

with section 6(b)(5) of the Act,<sup>16</sup> which requires, among other things, that the Exchange's rules be 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.

MIAX proposes to eliminate the requirement that it obtain a CSSA with the applicable foreign market before trading options on certain ETFs that track broad-based indexes of securities.<sup>17</sup> CSSAs help to ensure that the listing exchange has the ability to obtain the information necessary to detect and deter potential trading abuses.<sup>18</sup> According to the Exchange, it believes that this proposed listing standard for options on ETFs is reasonable for international and global indexes, and, when applied in conjunction with the other listing requirements, would result in options overlying ETFs that are sufficiently broad-based in scope and therefore not readily susceptible to manipulation.<sup>19</sup> Moreover, the Exchange believes that the proposed rule change would benefit investors by providing valuable risk management tools.<sup>20</sup> The NYSE Group agrees with these statements by the Exchange and supports the proposal.<sup>21</sup>

The Commission approved generic listing standards for ETFs based on international or global indexes in 2006.<sup>22</sup> At that time, the Commission determined that for certain ETFs based on broad-based indexes of securities, the generic listing standards for equities exchanges need not require the exchange to obtain a CSSA to list and trade such ETFs.<sup>23</sup> These generic ETF listing standards contain quantitative criteria with respect to components included in the ETF's underlying index that provide minimum thresholds

regarding trading volume, market capitalization, number of index components, and index concentration limits.<sup>24</sup> They do not, however, require the listing exchange to obtain a CSSA with the home country market for the underlying index components.<sup>25</sup> The Commission stated that a CSSA with the home country market was not required, because the listing standards provided for minimum levels of liquidity, concentration, and pricing transparency for index components.<sup>26</sup> In addition, the Commission noted that the generic listing standards for ETFs based on global or international indexes applied in conjunction with the other applicable listing requirements would "permit the listing only of ETFs that are sufficiently broad-based in scope to minimize potential manipulation . . . [and] are designed to preclude ETFs from becoming surrogates for trading in unregistered securities."<sup>27</sup>

MIAX now seeks to establish parallel listing standards for options. The Commission believes that it is consistent with the Act for the Exchange to list and trade options that overlie ETFs, provided such ETFs are listed pursuant to generic listing standards on equities exchanges for portfolio depositary receipts and index fund shares based on international or global indexes under which a CSSA with a foreign market is not required.<sup>28</sup> All of

the other listing criteria under MIAX's rules would continue to apply to any such options. In addition, the Commission notes that the requirement for MIAX to obtain a CSSA will continue to apply to other products that do not fit this limited exception. The Commission believes that the proposed rule change should facilitate listing and trading of additional investment options for market participants seeking efficient trading and hedging vehicles and thereby, benefit investors by providing them with valuable risk management tools.

#### IV. Conclusion

*It is therefore ordered*, pursuant to section 19(b)(2) of the Act,<sup>29</sup> that the proposed rule change (File No. SR-MIAX-2015-04) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>30</sup>

**Jill M. Peterson,**  
Assistant Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

### Submission for OMB Review; Comment Request

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, Washington, DC 20549-2736.

*Extension:* Rule 15g-4.

SEC File No. 270-347, OMB Control No. 3235-0393.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (Commission) has submitted to the Office of Management and Budget ("OMB") a request for extension of the existing collection of information provided for in Rule 15g-4—Disclosure of compensation to brokers or dealers (17 CFR 240.15g-4) under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*).

Rule 15g-4 requires brokers and dealers effecting transactions in penny stocks for or with customers to disclose the amount of compensation received by the broker-dealer in connection with the transaction. The purpose of the rule is to increase the level of disclosure to investors concerning penny stocks

<sup>29</sup> 15 U.S.C. 78s(b)(2).

<sup>30</sup> 17 CFR 200.30-3(a)(12).

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> See Proposed MIAX Rule 402(i)(E)(2)(i). See also NYSE MKT Rule 1000, Commentary .03(a)(B); NYSE MKT Rule 1000A, Commentary .02(a)(B); NYSE Arca Equities Rule 5.2(j)(3), Commentary .01(a)(B); NYSE Arca Equities Rule 8.100, Commentary .01(a)(B); NASDAQ Rule 5705(a)(3)(A)(ii); NASDAQ Rule 5705(b)(3)(A)(ii); BATS Rule 14.11(b)(3)(A)(ii); and BATS Rule 14.11(c)(3)(A)(ii).

<sup>18</sup> See Securities Exchange Act Release No. 40761 (December 8, 1998), 63 FR 70952, 70959 (December 22, 1998).

<sup>19</sup> See Notice, *supra* note 3.

<sup>20</sup> *Id.*

<sup>21</sup> See NYSE Letter, *supra* note 4.

<sup>22</sup> See Securities Exchange Act Release No. 54739, *supra* note 9 (SR-Amex-2006-78). Subsequently, other exchanges filed similar proposals that were approved by the Commission. See, e.g., Securities Exchange Act Release Nos. 55621, *supra* note 9 (approving SR-NYSEArca-2006-86); and 55269, *supra* note 9 (approving SR-NASDAQ-2006-050).

