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–NSX–2014–08, and should be submitted on or before May 27, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[14]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–10282 Filed 5–5–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72048; File No. SR–EDGX–2014–12]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Rule 11.13, Entitled ''Clearly Erroneous Executions''

April 30, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on April 17, 2014, EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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 by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is proposing to add new paragraphs (j) and (k) to Rule 11.13, entitled ''Clearly Erroneous Executions.'' The text of the proposed rule change is available on the Exchange's Internet Web site at *www.directedge.com*, at the Exchange's principal office, and at the Public Reference Room of the Commission.

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 self-regulatory organization 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 self-regulatory organization 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 this filing is to add new paragraph (j) to Rule 11.13 to provide the Exchange with authority to nullify transactions that were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information, even if such transactions occur over a period of several days, as further described below. An example of fundamentally incorrect and grossly misinterpreted issuance information that led to a severe valuation error is included below for illustrative purposes.

The Exchange also proposes to add new paragraph (k) to Rule 11.13 to make clear that in the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a regulatory trading halt, suspension or pause (hereafter generally referred to as a ''trading halt'' for ease of reference), the Exchange will nullify any transaction that occurs after the primary listing market for a security declares a trading halt with respect to such security. In the event a trading halt is declared, then prematurely lifted in error, and then re-instituted, proposed paragraph (k) would also result in nullification of any transactions that occur before the official, final end of the trading halt according to the primary listing market.

The Exchange also proposes a change to certain cross-references in Rule 11.13, due to the addition of paragraphs (j) and (k). Specifically, the Exchange proposes to update cross-references in existing paragraph (i) of Rule 11.13 in order to make clear that the provisions of paragraph (i) do not alter the application of other provisions of Rule 11.13, including new paragraphs (j) and (k).

Background

On September 10, 2010, the Commission approved, on a pilot basis, changes to Rule 11.13 to provide for uniform treatment: (1) Of clearly erroneous execution reviews in multi-stock events involving twenty or more securities; and (2) in the event transactions occur that result in the issuance of an individual stock trading pause by the primary listing market and subsequent transactions that occur before the trading pause is in effect on the Exchange.[3] The Exchange also adopted additional changes to Rule 11.13 that reduced the ability of the Exchange to deviate from the objective standards set forth in Rule 11.13,[4] and in 2013, adopted a provision designed to address the operation of the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the ''Limit Up-Limit Down Plan'' or the ''Plan'').[5] The Exchange recently removed the specific provisions related to individual stock trading pauses and extended to April 8, 2014 the pilot program applicable to certain provisions of Rule 11.13.[6] More recently, the Exchange further extended the pilot program to coincide with the pilot period for the Plan, including any extensions to the pilot period for the Plan.[7]

As proposed, similar to other provisions added in recent years, as described above, both paragraph (j) and paragraph (k) would be subject to the pilot period, and thus, would coincide with the pilot period for the Plan, including any extensions to the pilot period for the Plan.[8]

Executions Based on Incorrect or Grossly Misinterpreted Issuance Information

The Exchange proposes to adopt a new provision, paragraph (j), to Rule 11.13, which would provide that a

[14] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 62886 (September 10, 2010), 75 FR 56613 (September 16, 2010) (SR–EDGX–2010–03).

[4] *Id.*

[5] *See* Securities Exchange Act Release No. 68814 (February 1, 2013), 78 FR 9086 (February 7, 2013) (SR–EDGX–2013–06); *see* Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the ''Limit Up-Limit Down Release''); *see also* Exchange Rule 11.13(i).

[6] Paragraphs (c), (e)(2), (f), (g), and (i) of Rule 11.13 are subject to the pilot program. *See* Securities Exchange Act Release No. 70511 (September 26, 2013), 78 FR 60941 (October 2, 2013) (SR–EDGX–2013–35).

[7] *See* Securities Exchange Act Release No. 71809 (March 26, 2014), 79 FR 18353 (April 1, 2014) (SR–EDGX–2014–007).

[8] *Id.*

series of transactions in a particular security on one or more trading days may be viewed as one event if all such transactions were effected based on the same fundamentally incorrect or grossly misinterpreted issuance information (*e.g.,* with respect to a stock split or corporate dividend) resulting in a severe valuation error for all such transactions (the ''Event'').

