

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. The Commission also finds that the proposal is designed to not permit unfair discrimination between customers, issuers, brokers, or dealers pursuant to Section 6(b)(5) of the Act.<sup>18</sup> Further, the Commission finds that the proposed rule change is consistent with Section 6(b)(1) of the Act,<sup>19</sup> which provides that an exchange must be so organized and have the capacity to be able to carry out the purposes of this Act and to comply, and to enforce compliance by its members and persons associated with its members, with the Act, the rules and regulations thereunder, and the rules of the exchange.

The Commission believes that the additional requirements prescribed by CBOE Rules 3.4A, 6.20A, and 6.23A are reasonably designed to assure the Exchange that it will be able to obtain the information necessary to perform its self-regulatory obligations. In this regard, the Commission notes that certain foreign jurisdictions may have laws, rules, or regulations that prohibit or restrict the sharing of certain information that would be necessary for the Exchange to adequately oversee the trading activity of Trading Permit Holders from such jurisdictions. Accordingly, the Commission believes that it is appropriate and consistent with the Act for the Exchange to require Trading Permit Holders to be domiciled in, or only directly access the System from, jurisdictions that would not impede the Exchange's ability to carry out its regulatory responsibilities, and that Trading Permit Holders are otherwise able to provide to CBOE pertinent information regarding their customers and their customers' trading activities in response to a regulatory request.

The Commission believes that these new CBOE requirements will help facilitate the Exchange's surveillance, examinations, and inspections of Trading Permit Holders by helping to ensure that the Exchange has access to information necessary for it to enforce compliance by all Trading Permit Holders with CBOE's rules and the federal securities laws, consistent with the Act.<sup>20</sup> With unencumbered access to

the same level of information from each member, without regard to whether such members are located within or outside the U.S., the proposal is designed to support CBOE's ability to fulfil its regulatory mandate to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors and the public interest, consistent with Section 6(b)(5) of the Act.<sup>21</sup>

The Commission believes that the factors enumerated in CBOE Rule 3.4A(a)(i) for determining whether to approve a jurisdiction are objective and reasonably designed to achieve the purposes discussed above. Further, the Commission notes that the Exchange represents that it will consider all of the factors for all of the jurisdictions in the same manner and that such consideration will include reviews of the applicable laws, rules, and regulations of a jurisdiction to determine whether the factors enumerated in the Rule can be satisfied.<sup>22</sup> In addition, while the Rule allows the Exchange to limit approval to specified categories of Trading Permit Holders or activities in a jurisdiction or impose other specified conditions, this provision provides CBOE with limited discretion as any such conditions must be imposed on all applicants from a given jurisdiction and only to the extent that such limits or conditions are necessary to satisfy the factors of CBOE Rule 3.4A(a)(i)(A)–(D). For example, the Exchange notes that a foreign jurisdiction may permit only certain activities on the Exchange by market participants in that jurisdiction.<sup>23</sup> This provision would allow the Exchange to permit Trading Permit Holders from such a jurisdiction, subject to certain conditions that enable the Exchange to comply with the laws, rules, or regulations of such jurisdiction. The Commission also notes that the

consider whether: The applicant will be able to supply the Exchange with such information with respect to its dealings on the Exchange, the Exchange will be able to examine the applicant's books and records to verify the accuracy of any information so supplied, and other factors that the Exchange reasonably and objectively determines may impact the applicant's ability to comply with the Exchange's rules and the Act. See CBOE Rule 3.4A(a)(i). Further, it requires that a Trading Permit Holder, prior to acting as agent for a customer, must be able to provide information regarding the customer and the customer's trading activities to the Exchange in response to a regulatory request for information. To the extent that an individual or organization is required by an applicable, law, rule, or regulation to obtain written consent from a customer to permit the provision of this information to the Exchange, the applicant must obtain such consent. See CBOE Rule 3.4A(a)(iii).

<sup>21</sup> 15 U.S.C. 78f(b)(5).

