

are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>8</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) and 6(b)(5) of the Act,<sup>9</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among issuers and it does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange believes that the proposed changes are a reasonable, equitable, and non-discriminatory allocation of fees to issuers because the proposal is designed only to amend the timing and method with which issuers are billed for the application fee for ETPs and not to make any changes to the amount of the \$5,000 application fee. Further, the proposal will benefit all ETP issuers because it will allow them to pay their application fee at a later date than they are required to pay the application fee today. The Exchange also notes that the proposed changes will apply equally to all issuers that list ETPs on the Exchange. Based on the foregoing, the Exchange believes that the proposed amendment to the billing associated with application fees for ETPs is a reasonable, equitable, and non-discriminatory allocation of fees to issuers.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. With respect to the proposed new billing method for the application fee related to ETPs, the Exchange does not believe that the changes burden competition, but instead, enhance competition, as it is intended to increase the competitiveness of the Exchange's listings program by allowing the Exchange to offer ETPs the ability to pay their application fees after an ETP is already listed and trading on the Exchange instead of requiring the issuer to pay the application fee upon submission of their application. As such, the proposal is a competitive proposal that is intended to make the Exchange a more attractive venue for ETP listings, which will, in turn, benefit the Exchange and all other BATS-listed ETPs.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

#### **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<sup>10</sup> and paragraph (f) of Rule 19b-4 thereunder.<sup>11</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.

#### **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-BATS-2015-06 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-BATS-2015-06. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the

Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal offices of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-BATS-2015-06, and should be submitted on or before February 25, 2015.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2015-02107 Filed 2-3-15; 8:45 am]

BILLING CODE 8011-01-P

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-74169; File No. SR-CBOE-2015-011]**

### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change To Amend Exchange Rules Related to Order Tickets**

January 29, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on January 23, 2015, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the 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 Substance of the Proposed Rule Change**

The Exchange proposes to amend its rules related to order tickets. The text of

<sup>8</sup> 15 U.S.C. 78f.

<sup>9</sup> 15 U.S.C. 78f(b)(4) and (5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

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

<sup>12</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.

the proposed rule change is provided below.

(additions are *in italics*; deletions are [bracketed])

\* \* \* \* \*

### Chicago Board Options Exchange, Incorporated Rules

\* \* \* \* \*

#### Rule 6.53. Certain Types of Orders Defined

\* \* \* \* \*

. . . Interpretations and Policies:

.01 No change.

.02 *Complex orders of twelve (12) legs or less (one leg of which may be for an underlying security or security future, as applicable) must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), complex orders of more than twelve (12) legs (one leg of which may be for an underlying security or security future, as applicable) may be split across multiple order tickets, if the Trading Permit Holder representing the complex order includes twelve (12) legs on one of the order tickets and identifies for the Exchange the order tickets that are part of the same complex order (in a form and manner prescribed by the Exchange).*

\* \* \* \* \*

#### Rule 24.20. SPX Combo Orders

\* \* \* \* \*

. . . Interpretations and Policies:

.01 *An SPX Combo Order for twelve (12) legs or less must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), an SPX Combo Order for more than twelve (12) legs may be represented or executed as a single SPX Combo Order in accordance with this Rule 24.20 if it is split across multiple order tickets and the Trading Permit Holder representing the SPX Combo Order includes twelve (12) legs on one of the order tickets and identifies for the Exchange the order tickets that are part of the same SPX Combo Order (in a manner and form prescribed by the Exchange).*

\* \* \* \* \*

The text of the proposed rule change is also available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 set forth order ticket requirements applicable to complex orders in open outcry pursuant to Rule 6.53, as well as SPX Combo Orders<sup>3</sup> pursuant to Rule 24.20.

