

uninterrupted, thereby avoiding investor confusion that could result from a temporary interruption in the pilot program. For this reason, the Commission designates the proposed rule change to be operative upon filing.<sup>11</sup>

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.

#### 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-2014-027 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-2014-027. 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 at 100 F Street NE., Washington, DC 20549-1090 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-CBOE-2014-027, and should be submitted on or before April 28, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71846; File No. SR-OCC-2014-06]

### **Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make a Change Which Would Authorize the Executive Chairman, the Management Vice Chairman, or the President To Delegate to Other OCC Officers Their Authority To Review and Approve Certain Clearing Member Business Expansion Requests and Changes in Facilities Management Arrangements, Provided That Such Delegate Is an Officer of the Rank of Senior Vice President or Higher**

April 1, 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 March 28, 2014, The Options Clearing Corporation ("OCC") 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 clearing agency. OCC filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> The

Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### **I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change**

This proposed rule change by OCC would make an administrative rule change to its By-Laws and Rules (collectively, "Rules") which would authorize the Executive Chairman, the Management Vice Chairman, or the President to delegate to other OCC officers their authority to review and approve certain clearing member business expansion requests and changes in facilities management arrangements, provided that such delegate is an officer of the rank of Senior Vice President or higher.

#### **II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the clearing agency 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 clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

##### *(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

The purpose of this proposed rule change is to expand the number of OCC officers with delegated authority to review and approve certain business expansion requests and changes in facilities management arrangements i.e., a request or change for which a clearing member has sought review on an expedited basis. Currently, OCC's Rules provide that the Executive Chairman, the Management Vice Chairman or the President are the only OCC officers with such delegated authority. OCC proposes that these officers be allowed to delegate their authority to perform such reviews and approve such requests or changes to any officer of the rank of Senior Vice President or higher.

By way of background, OCC's Risk Committee ("Committee") is responsible for reviewing and approving clearing member requests to clear a type or a kind of transaction for which it is not currently approved to clear through OCC (i.e., a business expansion

proposed rule change, or such sorter time as designated by the Commission.

<sup>11</sup> For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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

<sup>4</sup> 17 CFR 240.19b-4(f)(6). As required by Rule 19b-4(f)(6)(iii) of the Act, OCC has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the

request).<sup>5</sup> The Committee is also responsible for making certain determinations with respect to facilities management arrangements between clearing members. Specifically, the Committee determines whether a clearing member receiving facilities management services has the operational capability, experience and competence to perform the obligations of clearing membership should the facilities management agreement ("FMA") with another clearing member be terminated.<sup>6</sup> In addition, if a clearing member proposes to enter into an FMA to receive facilities management services, the Committee must determine that the FMA meets certain conditions set forth in OCC's By-Laws.<sup>7</sup>

The Committee has delegated the Executive Chairman, the Management Vice Chairman or the President with authority to review and approve both business expansion requests and requests to enter into a facilities management arrangements in response to requests by clearing members for expedited review. Such approval is then subject to the Committee's review and ratification at its next regularly scheduled meeting. In light of recent changes to OCC's management structure,<sup>8</sup> as well as a recommendation from the Committee's Chairman, OCC is now proposing to provide the same expedited review and approval authority to any OCC officer of the rank of Senior Vice President or higher who has been delegated by the Executive Chairman, the Management Vice Chairman or the President with such authority. OCC believes the proposed change will provide it with operational flexibility because additional individuals will be able to provide expedited approval of business expansion requests and facilitates management arrangements. Approvals by such delegates would be subject to Committee review and ratification, as described above.

In accordance with the above OCC is proposing to amend OCC By-Law, Article 5, Section 1, Interpretation and Policy .03, which concerns business expansion requests and OCC Rule 309, Interpretation and Policy .01 and .02, which concerns facilities management arrangements.

OCC believes that the proposed rule change is consistent with Section

17A(b)(3)(F) of the Act<sup>9</sup> because it is designed to promote the prompt and accurate clearance and settlement of securities transactions and the protection of securities investors and the public interest, by allowing additional OCC officers to review and approve business expansion requests and facilities management arrangements on an expedited basis. By allowing the Executive Chairman, the Management Vice Chairman or the President to delegate authority to review and provide expedited approval of business expansion requests and facilities management arrangements to OCC officers of the rank of Senior Vice President or higher, clearing members and their customers will have more timely access to OCC services for which they qualify. The proposed rule change is not inconsistent with any rules of OCC, including those proposed to be amended.