<sup>22</sup> See Notice, *supra* note 3, at 29133.

<sup>23</sup> See *id.*

Exchange represents that it will determine in the same manner for all jurisdictions whether to impose any such limits or conditions on Trading Permit Holders.<sup>24</sup> The Commission therefore believes that the proposed rule is not designed to permit CBOE to apply the new requirements in an arbitrary or discriminatory manner and similarly situated applicants should therefore be treated consistently.

Further, the Commission notes that the Exchange will publish a list of approved jurisdictions in a Regulatory Circular and on a dedicated Web site. Making the jurisdictional determinations available publicly will provide transparency to CBOE's determinations under the proposed Rule, as well as provide notice to market participants and prospective Trading Permit Holders of the approved jurisdictions.

Finally, the Commission believes that the requirement in CBOE Rule 3.4A(a)(ii) that an applicant be subject to the jurisdiction of the federal courts of the United States and the courts of the state of Illinois is reasonable. Among other things, this provision could be useful to a U.S. person involved in a dispute with a Trading Permit Holder or Sponsored User as it may provide a forum in which such aggrieved party could pursue any available legal or equitable remedies against such party.

#### IV. Conclusion

*It is therefore ordered* pursuant to Section 19(b)(2) of the Act,<sup>25</sup> that the proposed rule change (SR–CBOE–2015–012) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>26</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–75392; File No. SR–BX–2015–036]

### Self-Regulatory Organizations; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by NASDAQ OMX BX, Inc. Relating to the Volume-Based and Multi-Trigger Threshold

July 8, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

<sup>24</sup> See *id.*

<sup>25</sup> 15 U.S.C. 78s(b)(2).

<sup>26</sup> 17 CFR 200.30–3(a)(12).

<sup>18</sup> *Id.*

<sup>19</sup> 15 U.S.C. 78f(b)(1).

<sup>20</sup> 15 U.S.C. 78f(b). In this regard, as noted above, the Rule provides that in approving a given jurisdiction, among other things, the Exchange will

(“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 23, 2015, NASDAQ OMX BX, Inc. (“BX” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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**

BX proposes to amend Chapter VII, Section 6, entitled “Market Maker Quotations,” of the rules governing BX. The Exchange proposes to adopt two new BX Market Maker<sup>3</sup> optional risk protections, a volume-based threshold and a multi-trigger threshold.<sup>4</sup>

The text of the proposed rule change is available on the Exchange’s Web site at <http://nasdaqomxbx.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

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

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

##### **1. Purpose**

The purpose of the filing is to adopt two new risk protections for BX Market Maker’s to monitor marketplace risk. These protections are intended to assist BX Market Makers to control their

trading risks.<sup>5</sup> Quoting across many series in an option creates the possibility of “rapid fire” executions that can create large, unintended principal positions that expose BX Market Makers, who are required to continuously quote in assigned options, to potentially significant market risk. Today, the Exchange’s rules permit BX Market Makers to monitor risk arising from multiple executions across multiple options series of a single underlying security.<sup>6</sup>

The Exchange is proposing to offer a new volume-based and multi-trigger threshold protection to BX Market Makers. The Exchange proposes to amend BX’s Rules at Chapter VII, Section 6(f) to establish: (1) A threshold used to calculate each BX Market Maker’s total volume executed in all series of a given underlying security within a specified time period and compares that to a pre-determined threshold (“Volume-Based Threshold”), and (2) a threshold which measures the number of times the System has triggered<sup>7</sup> based on the Risk Monitor Mechanism (“Percentage-Based Threshold”) pursuant to Chapter VI, Section 19 and Volume-Based Thresholds within a specified time period and compares that total to a pre-determined threshold (“Multi-Trigger Threshold”).