As proposed, an Officer of the Exchange or senior level employee designee, acting on his or her own motion, would be required to take action to declare all transactions that occurred during the Event null and void not later than the start of trading on the day following the last transaction in the Event. If trading in the security is halted before the valuation error is corrected, the Officer of the Exchange or senior level employee designee would be required to take action to declare all transactions that occurred during the Event null and void prior to the resumption of trading. The Exchange proposes to make clear that no action can be taken pursuant to proposed paragraph (j) with respect to any transactions that have reached settlement date for the security or that result from an initial public offering of a security. The Exchange believes that declaring a trade null and void after settlement date would be complex to administer and unfair to the affected parties. The Exchange also believes that excluding IPOs from the proposed rule will ensure that transactions in a new security for which there is no benchmark information are not called into question, as it is the IPO process itself, including the extensive public disclosure associated with IPOs, that is intended to drive price formation.

Further, the Exchange proposes that to the extent transactions related to an Event occur on one or more other market centers, the Exchange will promptly coordinate with such other market center(s) to ensure consistent treatment of the transactions related to the Event, if practicable. The Exchange also proposes to state in the Rule that any action taken in connection with paragraph (j) will be taken without regard to the Numerical Guidelines set forth in paragraph (c)(1) of Rule 11.13. In particular, the Exchange believes that there could be scenarios where there are erroneous transactions related to an Event that do not meet applicable Numerical Guidelines but that are, upon review, clearly erroneous. One example of a situation that could occur is a corporate action, such as a stock split, that results in the dissemination of fundamentally incorrect or grossly misinterpreted issuance information and leads to erroneous transactions at a price that is close to the price at which the security was previously trading. Even if such trading is consistent with prior trading activity for the security, and thus would not meet applicable Numerical Guidelines, the Exchange would have the authority to nullify such transactions if they were affected based on the same fundamentally incorrect or grossly misinterpreted issuance information, and there was a severe valuation error as a result (*i.e.,* although the security should be trading at a price further away from its previous range, due to fundamentally incorrect or grossly misinterpreted issuance information with respect to the corporate action the security continues to trade at a price that does not meet applicable Numerical Guidelines).

The Exchange also proposes to include a provision, as it does in many other sub-paragraphs of Rule 11.13, stating that each Member involved in a transaction subject to proposed paragraph (j) shall be notified as soon as practicable by the Exchange, and that the party aggrieved by the action may appeal such action in accordance with Exchange Rule 11.13(e)(2).

In particular, the Exchange believes it is necessary to have authority to nullify trades that occur in an event similar to an event involving an exchange offer (''Exchange Offer'') made by U.S. Bancorp on the New York Stock Exchange (''NYSE'') in 2010 in which there were a series of executions based on incorrect or grossly misinterpreted issuance information. As a result of such information, the securities traded at severely dislocated prices. At the time, the NYSE filed an emergency rule filing in order to respond to that event.[9] With the filing the NYSE interpreted the rule applicable to clearly erroneous executions as permitting the NYSE to nullify all trades resulting after the Exchange Offer at severely dislocated prices.[10] The Exchange believes it is important to have in place a rule to break such trades if an event like the U.S. Bancorp event occurs again in the future. The U.S. Bancorp event is described in further detail below and is intended to be illustrative of the manner in which the Exchange proposes to utilize proposed paragraph (j), if necessary.

In May 2010, U.S. Bancorp commenced an offer to exchange up to 1,250,000 Depositary Shares, each representing a 1/100 interest in a share of Series A Non-Cumulative Perpetual Preferred Stock, $100,000 liquidation preference per share (the ''Depositary Shares'') for any and all of the 1,250,000 outstanding 6.189% Fixed-to-Floating Rate Normal ITS issued by U.S. Bancorp Capital IX, each with a liquidation amount of $1,000 (the ''Normal ITS''). The Depositary Shares were approved for listing on the NYSE under the symbol USB PRA. On June 11, 2010, the NYSE opened the shares on a quote, but trading did not commence until June 16, 2010 at prices in the range of $79.00 per share. There were additional executions on the NYSE in that price range on June 17 and 18, 2010. On June 18, 2010, NYSE staff learned that the prices at which trades had executed were not consistent with the value of the security, which was closer to an $800 price. Upon learning of the pricing disparity, NYSE immediately halted trading in the Depositary Shares on all markets and alerted U.S. Bancorp and other exchanges that traded the Depositary Shares of the pricing discrepancy.