#### *(B) Clearing Agency's Statement on Burden on Competition*

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.<sup>10</sup> The proposed rule change will help ensure that OCC will be able to provide fair and open access to its services in a timely and efficient manner because additional OCC officers will be able to provide approval of business expansion requests and facilities management arrangements. To the extent OCC's clearing members are affected by the proposed rule change, OCC believes that, by allowing an officer of the rank of Senior Vice President or higher who has been delegated by the Executive Chairman, the Management Vice Chairman or the President with authority to review and provide expedited approval of business expansion requests and facilities management arrangements, all of OCC's clearing members will have greater access to its services. Accordingly, OCC does not believe that the proposed rule will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

#### *(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments on the proposed rule change were not and are not intended to be solicited with respect to

the proposed rule change and none have been received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) 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 shall institute proceedings under Section 19(b)(2)(B) of the Act<sup>11</sup> to determine whether the proposed rule 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-OCC-2014-06 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-OCC-2014-06. 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

<sup>5</sup> OCC By-Law, Article V, Section 1, Interpretation and Policy .03(e).

<sup>6</sup> OCC Rule 309.

<sup>7</sup> OCC By-Law, Article V, Section 1, Interpretation and Policy .05.

<sup>8</sup> See Securities Exchange Act Release No. 70076 (July 30, 2013), 78 FR 47449 (August 5, 2013), (SR-OCC-2013-09).

<sup>9</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>11</sup> 15 U.S.C. 78s(b)(2)(B).

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 OCC and on OCC's Web site (<http://www.theocc.com/about/publications/bylaws.jsp>). 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-OCC-2014-06 and should be submitted on or before April 28, 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. 2014-07643 Filed 4-4-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71845; File No. SR-NYSEArca-2014-31]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Option Trading Rules To Extend the Operation of Its Pilot Program Regarding Minimum Value Sizes for Opening Transactions in New Series of Flexible Exchange Options

April 1, 2014.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934 (the "Act") <sup>2</sup> and Rule 19b-4 thereunder, <sup>3</sup> notice is hereby given that, on March 27, 2014, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "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 proposes to amend its option trading rules to extend the operation of its pilot program ("Pilot Program") regarding minimum value sizes for opening transactions in new series of flexible exchange options ("FLEX Options"), currently scheduled to expire on March 31, 2014, until the earlier of July 31, 2014 or approval of the Exchange's proposal to adopt the Pilot Program on a permanent [sic]. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.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 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

The Exchange hereby proposes to amend its option trading rules to extend the operation of its Pilot Program regarding minimum value sizes for opening transactions in new FLEX series, currently scheduled to expire on March 31, 2014,<sup>4</sup> until July 31, 2014. The Exchange has submitted a separate filing to the Commission proposing to adopt the existing Pilot Program on a permanent basis.<sup>5</sup> The Exchange is submitting this proposed four-month extension of the Pilot Program so that

the program may continue to operate uninterrupted while the Commission considers the Exchange's proposed adoption of the Pilot Program on a permanent basis. Accordingly, the proposed extension to the Pilot Program will end the earlier of July 31, 2014 or approval of the Exchange's proposal to adopt the Pilot Program on a permanent basis.

This filing does not propose any substantive changes to the Pilot Program and contemplates that all other terms of FLEX Options will remain the same. Overall, the Exchange believes that extending the Pilot Program will benefit public customers and other market participants who will be able to use FLEX Options to manage risk for smaller portfolios. In support of the proposed extension of the Pilot Program, and as required by the terms of the Pilot Program's implementation,<sup>6</sup> the Exchange has submitted to the Commission a Pilot Program Report that provides an analysis of the Pilot Program covering the period during which the Pilot Program has been in effect. This Pilot Program Report includes (i) data and analysis on the open interest and trading volume in (a) FLEX Equity Options that have opening transactions in new FLEX series with a minimum size of 0 to 249 contracts and less than \$1 million in underlying value; (b) FLEX Index Options that have opening transactions in new FLEX series with a minimum opening size of less than \$10 million in underlying equivalent value; and (ii) analysis on the types of investors that initiated opening FLEX Equity and Index Options transactions in new FLEX series (*i.e.*, institutional, high net worth, or retail). The Pilot Program Report has been submitted to the Commission as Exhibit 3 to SR-NYSEArca-2014 [sic].<sup>7</sup>

The Exchange believes that there is sufficient investor interest and demand in the Pilot Program to warrant extension for another three months. The Exchange believes that the Pilot Program has provided investors with additional means of managing their risk exposures and carrying out their investment objectives. The Exchange has not experienced any adverse market effects with respect to the Pilot Program.

In the event the Exchange does not receive approval to adopt the Pilot Program on a permanent basis by July 31, 2014 and proposes an additional extension of the Pilot Program, the Exchange will submit, along with any filing proposing such amendments to the Pilot Program, an additional Pilot

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

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 69267 (April 2, 2013), 77 FR 20997 (April 8, 2013) (SR-NYSEArca-2013-27).

<sup>5</sup> SR-NYSEArca-2014-25, proposing to adopt the Pilot Program on a permanent Basis [sic] was submitted to the Commission on March 17 [sic], 2014.

<sup>6</sup> See *infra* note 7 [sic].

<sup>7</sup> *Supra* note 5.