##### **Volume-Based Threshold**

In connection with offering these two new threshold protections, a BX Market Maker would provide a specified time period and volume threshold number of allowable triggers by which the Exchange’s System would automatically remove the BX Market Maker’s quotes in all options series in an options class, depending on the threshold utilized, submitted through designated BX protocols, as specified by the Exchange. The Exchange counts Specialized Quote Feed (“SQF”)<sup>8</sup> quotes only in

<sup>5</sup> Pursuant to BX Rules at Chapter VII, Section 5, entitled “Obligations of Market Makers”, in registering as a market maker, an Options Participant commits himself to various obligations. Transactions of a BX Market Maker must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder. See Chapter VII, Section 2.

<sup>6</sup> See BX Chapter VI, Section 19, “Risk Monitor Mechanism.”

<sup>7</sup> A trigger is defined as the event which causes the System to automatically remove all quotes in all options series in an underlying issue.

<sup>8</sup> SQF permits the receipt of quotes. SQF Auction Responses and Market Sweeps are also not included.

determining the number of contracts traded and removed by the System.

The Volume-Based Threshold will determine, during a specified time period established by the BX Market Maker not to exceed 15 seconds (“Volume-Based Specified Time Period”), whether a BX Market Maker executed a number of contracts which equals or exceeds the designated number of contracts specified by the BX Market Maker in all series of an underlying security to determine whether to remove the BX Market Maker’s quotes in all series of the underlying security.<sup>9</sup> The Volume-Based Threshold will be based on the total number of contracts executed in the market in the same options series in an underlying security and will not offset the number of contracts executed on the opposite side of the market. Once the System determines that the number of contracts executed equals or exceeds a number established by the BX Market Maker during the Volume-Based Specified Time Period, the System will remove the BX Market Maker’s quotes. The Volume-Based Specified Time Period designated by the BX Market Maker must be the same length of time as designated for purposes of the Percentage-Based Threshold in Chapter VI, Section 19.<sup>10</sup>

A Volume-Based Specified Time Period will commence for an option every time an execution occurs in any series in such option and will continue until the System automatically removes quotes as described in newly proposed sections (f)(iv) or (f)(v) or the Volume-Based Specified Time Period expires. The Volume-Based Specified Time Period operates on a rolling basis among all series in an option in that there may be multiple Volume-Based Specified Time Periods occurring simultaneously and such Volume-Based Specified Time Periods may overlap.<sup>11</sup>

##### **Multi-Trigger Threshold**

A BX Market Maker or BX Market Maker Group, which is defined as multiple affiliated BX Market Makers,<sup>12</sup> may provide the specified time period and number of allowable triggers by which the Exchange will automatically remove quotes in all options series in all underlying securities issues submitted

<sup>9</sup> The System counter is based on trading interest resting on the Exchange book.

<sup>10</sup> See proposed new Chapter VII, Section 6(f)(ii).  
<sup>11</sup> *Id.*

<sup>12</sup> This would be more than one BX Market Maker, but does not require the aggregation of all of the Participant’s Market Makers. A Group would be comprised of BX Market Makers affiliated with one Participant. The Participant would be required to define a Group by providing a list of such affiliated BX Market Makers to the Exchange.

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

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

<sup>3</sup> The term “BX Market Maker” means a Participant that has registered as a Market Maker on BX pursuant to Chapter VII, Section 2, and must also remain in good standing pursuant to Chapter VII, Section 4.

<sup>4</sup> Market Makers will be required to continue to utilize the Risk Monitor Mechanism in Chapter VI, Section 19, as is the case today.

