

within the meaning of Section 17A(b)(3)(F)<sup>5</sup> of the Act.

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

ICC does not believe the proposed rule changes would have any impact, or impose any burden, on competition. The update to ICC's policy regarding valuation of maturing U.S. Treasury securities and the update to ICC's collateral asset haircut methodology apply uniformly across all market participants. Therefore, ICC does not believe the proposed rule changes impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

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

Written comments relating to the proposed rule change have not been solicited or received. ICC will notify the Commission of any written comments received by ICC.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-ICC-2014-05 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-ICC-2014-05. 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 filings will also be available for inspection and copying at the principal office of ICE Clear Credit and on ICE Clear Credit's Web site at <https://www.theice.com/notices/Notices.shtml?regulatoryFilings>.

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-ICC-2014-05 and should be submitted on or before May 29, 2014.

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

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

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72087; File No. PCAOB-2013-03]

### **Public Company Accounting Oversight Board; Notice of Filing of Amendment No. 1, and Order Granting Accelerated Approval of Proposed Rules, Amendments To Conform the Board's Rules and Forms to the Dodd-Frank Act and Make Certain Updates and Clarifications, as Modified by Amendment No. 1**

May 2, 2014.

#### **I. Introduction**

On December 23, 2013, the Public Company Accounting Oversight Board (the "Board" or the "PCAOB") filed with the Securities and Exchange Commission (the "Commission"), pursuant to Section 107(b)<sup>1</sup> of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and Section 19(b)<sup>2</sup> of the Securities Exchange Act of 1934 (the "Exchange Act"), proposed amendments to conform the Board's rules and forms to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and make certain updates and clarifications (collectively, the "Proposed Rules"). The Proposed Rules were published for comment in the **Federal Register** on February 3, 2014.<sup>3</sup> At the time the notice was issued, the Commission designated a longer period to act on the Proposed Rules, until May 5, 2014.<sup>4</sup> The Commission received one comment letter in response to the notice.<sup>5</sup> On March 13, 2014, the PCAOB filed Amendment No. 1 to the Proposed Rules ("Amendment No. 1").<sup>6</sup> This order approves the Proposed Rules, as modified by Amendment No. 1, on an accelerated basis.

#### **II. Description of the Proposed Rules**

The Proposed Rules include specific references to audits and auditors of brokers and dealers in the Board's rules and are necessary to ensure that the

<sup>1</sup> 15 U.S.C. 7217(b).

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

<sup>3</sup> See Release No. 34-71237 (January 6, 2014), 79 FR 6271 (February 3, 2014).

<sup>4</sup> *Ibid.*

<sup>5</sup> See letter to the Commission from Suzanne H. Shatto, dated March 6, 2014 ("Shatto Letter").

<sup>6</sup> In Amendment No. 1, the PCAOB added amendments to Rule 3526, Communication with Audit Committees Concerning Independence. These amendments were discussed in the Proposed Rules, but the amendments to Rule 3526 were inadvertently omitted from the Proposed Rules. The Amendment also proposes a non-substantive modification to a cross-reference in Item 3.2.e.1 of Form 4.

<sup>5</sup> *Id.*

<sup>6</sup> 17 CFR 200.30-3(a)(12).

PCAOB can satisfy its explicit oversight authority granted under the Dodd-Frank Act with respect to audits and auditors of brokers and dealer that are registered with the Commission. The Proposed Rules also conform the Board's rules to the Dodd-Frank amendments that: (1) Clarified the definition of "person associated with a public accounting firm,"<sup>7</sup> (2) permitted the Board to share certain information with foreign auditor oversight authorities,<sup>8</sup> and (3) clarified that the Board's sanctioning authority is not limited to persons who are supervisory personnel at the time a failure to supervise sanction is imposed.<sup>9</sup>

Beyond these conforming amendments, the Proposed Rules include three additional categories of amendments that tailor certain of the Board's rules to the audits of brokers and dealers, call for relevant broker and dealer audit client information on the Board's forms, and amend a number of rules in light of the Board's experience administering and enforcing these rules.

First, the PCAOB is tailoring the Board's professional practice standards to the audits of brokers and dealers. As amended, Rule 3521 (Contingent Fees), Rule 3522 (Tax Transactions) and Rule 3526 (Communication with Audit Committees Concerning Independence) apply to the audits of brokers and dealers to the same extent that they previously applied to the audits of issuers.