#### Background

On May 19, 2014, the Exchange submitted a rule change filing (SR-CBOE-2014-046), which became effective on that date, to amend Rule 24.20, "SPX Combo Orders". Rule 24.20, as amended, states: "For an order to be eligible for the trading procedures contained in this Rule, a Trading Permit Holder must apply an indicator to the SPX Combo Order upon systematization as provided in Rule 6.24."<sup>4</sup> Once the Exchange implements the combo indicator requirement, TPHs will be required to apply the combo indicator upon systematization. Orders that include the combo indicator but do not meet the requirements of an SPX Combo Order (*i.e.*, orders must be at least three legs and include an SPX combination<sup>5</sup>) will be rejected. Additionally, the Public Automatic Routing System ("PAR") will no longer allow an order

<sup>3</sup> An "SPX Combo Order" consists of an order to purchase or sell one or more SPX option series and the offsetting number of SPX combinations defined by the delta, where an "SPX combination" is a purchase (sale) of an SPX call and sale (purchase) of an SPX put having the same expiration date and strike price and a "delta" is the positive (negative) number of SPX combinations that must be sold (bought) to establish a market neutral hedge with one or more SPX option series.

<sup>4</sup> Securities Exchange Act Release No. 34-72271 (May 29, 2014), 79 FR 32342 (June 4, 2014) (SR-CBOE-2014-046).

<sup>5</sup> SR-CBOE-2014-046 defines an SPX combination as a purchase (sale) of an SPX call and sale (purchase) of an SPX put having the same expiration date and strike price.

to be endorsed as an SPX Combo Order and reported to OPRA as such.<sup>6</sup>

On August 19, 2014, the Exchange submitted a separate rule change filing (SR-CBOE-2014-015) to amend, among other things, Rule 24.20 to include Interpretation and Policy .01.<sup>7</sup> Proposed Interpretation and Policy .01 was proposed to require that any complex order in open outcry, including an SPX Combo Order, for twelve (12) legs or less be entered on a single order ticket at time of systemization. In addition, a complex order, including an SPX Combo Order, that contains more than twelve (12) legs may be represented and executed as a single order, and for an SPX Combo Order in accordance with Rule 24.20 if it is split across multiple order tickets and the TPH representing the order identifies for the Exchange the order tickets that are part of the same order (in a manner and form prescribed by the Exchange).

Pursuant to rule change filing SR-CBOE-2014-046, the Exchange issued a Regulatory Circular requiring Trading Permit Holders ("TPHs") to begin applying the combo indicator upon systematization on November 1, 2014.<sup>8</sup> The implementation date was subsequently delayed until February 27, 2015<sup>9</sup> in order to coincide with the implementation date of the order ticket requirements in SR-CBOE-2014-015.<sup>10</sup>

Pursuant to SR-CBOE-2014-046, a third-party vendor updated the Exchange provided Floor Broker Workstation ("FBW") to support the combo indicator. Pursuant to SR-CBOE-2014-015, the Exchange, through a third-party vendor, developed an enhanced version of FBW to support the

<sup>6</sup> See *supra*, note 2. Currently, brokers must apply an SPX Combo Order designation for the purposes of price reporting. This is accomplished by endorsing a trade via PAR; however the system changes that allow a combo indicator to be applied upon systematization will remove the capability to endorse an order as an SPX Combo Order on PAR, *Id.*

<sup>7</sup> Securities Exchange Act Release No. 34-72975 (September 2, 2014) ("Notice"), 79 FR 53230 (September 8, 2014) (SR-CBOE-2014-015). SR-CBOE-2014-015 was withdrawn by the Exchange on November 21, 2014, in order to bifurcate the filing into two separate filings. The first filing is represented by this proposed rule change regarding the single order ticket requirements. The second filing will, among other things, include amendments to the complex order definitions.

<sup>8</sup> CBOE Regulatory Circular RG14-125—Implementation of SPX Combo Order Indicator (August 15, 2014).

<sup>9</sup> See CBOE Regulatory Circular RG14-153—Delayed Implementation of SPX Combo Order Indicator (October 31, 2014).