through designated BX protocols, as specified by the Exchange (“Multi-Trigger Threshold”). During a specified time period established by the BX Market Maker not to exceed 15 seconds (“Multi-Trigger Specified Time Period”), the number of times the System automatically removes the BX Market Maker’s or Group’s quotes in all options series will be based on the number of triggers of the Percentage-Based Threshold, described in proposed (f)(ii), as well as the Volume-Based Threshold described in proposed (f)(ii).<sup>13</sup> For purposes of this rule, a trigger shall be defined as the event which causes the System to automatically remove quotes in all options series in an underlying issue. Once the System determines that the number of triggers equals or exceeds a number established by either the BX Market Maker or Group, during a Multi-Trigger Specified Time Period, the System will automatically remove all quotes in all options series in all underlying issues for that BX Market Maker or Group. A Multi-Trigger Specified Time Period will commence after every trigger of either the Percentage-Based Threshold or the Volume-Based Threshold and will continue until the System removes quotes as described in section (f)(iv) of the proposed rule or the Multi-Trigger Specified Time Period expires. Participants may configure the Multi-Trigger Threshold at the badge level (by BX Market Maker) or by Group (multiple affiliated BX Market Makers), but not both. This is different as compared to the Percentage-Based Threshold in Chapter VI, Section 19 or the newly proposed Volume-Based Thresholds that are configured only on the badge level (by BX Market Maker).<sup>14</sup> The System counts triggers within a Multi-Trigger Specified Time Period across all options for the BX Market Maker or Group. A Multi-Trigger Specified Time Period operates on a

rolling basis in that there may be multiple Multi-Trigger Specified Time Periods occurring simultaneously and such Multi-Trigger Specified Time Periods may overlap.

The System will automatically remove quotes in all options in an underlying security when the Volume-Based Threshold has been reached. The System will automatically remove quotes in all options in all underlying securities when the Multi-Trigger Threshold has been reached.<sup>15</sup> The System will send a Purge Notification Message<sup>16</sup> to the BX Market Maker for all affected options when the above thresholds have been reached.

The two thresholds, Volume-Based Threshold and Multi-Trigger Threshold, operate independently of each other. The triggering of the Volume-Based Threshold would occur independently of the Multi-Trigger Threshold. The Multi-Trigger Threshold is somewhat dependent on the Volume-Based Threshold to the extent that the Volume-Based Threshold serves as a trigger for the Multi-Trigger Threshold. Quotes will be automatically executed up to the BX Market Maker’s size regardless of whether the quote exceeds the Volume-Based Threshold.<sup>17</sup>

If a BX Market Maker requests the System to remove quotes in all options series in an underlying issue, the System will automatically reset the Volume-Based Specified Time Period(s). The Multi-Trigger Specified Time Period(s) will not automatically reset for the Multi-Trigger Threshold.<sup>18</sup>

When the System removes quotes as a result of the Volume-Based Threshold, the BX Market Maker must send a re-entry indicator to re-enter the System. When the System removes quotes as a result of the Multi-Trigger Threshold, the System will not accept quotes through designated protocols until the BX Market Maker manually requests re-entry.<sup>19</sup> After quotes are removed as a result of the Multi-Trigger Threshold, Exchange staff must set a re-entry indicator in this case to enable re-entry, which will cause the System to send a

Reentry Notification Message to the BX Market Maker for all options series in all underlying issues.<sup>20</sup> The BX Market Maker’s Clearing Firm will be notified regarding the trigger and re-entry into the System after quotes are removed as a result of the Multi-Trigger Threshold, provided the BX Market Maker’s Clearing Firm has requested to receive such notification.<sup>21</sup> The System will then reset all counters to zero and re-entry and continued trading will be permitted. A BX Market Maker is subject to continuous quoting obligations<sup>22</sup> despite the removal of quotes from the System and approval process for re-entry.

Today, the Exchange provides BX Market Makers with the Percentage-Based Threshold in Chapter VI, Section 19 to monitor risk.<sup>23</sup> The Exchange will continue to require BX Market Makers to utilize the Percentage-Based Threshold. The Volume-Based Threshold and the Multi-Trigger Threshold will be optional.

The Exchange reserved subsection (f)(i) for future modifications to this rule.

The Exchange proposes to implement these rule changes within 30 days of the operative day of this rule change.

