

*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 No. SR-ISE-2013-70 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Elizabeth Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2013-70. 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 ISE. 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-ISE-2013-70 and should be submitted by January 28, 2014.

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

**Elizabeth M. Murphy,**  
Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-71211; File No. SR-CME-2013-37]**

**Self-Regulatory Organizations;  
Chicago Mercantile Exchange Inc.;  
Notice of Filing and Order Granting  
Accelerated Approval of Proposed  
Rule Changes To Amend CME Rule  
971.C**

December 31, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 23, 2013, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule changes described in Items I, II and III below, which items have been prepared primarily by CME. The Commission is publishing this notice to solicit comments on the proposed rule changes from interested persons and to approve the proposed rule changes on an accelerated basis.

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

CME proposes to make amendments to CME Rule 971 as part of an industry wide initiative that is designed to further safeguard customer funds held at the futures commission merchant ("FCM") level.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose and basis for the proposed rule changes and discussed any comments it received on the proposed rule changes. The text of these statements may be examined at the places specified in Item III 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  
Changes**

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission ("CFTC") and operates a substantial business clearing futures and

swaps contracts subject to the jurisdiction of the CFTC. CME proposes to make rule changes to CME Rule 971 in coordination with the National Futures Association ("NFA"). The proposed rule changes are part of a continuing futures industry effort to enhance the protection of customer funds held at the FCM level.

In the fall of 2012, CME made a separate filing to introduce new provisions in CME Rule 971.C. Under these rule changes, FCM clearing members were required to provide the CME Audit Department, now named the Financial and Regulatory Surveillance Department ("FRS"), with view-only full access of segregated, secured, and Cleared Swaps Customer accounts at a bank or trust company.

When the 2012 rule changes were implemented, CME and NFA had engaged a third party vendor, Alphamatrix360, LLC, to facilitate CME's and NFA's view only internet based access to relevant account information. CME is proposing to make certain amendments to the text of Rule 971.C for the purpose of allowing clearing members to be able to submit account information through multiple mediums. These proposed changes simply delete the phrases "view only full" and "via the internet" in the current rule text to effect these changes.

In addition, CME also proposes to make certain additional amendments to CME Rule 971.C to expand these reporting requirements to include all applicable customer depositories under CFTC Regulations. FRS will first expand its reporting requirement to include FCM customer carrying broker balances. Additionally, the expansion is anticipated to continue and subsequently will include Clearing House customer balances. The amended language provides FRS the flexibility to phase in these additional depositories, and is also intended to harmonize industry requirements as similar rules have been proposed and adopted by NFA effective as of September 6, 2013.<sup>3</sup> NFA and CME have allocated implementation responsibilities for these changes and both have been working closely with the FCM community regarding the implementation of these changes.

CME would like to operationalize the proposed changes on December 31, 2013, pending applicable regulatory reviews and approvals. CME believes it is appropriate to grant this filing on an accelerated basis because the proposed changes are part of an industry wide

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

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

<sup>3</sup> See [http://www.nfa.futures.org/news/PDF/CFTC/FR\\_4\\_081513.pdf](http://www.nfa.futures.org/news/PDF/CFTC/FR_4_081513.pdf).

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

initiative that is specifically targeted at protecting investors and furthering the public interest through adoption of requirements that help safeguard customer funds held at the FCM level. Currently, CME receives relevant customer account information through one medium. The proposed changes would facilitate regulatory access to relevant customer account information through additional mediums. Obtaining access to additional data through these new mediums will enable CME to more effectively discharge its regulatory obligations. Having access to an expanded pool of customer account information will allow for a more effective daily confirmation of relevant funds; a failure to have such access yields a less effective process. CME's effective administration of its regulatory function in this regard will help to further safeguard customer assets and will ultimately benefit investors. Further, NFA and CME have allocated implementation responsibilities for the implementation of these changes in the futures industry and have been working closely with the FCM community to ensure these enhancements to the daily segregation monitoring system are adopted to further safeguard customer assets. NFA submitted corresponding rule changes to CFTC for a September 6, 2013 effective date. CME's proposed rule changes are intended to apply these changes to the firms for which CME is the DSRO to ensure that both NFA and CME can collect relevant balance information in the manner described above. CME believes this wider futures industry context in combination with the investor protection purpose of these proposed changes justifies treatment of this filing on an accelerated basis.

CME has also made a filing with the CFTC, CME Submission 13-453, with respect to the proposed changes.

CME believes the proposed changes are consistent with the requirements of the Exchange Act. First, CME, a derivatives clearing organization, is implementing the proposed changes in accordance with the Commodity Exchange Act ("CEA") as part of an effort to harmonize futures industry requirements in conjunction with the National Futures Association, which has already adopted corresponding rules that went effective as of September 6, 2013. The CEA contains a number of provisions that are comparable to the policies underlying the Exchange Act, including, for example, promoting market transparency for derivatives markets, promoting the prompt and accurate clearance of transactions and protecting investors and the public interest.