<sup>10</sup> See Securities Exchange Act Release No. 34-73479 (October 31, 2014), 79 FR 66014 (November 6, 2014) (SR-CBOE-2014-083) (delaying the combo indicator requirement in SR-CBOE-2014-046 in order to coincide with the order ticket requirements of SR-CBOE-2014-015).

entry of complex orders with up to twelve legs. The enhanced version of FBW was made available to TPHs for training purposes on January 2, 2015.<sup>11</sup> The Exchange notes that PULSe, which is an Exchange provided alternative to FBW, also currently allows up to twelve (12) legs on a single order ticket and has been updated with the combo indicator.<sup>12</sup> In addition, the Exchange has been in contact with TPH broker groups consistently since the filing of SR-CBOE-2014-015 in an effort to prepare TPH broker groups for the combo indicator and the single order ticket requirements.<sup>13</sup>

#### Proposal

Currently, Exchange system limitations may prevent a multi-part order with more than a certain number of legs from being entered on a single order ticket for representation and execution in open outcry as a complex order.<sup>14</sup> As a result, complex orders with more than the applicable leg limitation that are represented in open outcry must be split up and entered on multiple order tickets. For consistency in processing and in order to enhance the Exchange's audit trail, the Exchange proposes to amend Rules 6.53 to require:

- Complex orders of twelve (12) legs or less (one leg of which may be for an underlying security or security future, as applicable) must be entered on a single order ticket at time of systemization. If permitted by the Exchange (which the Exchange will announce by Regulatory Circular), complex orders of more than twelve (12)

legs (one leg of which may be for an underlying security or security future, as applicable) may be split across multiple order tickets, if the Trading Permit Holder representing the complex order includes twelve (12) legs on one of the order tickets<sup>15</sup> and identifies for the Exchange the order tickets that are part of the same complex order (in a form and manner prescribed by the Exchange).

With respect to the order ticket requirements, the Exchange also proposes to add to Rule 24.20 (pertaining to SPX Combo Orders) Interpretation and Policy .01 to require that an SPX Combo Order for twelve (12) legs or less be entered on a single order ticket at time of systemization. An SPX Combo Order that contains more than twelve (12) legs may be represented and executed as a single SPX Combo Order in accordance with Rule 24.20 if it is split across multiple order tickets and the TPH representing the SPX Combo Order includes twelve (12) legs on one of the order tickets<sup>16</sup> and identifies for the Exchange the order tickets that are part of the same SPX Combo Order (in a manner and form prescribed by the Exchange). The Exchange will announce by Regulatory Circular whether it permits SPX Combo Orders with more than 12 legs and, if so permitted, the form and manner in which the TPH must link the multiple order tickets. The Exchanges notes that a TPH may submit an order that does not satisfy these ticket requirements, but such order may not be represented or executed as a single SPX Combo Order in accordance with Rule 24.20. The Exchange also notes that Rules 24.20 already specifies an applicable ratio (defined by the delta as noted above), and it is proposing no changes to the ratio through this rule filing.

<sup>15</sup> The Exchange recognizes that SR-CBOE-2014-015 indicated that the Exchange was not imposing requirements on how a complex order with more than 12 legs should be split across multiple tickets. *See supra* note 5, at page 6. However, the Exchange does not believe TPHs will be adversely affected by the proposed requirement specifying how an order with more than 12 legs should be split across multiple tickets because the Exchange believes PULSe, the enhanced version of FBW, and proprietary systems that TPHs have designed to comply with the single order ticket requirements of SR-CBOE-2014-015 are capable of complying with the requirement specifying how orders with more than 12 legs should be split across multiple tickets without further programming or configuration.

<sup>16</sup> As noted in the proposed rule text, for an open outcry complex order and an SPX Combo Order, if an order with more than twelve legs is split across multiple order tickets, one of the order tickets must contain twelve legs. For example, a thirteen leg order cannot have seven legs on one ticket and six legs on another ticket; rather, one ticket must have twelve legs and the other ticket must have one leg.