Example #1 of the Volume-Based Threshold is displayed below. Presume the following Order Book:

Series of underlying XYZ	Size on bid x offer for MM1
100 Strike Call .....	300x300
100 Strike Put .....	50x50
110 Strike Call .....	200x200
110 Strike Put .....	150x150

In this example, assume the Specified Time Period designated by the Market Maker #1 is 10 seconds and the designated number of contracts permitted for the Volume-Based Threshold is 250 contracts. Assume at 12:00:00, the Market Maker #1 executes all of his offer size, 200 contracts, in the 110 Strike Calls. The System will initiate the Specified Time Period and for 10 seconds the System will count all volume executed in series of underlying XYZ. If at any point during that 10 second period, the Market Maker #1 executes additional contracts in any series of underlying XYZ, those contracts will be added to the initial execution of 200 contracts. To illustrate,

<sup>13</sup> Today, ISE’s functionality permits market maker quotes to be removed from the ISE trading system if a specified number of curtailment events occur across both ISE and ISE Gemini, LLC (“ISE Gemini”). ISE and ISE Gemini’s trading systems will count the number of times a market maker’s pre-set curtailment events occur on each exchange and aggregate them. Once a market maker’s specified number of curtailment events across both markets is reached, the trading systems will remove the market maker’s quotes in all classes on both ISE and ISE Gemini. ISE will then reject any quotes sent by the market maker after the parameters across both exchanges have been triggered until the market maker notifies the market operations staff of ISE that it is ready to come out of its curtailment. See Securities Exchange Release No. 73147 (September 19, 2014), 79 FR 57639 (September 25, 2014) (SR-ISE-2014-09) (Order approving proposed rule change related to market maker risk parameters).

<sup>14</sup> See proposed new Chapter VII, Section 6(f)(iii).

<sup>15</sup> The specified time period for the Volume-Based Threshold and the Multi-Trigger Threshold may differ. The specified time period for the Volume-Based Threshold must be the same as the Percentage-Based Threshold in Chapter VI, Section 19.

<sup>16</sup> A message entitled “Purge Notification Message” is systemically sent to the BX Market Maker upon the removal of quotes due to Volume-Based Threshold or Multi-Trigger Threshold.

<sup>17</sup> See proposed new Chapter VII, Section 6(f)(iii).

<sup>18</sup> See proposed new Chapter VII, Section 6(f)(iv).

<sup>19</sup> In the interest of maintaining fair and orderly markets, the Exchange believes it is important that BX Market Makers communicate their readiness to Exchange staff in a non-automated manner, such as by email or telephone.

<sup>20</sup> See proposed new Chapter VII, Section 6(f)(v).

<sup>21</sup> BX Rules at Chapter VI, Section 20 permits the Exchange to share BX MarketMaker designated risk settings in the System with the Clearing Firm.

<sup>22</sup> See note 5.

<sup>23</sup> An initial default value is set for each BX Market Maker.

assume at 12:00:05 the Market Maker #1 executes 60 contracts of his offer in the 100 Strike Calls. The total volume executed is now 260 contracts. Since that volume exceeds the Market Maker #1's designated number of contracts for the Volume-Based Threshold (250 contracts), all of his quotes in all series of underlying XYZ over the designated protocols will be removed from the System; no further quotes will be executed until re-entry. The Volume-Based Specified Time Period will be reset for Market Maker #1 in underlying XYZ and Market Maker #1 will need to send a re-entry indicator in order to re-enter quotes in options series for underlying XYZ into the System.