More importantly, CME believes the proposed changes are specifically designed to protect investors and the public interest. The proposed changes involve enhancements to requirements that provide a self-regulatory organization with access to the customer accounts held at banks for the purpose of discharging regulatory obligations. As such, the proposed enhancements are clearly designed to bolster safeguarding of customer funds held at the FCM level and protect investors. Further, the proposed changes are part of a larger, coordinated futures industry effort to safeguard customer funds. Because the proposed changes are designed to enhance regulatory requirements related to self-regulatory organization access to customer accounts and are also part of an industry-wide plan initiated for the purpose of further safeguarding investor funds, CME believes the changes are consistent with the requirements of the Exchange Act because they are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of CME or for which it is responsible, and, in general, to protect investors and the public interest consistent with Section 17A(b)(3)(F) of the Exchange Act.<sup>4</sup>

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

CME does not believe that the proposed rule changes will have any impact, or impose any burden, on competition. The rule changes merely amend existing language in CME's rulebook for the purpose of enhancing access to customer accounts for regulatory purposes as part of a larger industry effort to safeguard customer funds.

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

CME has not solicited, and does not intend to solicit, comments regarding these proposed rule changes. CME has not received any unsolicited written comments from interested parties.

### **III. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule changes are 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 No. SR-CME-2013-37 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-CME-2013-37. 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 changes that are filed with the Commission, and all written communications relating to the proposed rule changes 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 CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-CME-2013-37 and should be submitted on or before January 28, 2014.

### **IV. Commission's Findings and Order Granting Accelerated Approval of Proposed Rule Changes**

Section 19(b) of the Act<sup>5</sup> directs the Commission to approve proposed rule changes of a self-regulatory organization

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

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

if it finds that such proposed rule changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule changes are consistent with the requirements of the Act, in particular the requirements of Section 17A of the Act, and the rules and regulations thereunder applicable to CME.<sup>6</sup> Specifically, the Commission finds that the proposed rule changes are consistent with Section 17A(b)(3)(F) of the Act,<sup>7</sup> which requires, among other things, that the rules of a registered clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts and transactions, and to protect investors and the public interest because the proposed changes involve enhancements to FCM clearing member reporting requirements that provide CME, in its capacity as a self-regulatory organization, with access to customer accounts held at depositories for the purpose of discharging its regulatory obligations and are designed to further safeguard customer assets in the custody or control of the FCM.

In its filing, CME requested that the Commission approve these proposed rule changes on an accelerated basis for good cause shown because the proposed changes are part of an industry wide initiative that is specifically designed to protect investors and the public interest through adoption of requirements that help safeguard customer funds held at the FCM level.

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> for approving the proposed rule changes prior to the 30th day after the date of publication of notice in the **Federal Register** because, as a registered derivatives clearing organization, CME must make the rule changes discussed above as part of an industry wide initiative that is specifically designed to protect investors and the public interest through adoption of requirements that help safeguard customer funds held at the FCM level.

## V. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>9</sup> that the proposed rule changes (SR-CME-2013-

37) be, and hereby are, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

[FR Doc. 2013-31602 Filed 1-6-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71209; File No. SR-  
TOPAZ-2013-20]

### Self-Regulatory Organizations; Topaz Exchange, LLC; Notice of Filing of Proposed Rule Change To More Specifically Address the Number and Size of Counterparties to a Qualified Contingent Cross Order

December 31, 2013.

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 December 18, 2013, the Topaz Exchange, LLC (d/b/a ISE Gemini) (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which items have been prepared by the self-regulatory organization. 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 is proposing to amend Rule 715 (Types of Orders) to more specifically address the number and size of counterparties to a Qualified Contingent Cross Order ("QCC Order"). The text of the proposed rule change is available on the Exchange's Internet Web site at <http://www.ise.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 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 proposal is to remove the size restriction on contra-party participation on a QCC Order. This proposal would expand the availability of QCC Orders by permitting multiple contra-parties on a QCC Order, each of which may consist of an order for less than 1,000 contracts; provided however, that the originating QCC Order meets the 1,000 contract minimum (as well as the other requirements of a QCC Order). This change is intended to increase liquidity and, potentially, improve the prices at which QCC Orders get executed, as explained further below.

A QCC Order must be comprised of an originating order to buy or sell at least 1,000 contracts<sup>3</sup> that is identified as being part of a qualified contingent trade,<sup>4</sup> coupled with a contra-side order or orders totaling an equal number of contracts, each of which is at least 1,000 contracts. QCC Orders are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's limit order book and (ii) is at or between the NBBO. QCC Orders will be automatically canceled if they cannot be executed. QCC Orders may only be entered in the regular trading increments applicable to the options

<sup>3</sup> In the case of Mini Options, the minimum size is 10,000 contracts.

<sup>4</sup> A "qualified contingent trade" is a transaction consisting of two or more component orders, executed as agent or principal, where: (a) At least one component is an NMS Stock, as defined in Rule 600 of Regulation NMS under the Exchange Act; (b) all components are effected with a product or price contingency that either has been agreed to by all the respective contra-parties [sic] or arranged for by a broker-dealer as principal or agent; (c) the execution of one component is contingent upon the execution of all other components at or near the same time; (d) the specific relationship between the component orders (e.g., the spread between the prices of the component orders) is determined by the time the contingent order is placed; (e) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or cancelled; and (f) the transaction is fully hedged (without regard to any prior existing position) as a result of other components of the contingent trade.

<sup>6</sup> 15 U.S.C. 78q-1. In approving these proposed rule changes, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

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

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> 15 U.S.C. 78s(b)(2).

<sup>10</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.