Second, the Board is amending its registration, withdrawal, and reporting forms (Forms 1, 1-WD, 2, 3, and 4), and the general instructions to these forms, to call for relevant broker and dealer audit client information. This information includes, among other things, information identifying each audit report issued by registered firms for broker and dealer audit clients during their annual reporting periods.

Finally, the Board is amending a number of rule provisions and form items in light of administrative experience and to make a number of updates to address events that have occurred since the last time the rules were updated. These amendments, for example, address circumstances where an issuer audit client encounters a change in its principal auditor and the issuer does not comply with the Commission's four business day reporting requirement concerning the

change in auditors pursuant to Item 4.01 of Form 8-K.

In addition, Amendment No. 1 includes rule text for proposed amendments to Rule 3526 that was inadvertently omitted from the PCAOB's original rule filing and updates a cross-reference in Form 4 that would have become outdated by this Order.

The amendments to the PCAOB's rules, SEC Practice Section membership requirements, and Ethics Code will take effect on June 1, 2014. The amendments to Forms 1, 1-WD, 3, and 4 will take effect July 1, 2014. The amendments to Form 2 will take effect April 1, 2015.

### III. Comment Letters

As noted above, the Commission received one comment letter concerning the Proposed Amendments, which expressed support for the Proposed Amendments.<sup>10</sup>

### IV. The PCAOB's Emerging Growth Company Request

Section 103(a)(3)(C) of the Sarbanes-Oxley Act provides that any additional rules adopted by the PCAOB subsequent to April 5, 2012 do not apply to the audits of emerging growth companies ("EGCs"), unless the Commission determines that the application of such additional requirements is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.<sup>11</sup> Having considered those factors, and as explained further below, the Commission finds that applying the Proposed Rules to audits of EGCs is necessary or appropriate in the public interest.

The PCAOB has proposed application of its Proposed Rules to audits of all issuers, as applicable, including EGCs; and the PCAOB requested that the Commission make the determination required by Section 103(a)(3)(C).<sup>12</sup> To assist the Commission in making its determination, the PCAOB prepared and submitted to the Commission its own EGC analysis. The PCAOB's EGC analysis was included in the Commission's public notice soliciting comment on the Proposed Rules. No

comments were received on the analysis.

Based on the analysis submitted, we believe the information in the record is sufficient for the Commission to make the requested EGC determination in relation to the Proposed Rules. The PCAOB's EGC analysis discussed its approach to developing the Proposed Rules, as well as the characteristics of EGCs and economic considerations. For the Proposed Rules that are not simply conforming amendments, the PCAOB stated that it has no reason to think the economic consequences for EGCs would differ significantly from those for issuers who are not EGCs, and that it estimated that the cost-related implications of these amendments would not be significant. Finally, the Commission takes note of the PCAOB's statements that the Proposed Rules that were made in light of the PCAOB's administrative experience generally are expected to reduce existing compliance burdens, facilitate more efficient use of PCAOB resources, and maintain or improve meaningfulness of information required to be reported by registered firms to the PCAOB.

### V. Solicitation of Comments on Amendment No. 1

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether Amendment No. 1 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/pcaob.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number PCAOB-2013-03 on the subject line.

#### Paper Comments

- Send paper comments in triplicate to Kevin M. O'Neill, Deputy Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File No. PCAOB-2013-03. 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/pcaob.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rules that are filed with the Commission, and all

<sup>7</sup> See Section 2(a)(9)(C) of the Sarbanes-Oxley Act.

<sup>8</sup> See Section 105(b)(5)(C) of the Sarbanes-Oxley Act.

<sup>9</sup> See Section 105(c)(6)(A) of the Sarbanes-Oxley Act.

<sup>10</sup> See Shatto Letter.

<sup>11</sup> Section 103(a)(3)(C) of the Sarbanes-Oxley Act, as amended by Section 104 of the Jumpstart Our Business Startups Act (the "JOBS Act"). The term "emerging growth company" is defined in Section 3(a)(80) of the Exchange Act.

<sup>12</sup> To the extent that these proposed rules apply solely in connection with the obligations of registered brokers and dealers or the auditors of registered brokers and dealers pursuant to 17 CFR 240.17a-5, no separate determination is necessary under 15 U.S.C. 7213(a)(3)(C).

written communications relating to the proposed rules 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 will also be available for inspection and copying at the principal office of the PCAOB. All comments received will be posted without charge; we do 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 No. PCAOB-2013-03 and should be submitted on or before May 29, 2014.