Example #2 of the Volume-Based Threshold: Similar to the example above, assume the Specified Time Period is 10 seconds and the designated number of contracts permitted for the Volume-Based Threshold is 250 contracts. Assume at 12:00:00, Market Maker #1 executes all of his offer size, 200 contracts, in the 110 Strike Calls. The System will initiate the Specified Time Period and for 10 seconds the System will count all volume executed in series of underlying XYZ. If at any point during that 10 second period, Market Maker #1 executes additional contracts in any series of underlying XYZ, those contracts will be added to the initial execution of 200 contracts. Then assume at 12:00:05 Market Maker #1 executes 20 contracts of his offer in the 100 Strike Calls. The total volume executed is 220 contracts which does not exceed the Volume-Based Threshold. This second execution initiates another Specified Time Period so there are two open time periods, the first with 5 seconds remaining and a new 10 second time period. At 12:00:10, the first timer period expires and the initial execution of 200 contracts is no longer counted toward the designated number of contracts permitted for the Volume-Based Threshold. Further assume at 12:00:12, which is outside of the initial time period but still within 10 seconds of the second execution of 20 contracts, another execution occurs with Market Maker #1 executing 230 contracts of his bid in the 100 Strike Calls. This total volume executed toward the Volume-Based Threshold within the Specified Time Period is now 250 contracts which equals the designated number of contracts permitted causing the System to remove all quotes in all series of underlying XYZ over the designated protocols for Market Maker #1 to be removed from the System; no further quotes will be executed until re-entry. The Volume-

Based Specified Time Period will be reset for Market Maker #1 in underlying XYZ and Market Maker #1 will need to send a re-entry indicator in order to re-enter quotes in options series for underlying XYZ into the System. This example displays the rolling basis in which the Specified Time Period operates.

Example #3: In order to illustrate the Multi-Trigger Threshold, assume Example #1 and Example #2 provided above occurred in options series of two different underlyings rather than all in options series of underlying XYZ and for two separate Market Makers (MM#1 for Example #1 and MM#2 for Example #2) of the same member organization. Assume a Group is defined by the member organization and is comprised of the MM #1 and MM #2. Further assume the member organization has defined the Multi-Trigger Specified Time Period as 10 seconds and the number of allowable triggers as two. Based on the aforementioned examples, a Multi-Trigger Specified Time Period commences at 12:00:05 when MM#1 triggers the Volume-Based Threshold. This Volume-Based Threshold triggers counts as the first trigger toward the Multi-Trigger Threshold for the Group. Another Multi-Trigger Specified Time Period is initiated at 12:00:12 when MM#2 triggers the Volume-Based Threshold (per Example #2). This Volume-Based Threshold trigger counts as the second trigger toward the Multi-Trigger Threshold for the Group since it is within the Multi-Trigger Specified Time Period of the first trigger. Since the member organization designated two triggers for the number of allowable triggers, the Group, both MM#1 and MM#2, quotes in all option series in all underlying issues for the Group are automatically removed from the System and Purge Notification Messages are sent to the Group; no further quotes will be executed until re-entry. The member organization will need to contact the Exchange to request Exchange staff to enable re-entry into the System.

The Exchange proposes to implement this rule within thirty (30) days of the operative date. The Exchange will issue an Options Trader Alert in advance to inform market participants of such date.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act<sup>24</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act<sup>25</sup> in particular, in that it is designed to promote just and equitable principles of

trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, by enhancing the risk protections available to Exchange members. The proposal promotes policy goals of the Commission which has encouraged execution venues, exchange and non-exchange alike, to enhance risk protection tools and other mechanisms to decrease risk and increase stability.

The individual firm benefits of enhanced risk protections flow downstream to counter-parties both within and without the Exchange, thereby increasing systemic protections as well. Additionally, because the Exchange offers these risk tools to BX Market Makers, in order to encourage them to provide as much liquidity as possible and encourage market making generally, the proposal removes impediments to and perfects the mechanism of a free and open market and a national market system and protect investors and the public interest.

With respect to permitting the Multi-Trigger Threshold to be set either to one BX Market Maker or to a number of specified BX Market Makers affiliated with a member, it is important to note that the risk to BX Market Makers is not limited to a single series in an option but to all series in an option. BX Market Makers that quote in multiple series of multiple options have significant exposure, requiring them to offset or hedge their overall positions. The proposed functionality will be useful for BX Market Makers, who are required to continuously quote in assigned options classes on the Exchange. Quoting across many series in an option or multiple options creates the possibility of executions that can create large, unintended principal positions that could expose market makers to unnecessary risk. The Multi-Trigger Threshold functionality is intended to assist BX Market Makers manage that risk at the Group level so that BX Market Makers may provide deep and liquid markets to the benefit of all investors.

