporated select provisions of the OLPP in Exchange Rule 6.4A, which the Exchange believes limits the number of series eligible to be listed; (2) current Exchange Rule 6.37B Commentary .01 removes certain options series from market makers' continuous quoting obligations, which the Exchange believes reduces the number of quote messages that the Exchange sends to OPRA; and (3) both the Exchange's systems capacity and OPRA's systems capacity are more than sufficient to accommodate any additional increase in quote traffic that might be sent to OPRA as a result of the deletion of the quote mitigation strategy.<sup>32</sup> Do commenters believe that reliance on the Exchange's current rules and the existing systems capacity of the Exchange and OPRA are sufficient or insufficient means to mitigate quote message traffic from the Exchange to OPRA? Please explain.

2. What are commenters' views on the impact, if any, that might result from the Exchange's proposal to remove its current quote mitigation plan as provided in Commentary .03 to Exchange Rule 6.86? For example, what are commenters' views on the impact

<sup>30</sup> See Securities and Exchange Release No. 60711 (September 23, 2009), 74 FR 49419, 49422 (September 28, 2009) (Order Granting Partial Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 3 thereto, Amending NYSE Arca Rule 6.72 and Expanding the Penny Pilot Program).

<sup>31</sup> See *id.* The Commission stated: "While the Commission anticipates that NYSE Arca's proposed expansion of the Pilot Program will contribute to further increases in quotation message traffic, the Commission believes that NYSE Arca's proposal is sufficiently limited such that it is unlikely to increase quotation message traffic beyond the capacity of market participants' systems and disrupt the timely receipt of quote information. NYSE Arca has proposed to roll out the additional 300 classes over time, in groups of 75 classes each quarter beginning on October 26, 2009. The Commission further notes that a June 2, 2009 sustained message traffic peak of 852,350 messages per second reported by OPRA is still well below OPRA's current messages per second capacity limit of 2,050,000. Moreover, NYSE Arca has adopted and will continue to utilize quote mitigation strategies that should continue to mitigate the expected increase in quotation traffic." *Id.*

<sup>32</sup> See *supra* notes 13–18 and accompanying text.

the Exchange's proposal would have, if any, on OPRA's system capacity? Please explain. Or, what are commenters' views on the impact the Exchange's proposal would have on market participants using OPRA and/or the Exchange's quotation message feeds? Please explain.

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–2014–117 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–2014–117. 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 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–2014–117 and should be submitted on or before February 13, 2015. Rebuttal comments should be submitted by February 27, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Brent J. Fields,**

Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74078; File No. SR–NASDAQ–2015–004]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Membership Application

January 16, 2015.

Pursuant to Section 19(b)(1) of the Securities Act of 1934 ("Act"),<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> notice is hereby given that on January 5, 2015, The NASDAQ Stock Market LLC ("NASDAQ" 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 NASDAQ. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

NASDAQ proposes to amend Rule 1013 titled "New Member Application" to include an expedited application process for firms that are already approved members of NASDAQ OMX PHLX LLC ("PHLX").

The text of the proposed rule change is available on the Exchange's Web site at <http://www.nasdaq.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. 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,

<sup>33</sup> 17 CFR 200.30–3(a)(57).

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

<sup>2</sup> 17 CFR 240.19b–4.

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 purpose of the proposed rule change is to amend NASDAQ Rule 1013(a)(5), entitled Applicants That Are Members of an Association or Another Exchange, to permit an expedited review for new member applications seeking NASDAQ membership provided those applicants are approved members of PHLX.

Specifically, Exchange Rule 1013(a)(5)(C) currently permits the Exchange to accept applicants that gained membership at Financial Industry Regulatory Authority ("FINRA") or NASDAQ OMX BX, Inc. ("BX") when considering a NASDAQ new member application. Applicants who are approved members of FINRA or BX are eligible for an abbreviated waive-in application eliminating the submission and review of duplicative supplemental material that has already been submitted and reviewed in connection with a FINRA or BX new member application.

At this time, the Exchange proposes to extend the abbreviated application process already in place for approved FINRA and/or BX members to PHLX members. The Exchange notes that the PHLX qualifications are the same as those applicable to NASDAQ membership requirements. PHLX approved members seeking NASDAQ membership will be required to submit a fully executed Waive-In Membership Application and Membership Agreement but will not be required to submit any duplicative documentation that was previously provided as part of the PHLX application. These PHLX members would still be required to provide additional information if there has been a material change in status from its [sic] original application with PHLX. Applicants will be required to attest that the information provided as part of previously conducted new membership review remains complete and accurate.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>3</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>4</sup> in particular, in that it is designed to prevent fraudulent and manipulative

acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, 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.

Today, the NASDAQ Membership Department performs similar functions when reviewing new member applications for NASDAQ, BX and PHLX.<sup>5</sup> The Membership Department reviews: Applicant business plans, clearing arrangements, FOCUS reports, organizational charts, and written supervisory procedures for applicants desiring membership in any of the aforementioned markets. These membership requirements include, but are not limited to, review of registration as a Broker Dealer with the Commission, a net capital review, qualification of associated persons and examining written supervisory procedures. The same material is considered for each new member review conducted by FINRA on behalf of NASDAQ.

