

**SECURITIES AND EXCHANGE
COMMISSION**[Release No. 34-73626; File No. SR-CME-
2014-31]**Self-Regulatory Organizations;
Chicago Mercantile Exchange Inc.;
Notice of Withdrawal of Proposed Rule
Change Related to Clearing of Certain
iTraxx Europe Index Untranch CDS
Contracts on Indices Administered by
Markit**

November 18, 2014.

On August 11, 2014, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934¹ and Rule 19b-4 thereunder,² a proposed rule change (SR-CME-2014-31) seeking to enable CME to offer clearing of certain iTraxx Europe index untranch CDS contracts on indices administered by Markit ("iTraxx Contracts"). Specifically, the proposed rule change would update CME's CDS Product Rules to provide for the clearing of the iTraxx Contracts. Notice of the proposed rule change was published in the **Federal Register** on August 18, 2014.³ Notice of Amendment No. 2 to the proposed rule change was published in the **Federal Register** on October 1, 2014.⁴ The Commission did not receive comments on the proposal.

On October 2, 2014, the Commission extended the time period in which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change to November 16, 2014.⁵ On November 14, 2014, CME withdrew the proposed rule change (SR-CME-2014-31).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Kevin M. O'Neill,
Deputy Secretary.

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**SECURITIES AND EXCHANGE
COMMISSION**[Release No. 34-73632; File No. SR-FINRA-
2014-046]**Self-Regulatory Organizations;
Financial Industry Regulatory
Authority, Inc.; Notice of Filing and
Immediate Effectiveness of a Proposed
Rule Change To Modify the Gross
Income Assessment Pricing Structure**

November 18, 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 November 7, 2014, 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, II, and III below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as "establishing or changing a due, fee or other charge" under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ 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.

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

FINRA is proposing to modify the Gross Income Assessment pricing structure in Section 1(c) of Schedule A to the FINRA By-Laws.

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.

**A. Self-Regulatory Organization's
Statement of the Purpose of, and
Statutory Basis for, the Proposed Rule
Change****1. Purpose**

The proposed rule change is intended to provide limited relief from the Gross Income Assessment ("GIA") for some smaller FINRA members due to the unanticipated effect of a 2009 change to the method of calculating the assessment. The GIA is one of a few primary revenue sources that funds FINRA's regulatory operations⁵ and is based on a firm's annual gross revenue.⁶ In 2008, FINRA established a seven-tier rate structure to assess the GIA, with a minimum assessment of \$1,200. The tiered rates, which have remained unchanged, are as follows:

- (1) \$1,200.00 on annual gross revenue up to \$1 million;
- (2) 0.1215% of annual gross revenue greater than \$1 million up to \$25 million;
- (3) 0.2599% of annual gross revenue greater than \$25 million up to \$50 million;
- (4) 0.0518% of annual gross revenue greater than \$50 million up to \$100 million;
- (5) 0.0365% of annual gross revenue greater than \$100 million up to \$5 billion;
- (6) 0.0397% of annual gross revenue greater than \$5 billion up to \$25 billion; and
- (7) 0.0855% of annual gross revenue greater than \$25 billion.

As a result of this structure, GIA revenues are derived overwhelmingly from medium-sized and larger firms. Due to rebates, firms with revenues of \$1 million or less effectively have paid no GIA since 2008.

In November 2009, the Commission approved changes to the GIA and PA intended to help FINRA achieve a more consistent and predictable funding stream to carry out its regulatory mandate.⁷ The economic and industry downturns in 2008 and 2009 had exposed FINRA's vulnerability to year-to-year volatility in members' gross revenues. GIA revenues in 2009 dropped precipitously due to write-offs

⁵ FINRA's primary member regulatory pricing structure also includes the Trading Activity Fee, the Personnel Assessment ("PA") and the Branch Office Assessment, as well as the processing of new and continuing membership applications.

⁶ Schedule A to the FINRA By-Laws defines gross revenue for assessment purposes as total income as reported on FOCUS form Part II or IIA, excluding commodities income.

⁷ See Securities Exchange Act Release No. 61042 (November 20, 2009), 74 FR 62616 (November 30, 2009) (Order Approving File No. SR-FINRA-2009-057).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-72833 (August 13, 2014), 79 FR 48797 (August 18, 2014) (SR-CME-2014-31).

⁴ Securities Exchange Act Release No. 34-73275 (October 1, 2014), 79 FR 60563 (October 7, 2014) (SR-CME-2014-31). On August 18, 2014, CME filed Amendment No. 1 to the proposed rule change. CME withdrew Amendment No. 1 on August 29, 2014.

⁵ Securities Exchange Act Release No. 34-73290 (October 2, 2014), 79 FR 60873 (October 8, 2014) (SR-CME-2014-31).

⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).