The Exchange further represents that its proposal will operate consistently with the firm quote obligations of a broker-dealer pursuant to Rule 602 of Regulation NMS and that the functionality is not mandatory. Specifically, any interest that is executable against a BX Market Maker's

<sup>24</sup> 15 U.S.C. 78f(b).

<sup>25</sup> 15 U.S.C. 78(b)(5).

quotes that are received<sup>26</sup> by the Exchange prior to the time either of these functionalities are engaged will be automatically executed at the price up to the BX Market Maker's size, regardless of whether such execution results in executions in excess of the BX Market Maker's pre-set parameters.

With respect to providing risk settings to the BX Market Maker's Clearing Member, each Member that transacts through a Clearing Member on the Exchange executes a Letter of Guarantee wherein the Clearing Member accepts financial responsibility for all Exchange transactions made by the Participant on whose behalf the Clearing Member submits the letter of guarantee. The Exchange believes that because Clearing Members guarantee all transactions on behalf of a Participant, and therefore, bear the risk associated with those transactions, it is appropriate for Clearing Members to have knowledge of what risk settings a BX Market Maker may utilize within the System and receive notice of re-entry into the System after triggering the Multi-Trigger Threshold.

#### *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. Specifically, the proposal will not impose a burden on intra-market or inter-market competition, rather it provides BX Market Makers with the opportunity to avail themselves of similar risk tools which are currently available on other exchanges.<sup>27</sup> The proposal does not impose a burden on inter-market competition, because Participants may choose to become market makers on a number of other options exchanges, which may have similar but not identical features.<sup>28</sup> The proposed rule change is meant to protect BX Market Makers from inadvertent exposure to excessive risk. Accordingly, the proposed rule change will have no impact on competition.

Further, the Exchange is proposing this rule change at the request of its BX Market Makers to further reduce their risk in the event the BX Market Maker is suffering from a systems issue or due to the occurrence of unusual or

unexpected market activity. The proposed Group parameter for the Multi-Trigger threshold will protect BX Market Makers from inadvertent exposure to excessive risk at the Group level. Reducing such risk will enable BX Market Makers to enter quotations without any fear of inadvertent exposure to excessive risk, which in turn will benefit investors through increased liquidity for the execution of their orders. Such increased liquidity benefits investors because they receive better prices and because it lowers volatility in the options market.

The Exchange believes that requiring BX Market Makers to enter values for the Percentage-Based Threshold is not unreasonably burdensome because BX Market Makers can enter an out-of-range value so that the Exchange-provided risk protections will not be triggered. Reducing risk by utilizing the proposed risk protections will enable BX Market Makers to enter quotations with larger size, which in turn will benefit investors through increased liquidity for the execution of their orders. Such increased liquidity benefits investors because they receive better prices and because it lowers volatility in the options market.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>29</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>30</sup> The Exchange has requested that the Commission waive the thirty-day operative delay so that the proposal may become operative immediately. The Exchange states that waiving the thirty-day operative delay will enable Market Makers to enhance their risk controls and risk management processes without additional delay. The Commission believes that waiving the thirty day delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the thirty-day operative delay and designates the proposal effective upon filing.<sup>31</sup>

<sup>29</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>30</sup> 17 CFR 240.19b-4(f)(6).

<sup>31</sup> For purposes of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

#### **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-BX-2015-036 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 20549-1090. All submissions should refer to File Number SR-BX-2015-036. 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

<sup>26</sup> The time of receipt for an order or quote is the time such message is processed by the Exchange book.

<sup>27</sup> See Section 8 of the 19b4.