The Exchange will announce the implementation date of the proposed rule change in a Regulatory Circular to be published within 90 days of the filing date of this filing. The implementation date of this filing, if the filing is approved, will be within 180 days of the filing date, but no earlier than the approval date of the filing.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>17</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>18</sup> requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>19</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes enhancing the audit trail with respect to open outcry complex order processing and SPX Combo Orders will help to protect investors and the public interest because an enhanced audit trail promotes transparency and aids in surveillance, as well as, provides the Exchange the ability to better enforce compliance by the Exchange's TPHs (and persons associated with its TPHs) with the Act, the rules and regulations thereunder and the rules of the Exchange, thereby protecting investors.

In addition, the Exchange believes the proposed rule change is consistent with Section 6(b)(1) of the Act,<sup>20</sup> which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's TPHs (and persons associated with its TPHs) with the Act, the rules and regulations thereunder and the rules of

<sup>17</sup> 15 U.S.C. 78f(b).

<sup>18</sup> 15 U.S.C. 78f(b)(5).

<sup>19</sup> *Id.*

<sup>20</sup> 15 U.S.C. 78f(b)(1).

<sup>11</sup> See RG14-176.

<sup>12</sup> The Exchange also notes that TPHs will not be required to make changes to their own or third-party vendor's order entry and execution systems. However, to the extent a TPH wants to represent and execute a multi-part order in open outcry as a complex order, the order must be entered on a single order ticket and cannot exceed twelve (12) legs (or, if the Exchange has determined to make it available, an order for more than twelve (12) legs that is entered on multiple order tickets, which tickets are linked in a form and manner prescribed by the Exchange). For example, if a TPH's order entry and execution system currently only supports the open outcry processing of a complex order with up to four (4) legs, the system would not need to be enhanced if the TPH does not intend to represent and execute complex orders with more than four (4) legs. If the TPH intends to represent and execute complex orders with more than four (4) legs (*i.e.*, complex orders with five (5) to twelve (12) legs), then the TPH may need to enhance its existing system or utilize another order entry and execution system that supports the open outcry processing of such orders on a single order ticket.

<sup>13</sup> See RG14-125; RG-14-153; and RG14-176. Beyond Regulatory Circulars, the Exchange has been in contact with TPHs about the upcoming single order ticket requirements.

<sup>14</sup> As noted above, system enhancements currently allow orders with up to twelve legs to be processed for open outcry.

the Exchange. Enhancing the audit trail with respect to open outcry complex order processing will further improve the Exchange's ability to better enforce compliance by the Exchange's TPHs (and persons associated with its TPHs) with the Act, the rules and regulations thereunder and the rules of the Exchange.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket or intermarket competition because the order ticket requirements will be applicable to all TPHs executing complex orders in open outcry and SPX Combo Orders.

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

The Exchange neither solicited nor received comments on the proposal.

### **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 Exchange consents, the Commission will:

- A. By order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

The Exchange has requested accelerated approval of the proposed rule change. The Commission is considering granting accelerated approval of the proposed rule change at the end of a 15-day comment period.

### **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-CBOE-2015-011 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-CBOE-2015-011. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-2015-011 and should be submitted on or before February 19, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>21</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2015-02104 Filed 2-3-15; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-74170; File No. SR-Phlx-2015-08]

### **Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Exchange's Pricing Schedule Under Section VIII With Respect To Execution and Routing of Orders in Securities Priced at \$1 or More Per Share**

January 29, 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 16, 2015, 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 Substance of the Proposed Rule Change**

The Exchange proposes to amend the Exchange's Pricing Schedule under Section VIII, entitled "NASDAQ OMX PSX FEES," with respect to execution and routing of orders in securities priced at \$1 or more per share.

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.

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

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

<sup>21</sup> 17 CFR 200.30-3(a)(12).