

*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-Phlx-2014-72 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-Phlx-2014-72. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2014-72 and should be submitted on or before December 9, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-73575; File No. SR-CBOE-2014-084]

**Self-Regulatory Organizations;  
Chicago Board Options Exchange,  
Incorporated; Notice of Filing and  
Immediate Effectiveness of a Proposed  
Rule Change To Amend the Fees  
Schedule**

November 12, 2014.

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 November 3, 2014, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

**1. Purpose**

The Exchange proposes to amend its Fees Schedule, effective November 3,

2014. The Exchange always strives for clarity in its rules and Fees Schedule, so that market participants may best understand how rules and fees apply. First, the Exchange proposes to remove obsolete language in Footnotes 29 and 30. On October 1, 2014, the Exchange submitted a rule filing to amend its Order Router Subsidy ("ORS") and Complex Order Router Subsidy ("CORS") Programs (collectively "Programs").<sup>3</sup> In the filing, among other things, the Exchange proposed to cease making payments under both Programs with respect to executed contracts in mini-option classes. The Exchange however, inadvertently did not remove the following statement from Footnotes 29 and 30: "For billing purposes, mini-options fees will be rounded to the nearest \$0.01 using standard rounding rules." As mini-options are no longer part of either Program, reference to how mini-option fees would be billed under the program is unnecessary. The Exchange proposes to remove the obsolete language, which will prevent potential confusion and maintain clarity in the Fees Schedule.

The Exchange also proposes to amend its OHS (Order Handling System) Order Cancellation Fee ("Cancel Fee"). By way of background, the Exchange had established this fee to address various operational problems and recoup costs resulting from the practice of immediately following orders routed through the OHS with a cancel request. Currently, the executing Clearing Trading Permit Holder is charged \$2.00 for every public customer order (origin code "C") that it cancels through the OHS in any month where the total number of cancellations sent by the executing Clearing Trading Permit Holder is in excess of the number of public customer orders that the executing Clearing Trading Permit Holder executes in a month for itself or for a correspondent firm. Additionally, this fee does not apply: (i) if an executing Clearing Trading Permit Holder cancels less than 500 public customer orders through OHS in a month for itself or for a correspondent firm; (ii) to cancelled OHS orders that improve the Exchange's prevailing bid-offer (BBO) market at the time the orders are received; (iii) to fill and cancellation activity occurring within the first one minute of trading following the opening of each options class, (iv) to complex order fills and cancels, (v) to unfilled Fill-or-Kill (FOK) orders, (vi) to unfilled Immediate-or-Cancel (IOC) orders, and

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

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

<sup>3</sup> See Securities Exchange Act Release No. 73354 (October 15, 2014), 79 FR 203 (October 21, 2014) (SR-CBOE-2014-75).

<sup>19</sup> 17 CFR 200.30-3(a)(12).

(vii) to orders that are entered or cancelled prior to the opening, during the opening rotation, or during a trading halt. The Exchange now proposes to waive the cancellation fee.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>4</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>5</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>6</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>7</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the Exchange believes that the proposed clarifications to the Fees Schedule will make the Fees Schedule easier to read and alleviate potential confusion. The alleviation of potential confusion will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

The Exchange believes that it is reasonable and equitable to waive the cancellation fee. The cancellation fee was originally introduced in response to capacity concerns stemming from Trading Permit Holders generating significant order traffic that did not result in executed trades due to orders being cancelled at high rates. However,

the total number of monthly cancelled fees assessed has decreased over time. As such, the Exchange believes the fee may no longer be necessary. The Exchange believes it's reasonable to waive the cancellation fee because it will merely result in Trading Permit Holders no longer being subject to this fee. Additionally, the Exchange notes that another exchange has similarly waived its Cancellation Fee.<sup>8</sup> The Exchange does not believe the proposed change is unfairly discriminatory as it applies equally to all Trading Permit Holders, who will no longer be subject to any cancellation fees.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. CBOE does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes apply to all Trading Permit Holders. The Exchange believes that the proposal to waive the cancellation fee will not cause an unnecessary burden on intermarket competition because at least one other exchange has similarly waived its cancellation fee.<sup>9</sup> To the extent that the proposed changes make CBOE a more attractive marketplace for market participants at other exchanges, such market participants are welcome to become CBOE market participants.

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

The Exchange neither solicited nor received written comments on the proposed rule change.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and paragraph (f) of Rule 19b-4<sup>11</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the

public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or 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](mailto:rule-comments@sec.gov). Please include File Number SR-CBOE-2014-084 on the subject line.

### Paper Comments

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

All submissions should refer to File Number SR-CBOE-2014-084. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CBOE-

<sup>8</sup> See Securities Exchange Act Release No. 72817 (August 12, 2014), 79 FR 48801 (August 18, 2014) (SR-ISE-2014-039).

<sup>9</sup> *Id.*

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

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

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

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

<sup>6</sup> *Id.*

<sup>7</sup> 15 U.S.C. 78f(b)(4).