<sup>28</sup> See BATS Rule 21.16, BOX Rules 8100 and 8110, C2 Rule 8.12, CBOE Rule 8.18, ISE Rule 804(g), MIAX Rule 612, NYSE MKT Rule 928NY and NYSE Arca Rule 6.40.

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-BX-2015-036 and should be submitted on or before August 4, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-17170 Filed 7-13-17; 8:45 am]

**BILLING CODE 8011-01-P**

## 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 Investor Advisory Committee will hold a meeting on Thursday, July 16, 2015, in Multi-Purpose Room LL-006 at the Commission's headquarters, 100 F Street NE., Washington, DC. The meeting will begin at 9:30 a.m. (ET) and will be open to the public. Seating will be on a first-come, first-served basis. Doors will open at 9 a.m. Visitors will be subject to security checks. The meeting will be webcast on the Commission's Web site at [www.sec.gov](http://www.sec.gov).

On June 22, 2015, the Commission issued notice of the Committee meeting (Release No. 33-9851), indicating that the meeting is open to the public (except during that portion of the meeting reserved for an administrative work session during lunch), and inviting the public to submit written comments to the Committee. This Sunshine Act notice is being issued because a quorum of the Commission may attend the meeting.

The agenda for the meeting includes: Remarks from Commissioners; a discussion of background checks as a means to address elder financial abuse (which may include a recommendation); a discussion of the Department of Labor's fiduciary rule proposal; a shareholder rights update panel; a report of the Committee chair regarding Committee matters; an investment management panel discussion on the

disclosure of fees and risks in fund products; and a nonpublic administrative work session during lunch.

For further information, please contact the Office of the Secretary at (202) 551-5400.

Dated: July 9, 2015.

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-17293 Filed 7-10-15; 11:15 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75277]

### Public Availability of the Securities and Exchange Commission's FY 2014 Service Contract Inventory

**AGENCY:** U.S. Securities and Exchange Commission.

**ACTION:** Notice.

**SUMMARY:** In accordance with Section 743 of Division C of the Consolidated Appropriations Act of 2010 (Pub. L. 111-117), SEC is publishing this notice to advise the public of the availability of the FY2014 Service Contract Inventory (SCI) and the FY2013 SCI Analysis. The SCI provides information on FY2014 actions over \$25,000 for service contracts. The inventory organizes the information by function to show how SEC distributes contracted resources throughout the agency. SEC developed the inventory per the guidance issued on November 5, 2011 by the Office of Management and Budget's Office of Federal Procurement Policy (OFPP). OFPP's guidance is available at <http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/service-contract-inventories-guidance-11052010.pdf>. The Service Contract Inventory Analysis for FY2013 provides information based on the FY 2013 Inventory. The SEC has posted its inventory, a summary of the inventory and the FY2013 analysis on the SEC's homepage at <http://www.sec.gov/about/secreports.shtml> and <http://www.sec.gov/open>.

#### FOR FURTHER INFORMATION CONTACT:

Direct questions regarding the service contract inventory to Vance Cathell, Director Office of Acquisitions 202.551.8385 or [CathellV@sec.gov](mailto:CathellV@sec.gov).

Dated: June 24, 2015.

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-17180 Filed 7-13-15; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75394; File No. SR-FINRA-2015-017]

### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Establish the Securities Trader and Securities Trader Principal Registration Categories

July 8, 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 June 29, 2015, Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. 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

FINRA is proposing to amend NASD Rule 1032(f) (Limited Representative—Equity Trader) to replace the Equity Trader registration category and qualification examination (Series 55) with a Securities Trader registration category and qualification examination (Series 57). In addition, the proposed rule change amends NASD Rule 1022(a) (General Securities Principal) to establish a Securities Trader Principal registration category. The proposed rule change also makes technical conforming changes to the Form U4 (Uniform Application for Securities Industry Registration or Transfer).

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA 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, FINRA 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. FINRA has prepared

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

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

<sup>32</sup> 17 CFR 200.30-3(a)(12).