In order to address the situation, the NYSE filed a proposal to interpret its existing clearly erroneous execution rule such that the trading in Depository Shares from June 16 to June 18 constituted a single event because that trading was based on incorrect or grossly misinterpreted issuance information that resulted in severe price dislocation (the ''U.S. Bancorp Event'').[11] Because the Depository Shares were halted before the price of the Depository Shares ceased to be dislocated, and remain halted, the NYSE was able to review trading in Depository Shares and declare null and void all trading in the U.S. Bancorp Event before the security resumed trading.

Rather than filing a proposal in response to a similar event happening again, the Exchange proposes to add paragraph (j) in order to nullify transactions consistent with the description of the proposed Rule above.

Executions After a Trading Halt Has Been Declared

The Exchange proposes to add new paragraph (k) to Rule 11.13 to make clear that in the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a trading halt, the Exchange will nullify any transaction that occurs after the primary listing market for a security declares a trading halt and before such trading halt

[9] Securities Exchange Act RElease No. 62609 (July 30, 2010), 75 FR 47327 (August 5, 2010) (SR–NYSE–2010–55).

[10] *Id.*

[11] *Id.*

with respect to such security has officially ended according to the primary listing market. In addition, proposed paragraph (k) will make clear that in the event a trading halt is declared, then prematurely lifted in error and then re-instituted, the Exchange will nullify transactions that occur before the official, final end of the trading halt according to the primary listing market.

As with other provisions in Rule 11.13, including proposed paragraph (j) as discussed above, the authority to nullify transactions pursuant to paragraph (k) would be vested in an officer of the Exchange or other senior level employee designee, acting on his or her own motion. Any action taken in connection with paragraph (k) would be taken in a timely fashion, generally within thirty (30) minutes of the detection of the erroneous transaction and in no circumstances later than the start of Regular Trading Hours [12] on the trading day following the date of execution(s) under review. The Exchange also proposes to specify that any action taken in connection with proposed paragraph (k) will be taken without regard to the Numerical Guidelines set forth in paragraph (c)(1) of Rule 11.13. The Exchange believes it is appropriate to act to nullify transactions pursuant to proposed paragraph (k) without regard to applicable Numerical Guidelines because in the situations covered by paragraph (k), such transactions should not have occurred in the first instance, and thus, their nullification does not put parties in any different position than they should have been. The Exchange also believes that the certainty that the proposed rule provides is critical in situations involving trading halts.

As it has proposed for paragraph (j), as described above, the Exchange also proposes to include a provision stating that each Member involved in a transaction subject to proposed paragraph (k) shall be notified as soon as practicable by the Exchange, and that the party aggrieved by the action may appeal such action in accordance with Exchange Rule 11.13(e)(2).

The Exchange notes that trading in a security is typically halted immediately on the Exchange when the primary listing market issues a trading halt in such security. However, in certain circumstances, due to a technical issue related to the transmission or receipt of the electronic message instituting such trading halt or due to other extraordinary circumstances, executions can occur on the Exchange following the declaration of such a trading halt. Similarly, although rare, the Exchange has witnessed scenarios where due to extraordinary circumstances a trading halt is declared, then prematurely lifted in error and then re-instituted. It is these types of extraordinary circumstances that the Exchange believes require certainty, and thus, the Exchange believes it necessary to make clear that in such a circumstance any transactions after a trading halt has been declared will be nullified. In the event that a trading halt is declared as of a future time (*i.e.,* if the primary listing exchange declares a trading halt as of a specific, future time in order to ensure coordination amongst market participants), the Exchange would only nullify transactions occurring after the time the trading halt was supposed to be in place until the official end of the trading halt according to the primary listing market.