2014–084 and should be submitted on or before December 9, 2014.

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

**Kevin M. O'Neill,**  
Deputy Secretary.

[FR Doc. 2014–27186 Filed 11–17–14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–73574; File No. SR–NASDAQ–2014–100]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing of a Proposed Rule Change To Amend NASDAQ Rule 7015(d) To Include the IPO Indicator as a New Enhancement to the NASDAQ Workstation

November 12, 2014.

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 October 29, 2014 The NASDAQ Stock Market LLC (“NASDAQ” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a 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

NASDAQ proposes a rule change proposal to amend NASDAQ Rule 7015(d) to include the IPO Indicator as a new enhancement to a NASDAQ Workstation subscription.

The text of the proposed rule change is available at <http://nasdaq.cchwallstreet.com/>, at NASDAQ’s principal office, 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, NASDAQ 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 those

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 parts of such statements.

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

##### 1. Purpose

NASDAQ is amending Rule 7015(d) to include the IPO Indicator as a new enhancement to the NASDAQ Workstation. In addition to providing order entry and quote functionality, the NASDAQ Workstation also includes several features designed to assist subscribers with managing and monitoring their trading activity.<sup>3</sup> NASDAQ is proposing to include a new feature designed to assist member firms in monitoring their orders in the NASDAQ Halt Cross process leading up to the launch of an initial public offering (“IPO”).

##### Halt Cross Process

The NASDAQ Halt Cross is designed to provide for an orderly, single-priced opening of securities subject to an intraday halt, including securities that are the subject of an IPO. Prior to the Cross execution, market participants enter quotes and orders eligible for participation in the Cross, and NASDAQ disseminates certain information regarding buying and selling interest entered and the indicative execution price information, known as the Net Order Imbalance Indicator or NOII. The NOII is disseminated every five seconds during a designated period prior to the completion of the Halt Cross, in order to provide market participants with information regarding the possible price and volume of the Cross. The information provided in the NOII message includes the Current Reference Price,<sup>4</sup> which is the price at which the Cross would occur if it executed at the time of the NOII’s dissemination, and the number of shares of Eligible Interest,<sup>5</sup> which is defined as any quotation or any order that may be entered into the system and designated with a time-in-force that would allow the order to be in force at the time of

the Halt Cross, that would be paired at that price.

NASDAQ also disseminates a Market Order Imbalance, which is defined as the number of shares of Eligible Interest entered through market orders that would not be matched with other order shares at the time of the dissemination of an NOII, if in fact there are such unexecutable market order shares. When there is a Market Order Imbalance, NASDAQ disseminates the imbalance and the buy/sell direction of the imbalance. For example, if a buy-direction Market Order Imbalance is disseminated, potential sellers in the Cross would know that buy liquidity is available at a market price, potentially encouraging them to enter additional sell orders to allow the Cross to proceed.

In addition to disseminating information about Market Order Imbalances, NASDAQ also disseminates information about the size and buy/sell direction of an Imbalance. An Imbalance is defined as the number of shares of Eligible Interest with a limit price equal to the Current Reference Price that may not be matched with other order shares at a particular price at any given time.<sup>6</sup> As noted above, Eligible Interest is defined as any quotation or any order that may be entered into the system and designated with a time-in-force that would allow the order to be in force at the time of the Halt Cross. Thus, the provided information reflects all shares eligible for participation in the Cross, regardless of time-in-force, and includes non-displayed shares and reserve size. As such, the Imbalance information indicates the degree to which available liquidity on one or the other side of the market would not be executed if the Cross were to occur at that time.

Generally, a Halt in a security is terminated when NASDAQ determines to release a security, at which time the Display Only Period begins, culminating in the Halt Cross whereby the security is released for regular hours trading at the price that maximizes the number of shares of trading interest eligible for participation in the Cross to be executed.<sup>7</sup> In the case of an IPO, underwriters to an IPO make a determination to launch an IPO during the Pre-Launch Period<sup>8</sup> when they believe the security is ready to trade. When the underwriter informs

<sup>6</sup> See Rule 4753(a)(1).

<sup>7</sup> See Rule 4753(b) for a description of the processing of the Halt Cross.

<sup>8</sup> The Pre-Launch Period is the second phase of a two-phase process that NASDAQ uses for launching IPOs. The Pre-Launch Period follows a 15-minute Display Only Period and is of no fixed duration. During both periods, the NOII is disseminated every five seconds.

<sup>12</sup> 17 CFR 200.30–3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> For example, a Workstation subscription includes tools to assist member firms in complying with Regulation NMS short sale restrictions and compliance with the Limit Up/Limit Down process. See <http://www.nasdaqtrader.com/Trader.aspx?id=Workstation>.

<sup>4</sup> See Rule 4753(a)(3)(A).

<sup>5</sup> See Rule 4753(a)(5).