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

<sup>24</sup> For example, with respect to ETFs for portfolio depositary receipts based on international or global indexes, the generic listing standards generally contain the following requirements with respect to the underlying index: (1) Component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum market value of at least \$100 million; (2) component stocks that in the aggregate account for at least 90% of the weight of the index or portfolio each shall have a minimum worldwide monthly trading volume over the most recent six-month period of at least 250,000 shares; (3) that the index observe certain concentration limits (e.g., that no component may exceed 25% of the weight of the index and that the five most heavily weighted components may not exceed 60% of the weight of the index); (4) that there be a minimum number of 20 component stocks in the index; and (5) that each component either be an exchange-listed NMS stock or, if a non-U.S. stock, be listed and traded on an exchange that has last-sale reporting. See, e.g., NYSE MKT Rule 1000, Commentary .03; NYSE Arca Equities Rule 8.100, Commentary .01; NASDAQ Rule 5705(a); and BATS Rule 14.11(b). The requirements with respect to the underlying index under the generic listing standards for index fund shares based on international or global indexes are substantially similar. See, e.g., NYSE MKT Rule 1000A, Commentary .02; NYSE Arca Equities Rule 5.2(j)(3), Commentary .01; NASDAQ Rule 5705(b); and BATS Rule 14.11(c).

<sup>25</sup> See, e.g., Securities Exchange Act Release No. 54739, *supra* note 9.

<sup>26</sup> *Id.* at 71 FR 66995 n.18. See also *supra* note 24 and accompanying text.

<sup>27</sup> See Securities Exchange Act Release No. 54739, *supra* note 9, at 71 FR 66997.

<sup>28</sup> See *supra* note 24 and accompanying text.

generally and specific penny stock transactions.

The Commission estimates that approximately 221 broker-dealers will spend an average of 87 hours annually to comply with this rule. Thus, the total compliance burden is approximately 19,245 burden-hours per year.

Rule 15g-4 contains record retention requirements. Compliance with the rule is mandatory. The required records are available only to the examination staff of the Commission and the self regulatory organizations of which the broker-dealer is a member.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following Web site: [www.reginfo.gov](http://www.reginfo.gov). Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or by sending an email to: [Shagufta\\_Ahmed@omb.eop.gov](mailto:Shagufta_Ahmed@omb.eop.gov); and (ii) Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or by sending an email to [PRA\\_Mailbox@sec.gov](mailto:PRA_Mailbox@sec.gov). Comments must be submitted to OMB within 30 days of this notice.

Dated: March 13, 2015.

**Brent J. Fields,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74506; File No. SR-NASDAQ-2015-020]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend NASDAQ Rules 7014

March 13, 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 March 2, 2015, 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 Substance of the Proposed Rule Change

NASDAQ is proposing changes to the Investor Support Program (“ISP”) and the Qualified Market Maker (“QMM”) Incentive Program under NASDAQ Rule 7014.

The text of the proposed rule change is available at [nasdaq.cchwallstreet.com](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 proposing to amend NASDAQ Rule 7014(c) to remove a member’s ISP credit at the \$0.00005 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month, as well as the related qualifying requirements for an ISP member to qualify for such a credit.

Also, the Exchange is proposing to amend NASDAQ Rule 7014(e)(1) to apply QMM rebates only to securities listed on NYSE (“Tape A”) and securities listed on exchanges other than NASDAQ and NYSE (“Tape B”). Specifically, only Tape A and Tape B securities will be eligible to receive the additional QMM rebate of \$0.0002 per share executed with respect to orders that are executed at a price of \$1 or more and (A) displayed a quantity of at least one round lot at the time of

execution; (B) either established the NBBO or was the first order posted on NASDAQ that had the same price as an order posted at another trading center with a protected quotation that established the NBBO; (C) were entered through a QMM MPID; and (D) that no additional rebate will be issued with respect to Designated Retail Orders (as defined in NASDAQ Rule 7018) (“Additional QMM Rebate Criteria”).<sup>3</sup>

Similarly, the Exchange is proposing to amend NASDAQ Rule 7014(e)(2) to have only Tape A and Tape B securities receive the credit of \$0.0001 per share executed with respect to all other displayed orders (other than Designated Retail Orders, as defined in Rule 7018) in securities priced at \$1 or more per share that provide liquidity and that are entered through a QMM MPID.

The proposed changes are intended to better align credits within the ISP and QMM programs, as well as to fix a typographical error in the rule text of NASDAQ Rule 7014(e)(1).

###### 2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of section 6 of the Act,<sup>4</sup> in general, and with sections 6(b)(4) and 6(b)(5) of the Act,<sup>5</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

NASDAQ believes that the proposed changes to the ISP Program in NASDAQ Rule 7014(c) is reasonable because it eliminates an unnecessary credit, and related qualifying requirements, at the \$0.00005 rate with respect to all shares of displayed liquidity that are executed at a price of \$1 or more in the Nasdaq Market Center during a given month. The Exchange believes that the two other credit tiers that remain available to ISP members provide sufficient incentive. Also, the credit proposed to be eliminated is the least economically advantageous to ISP members. The Exchange also believes this change is consistent with a fair allocation of a reasonable fee and not unfairly discriminatory because the removal of this credit applies to all ISP members equally.

<sup>3</sup> The correction of a typographical error in the numbering in the middle of NASDAQ Rule 7014(e)(1) will also be included (changing a “(4)” to “(E)”).

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

<sup>5</sup> 15 U.S.C. 78f(b)(4) and (5).

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

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