NASDAQ believes that this proposed amendment is consistent with its current practices today when reviewing applications for members of BX and FINRA. NASDAQ proposes this rule change to harmonize its affiliated exchanges' rules to provide applicants similar application procedures on its markets. The PHLX new member review is consistent with the NASDAQ new member review. NASDAQ believes that applicants that are members of PHLX are eligible for the waive-in process when seeking membership on NASDAQ similar to BX and FINRA members.

NASDAQ believes that the proposed rule change would eliminate the duplicate review for prospective NASDAQ applicants that were approved for membership by PHLX. The waive-in process will promote efficiency with respect to the Exchange's membership review process and reduce the burden on applicants that have already been approved for membership on PHLX by reducing the duplicative information and documentation required to be provided to the Exchange. As a result, Exchange staff will be able to focus its regulatory efforts on reviewing any material changes or new information that may affect the applicant's eligibility for Exchange membership.

<sup>5</sup> Today, FINRA conducts the new member application reviews for NASDAQ and BX pursuant to a 17d-2 agreement and Regulatory Services Agreement. These application reviews are administered by FINRA and subject to NASDAQ's final review and decision.

This proposed rule change does not affect the protection of investors as NASDAQ will maintain the vigorous membership review that is conducted today when reviewing PHLX members applications.

*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. The proposed waive-in process for approved PHLX members will not impose any burden on competition, but rather it will remove unnecessary burdens that currently exist for PHLX member applicants seeking NASDAQ membership. The proposal will eliminate the redundant review process for PHLX members that currently does not exist for FINRA and BX members applying to become NASDAQ members.

*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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>6</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

<sup>4</sup> 15 U.S.C. 78f(b)(5).

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR–NASDAQ–2015–004 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

All submissions should refer to File Number SR–NASDAQ–2015–004. 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–NASDAQ–2015–004 and should be submitted on or before February 13, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Brent J. Fields,**  
Secretary.

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**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–74084; File No. SR–ICC–2015–002]

### Self-Regulatory Organizations; ICE Clear Credit LLC; Notice of Filing of Proposed Rule Change To Revise the ICC Treasury Operations Policies and Procedures

January 16, 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 6, 2015, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by ICC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The purpose of the proposed rule change is to revise the ICC Treasury Policies and Procedures to provide for the use of a Federal Reserve Account, to provide for the use of a committed repo facility, and to provide for engagement of outside investment managers to invest guaranty fund and margin cash pursuant to ICC's USD and Euro investment guidelines. These revisions do not require any changes to the ICC Clearing Rules.

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

In its filing with the Commission, ICC 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. ICC 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 proposed revisions to ICC's Treasury Operations Policies and Procedures are intended to provide for

the use of a Federal Reserve Account, to provide for the use of a committed repo facility, and to provide for USD and Euro investment guidelines for use by outside investment managers.

ICC believes such revisions will facilitate the prompt and accurate clearance and settlement of securities transactions and derivative agreements, contracts, and transactions for which it is responsible. The proposed revisions are described in detail as follows.

ICC has revised its Treasury Operations Policies and Procedures to demonstrate how ICC would utilize a Federal Reserve Account for cash and collateral management. ICC has applied for a Federal Reserve Account to hold both USD cash and US Treasuries. In its application, ICC requested separate accounts for house origin funds and customer origin funds. Should ICC be approved for a single account origin, ICC will utilize the Federal Reserve Accounts to hold house collateral, and customer collateral will continue to be held in commercial banks. Should ICC be approved for an additional account origin, ICC will utilize the second origin to hold customer collateral at the Federal Reserve. With respect to the potential utilization of a Federal Reserve cash Account, ICC plans to use this account as a depository account, in which cash will be consolidated on a daily basis and held overnight. ICC will continue using its commercial bank accounts for Clearing Participant money movements, and the net excess/deficit will be deposited to/withdrawn from the Federal Reserve cash Account as necessary. With respect to potential utilization of a Federal Reserve securities Account, ICC would use this account as a custody account to hold US Treasuries deposited by Clearing Participants with ICC's commercial banks.

Additionally, ICC has revised its Treasury Operations Policies and Procedures to provide for use of a committed repurchase (“repo”) facility. ICC has established a committed repo facility that will allow ICC to consider US Treasury securities deposited at ICC as an additional qualifying liquidity resource.<sup>3</sup> The facility can be used to convert US Treasuries into cash when the sale of pledged securities needed for liquidity cannot be settled on a timely or same-day basis. Specifically, the facility can be used to generate temporary liquidity through the sale and agreement to repurchase securities pledged by ICC Clearing Participants to satisfy their Initial Margin and Guaranty

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> As defined under Commodity Futures Trading Commission Regulation 39.33(c).

<sup>7</sup> 17 CFR 200.30–3(a)(12).