The Exchange also notes that it currently has authority pursuant to paragraph (f) of Rule 11.13 to review and nullify transactions that arise during a disruption or malfunction in the operation of any electronic communications and trading facilities of the Exchange. Further, paragraph (f) of Rule 11.13 gives the Exchange authority to use a lower numerical guideline than is set forth in paragraph (c)(1) of the Rule when necessary to maintain a fair and orderly market and to protect investors and the public interest. Thus, while the Exchange believes that paragraph (f) does give the Exchange the authority to nullify transactions occurring when there is an Exchange technical issue related to the transmission or receipt of the electronic message instituting a trading halt or with respect to a technical issue related to a prematurely lifted trading halt, the Exchange believes that proposed paragraph (k) will provide appropriate authority for the Exchange to nullify all such transactions whether or not the systems problem occurs on the Exchange with respect to trading halts and explicit clarity for market participants that such transactions will be nullified. The Exchange believes that such authority is appropriate because when relied upon the Exchange will be cancelling trades that should not have occurred in the first instance. Finally, the Exchange believes that such authority is appropriate because a trading halt declared by the primary listing market is indicative of an issue with respect to the applicable security or a larger set of securities.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.[13] In particular, the proposal is consistent with Section 6(b)(5) of the Act,[14] because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system.

The Exchange believes that it is appropriate to adopt a provision granting the Exchange authority to nullify trades that occur if an Event similar to the U.S. Bancorp Event occurs again. The Exchange believes that this provision will allow the Exchange to act in the event of such a severe valuation error, that such action would promote just and equitable principles of trade and that the proposal is therefore consistent with the Act. Similarly, the Exchange believes that adding a provision allowing the Exchange to nullify transactions that occur when a trading halt is declared, then prematurely lifted in error and then reinstituted, and providing that in the event of any disruption or malfunction in the operation of the electronic communications and trading facilities of the Exchange, another market center or responsible single plan processor in connection with the transmittal or receipt of a trading halt the Exchange will nullify trades occurring after a trading halt has been declared by the primary listing market for the security will help to avoid confusion amongst market participants, which is consistent with the protection of investors and the public interest and therefore consistent with the Act. The Exchange further believes that the proposal is appropriate and consistent with the Act because when relied upon the Exchange will be cancelling trades that should not have occurred in the first instance. The Exchange also believes that the proposal is appropriate because a trading halt declared by the primary listing market is indicative of an issue with respect to the applicable security or a larger set of securities.

The Exchange believes that the proposal to update cross-references in existing paragraph (i) of Rule 11.13 to include new paragraphs (j) and (k) is

[12] Regular Trading Hours are defined in Exchange Rule 1.5(y) as the time between 9:30 a.m. to 4:00 p.m. E.T.

[13] 15 u.s.c. 78f(b).

[14] 15 u.s.c. 78f(b).5

consistent with the Act because, as is the case with respect to the current rule, this change makes clear that the provisions of paragraph (i) do not alter the application of other provisions of Rule 11.13.

The Exchange believes that the Financial Industry Regulatory Authority (''FINRA'') and other national securities exchanges are also filing similar proposals to add provisions similar to the provisions proposed by the Exchange above. Therefore, the proposal promotes just and equitable principles of trade in that it promotes transparency and uniformity across markets concerning treatment of transactions as clearly erroneous. The proposed rule change would also help to assure consistent results in handling erroneous trades across the U.S. markets, thus furthering fair and orderly markets, the protection of investors and the public interest.

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

The Exchange does not believe that the proposed rule change implicates any competitive issues. To the contrary, as noted above, the Exchange believes FINRA and other national securities exchanges are also filing similar proposals, and thus, that the proposal will help to ensure consistency across market centers.

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 unsolicited written comments from Members or other interested parties.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) By order approve or disapprove such proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (*http://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include File Number SR–EDGX–2014–12 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–EDGX–2014–12. 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–EDGX–2014–12, and should be submitted on or before May 27, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[15]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–10284 Filed 5–5–14; 8:45 am]

BILLING CODE 8011–01–P

[15] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72066; File No. SR–FINRA–2014–022]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Delay the Implementation Date of SR–FINRA–2013–046

May 1, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'')[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on April 24, 2014, the 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. FINRA has designated the proposed rule change as constituting a ''non-controversial'' rule change under paragraph (f)(6) of Rule 19b–4 under the Act,[3] which renders the proposal effective upon receipt of this filing by the Commission. 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 delay the implementation date of amendments pursuant to SR–FINRA–2013–046. The proposed rule change would not make any changes to the text of FINRA rules.

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 summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] 17 CFR 240.19b–4(f)(6).