## VI. Conclusion

The Commission has carefully reviewed and considered the Proposed Rules, as modified by Amendment No. 1, and the information submitted therewith by the PCAOB, including the PCAOB's EGC analysis. In connection with the PCAOB's filing and the Commission's review,

A. The Commission finds that the Proposed Rules, as modified by Amendment No. 1, are consistent with the requirements of the Sarbanes-Oxley Act and the securities laws and are necessary or appropriate in the public interest or for the protection of investors; and

B. Separately, the Commission finds that the application of the Proposed Rules, as modified by Amendment No. 1, to EGC audits as applicable is necessary or appropriate in the public interest, after considering the protection of investors and whether the action will promote efficiency, competition, and capital formation.

Additionally, the Commission finds good cause to approve the filing, as modified by Amendment No. 1 to the Proposed Rules, prior to the thirtieth day after the date of the publication of notice of the filing thereof in the **Federal Register**. The content of Amendment No. 1, which does not raise any novel issues, makes one technical amendment to the proposed rule to correct an inadvertent omission and one technical amendment to update a cross-reference in a Form that would become outdated if the proposed rules in the original rule filing are approved by the Commission. Accelerated approval would allow the PCAOB to update its rules immediately, thus providing users with greater clarity and certainty.

Accordingly, the Commission finds that good cause exists to approve the filing, as modified by Amendment No. 1, on an accelerated basis.

*It is therefore ordered*, pursuant to Section 107 of the Act and Section 19(b)(2) of the Exchange Act, that the Proposed Rules (File No. PCAOB-2013-03), as modified by amendment No. 1, be and hereby are approved on an accelerated basis.

By the Commission.

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72089; File No. SR-EDGA-2014-12]

### Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend EDGA Rule 11.5 Regarding the Route Peg Order

May 2, 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 April 29, 2014, EDGA Exchange, Inc. ("EDGX" or "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 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 the Route Peg Order under Rule 11.5(c)(14) to permit: (i) Executions against routable orders that are equal to or less than the aggregate size of the Route Peg Order interest available at that price; and (ii) Users<sup>3</sup> to add a minimum execution quantity instruction. All of the changes described herein are applicable to EDGA Members.

The text of the proposed rule change is available on the Exchange's Internet Web site at [www.directedge.com](http://www.directedge.com), at the Exchange's principal office, and at the

Public Reference Room of the Commission.

#### 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 Exchange proposes to amend the Route Peg Order under Rule 11.5(c)(14) to permit: (i) Executions against routable orders that are equal to or less than the aggregate size of the Route Peg Order interest available at that price, which would replace the current requirement that routable orders be equal to or less than the size of an individual Route Peg Order; and (ii) Users to add a minimum execution quantity instruction.

A Route Peg Order is a non-displayed limit order that posts to the EDGA Book, and thereafter is eligible for execution at the national best bid ("NBB") for buy orders and national best offer ("NBO") for sell orders against routable orders that are equal to or less than the size of the Route Peg Order.<sup>4</sup> Route Peg Orders are passive, resting orders on the EDGA Book<sup>5</sup> and do not take liquidity. Route Peg Orders may be entered, cancelled, and cancelled/replaced prior to and during Regular Trading Hours.<sup>6</sup> Route Peg Orders are eligible for execution in a given security during Regular Trading Hours, except that, even after the commencement of Regular Trading Hours, Route Peg Orders are not eligible for execution (1) in the opening cross, and (2) until such time that regular session orders in that security can be posted to the EDGA Book. A Route Peg Order does not execute at a price that is inferior to a Protected Quotation, and is not be permitted to execute if the

<sup>4</sup> See Securities Exchange Act Release No. 67726 (August 24, 2012), 77 FR 52771 (August 30, 2012) (Order Approving the Route Peg Order).

<sup>5</sup> The "EDGA Book" is defined as "the System's electronic file of orders." See Exchange Rule 1.5(d).

<sup>6</sup> "Regular Trading Hours" is defined as "the time between 9:30 a.m. and 4:00 p.m. Eastern Time." See Exchange Rule 1.5(y).

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

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

<sup>3</sup> The term "User" is defined as "any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3." See Exchange Rule 1.5(ee).