

exchanges and non-exchange markets, because co-location exists to advance that competition. Further, excessive fees for co-location services, including for wireless technology, would serve to impair an exchange's ability to compete for order flow rather than burdening competition.

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

No written comments were either solicited or 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) by its terms does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6)<sup>9</sup> thereunder.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b-4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange stated that the proposal will promote competition for distribution of market data by offering an optional and innovative product enhancement and is in response to requests from clients that wish to utilize the technology. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest so that BX can immediately offer the remote Multi-cast ITCH Wave Ports to clients that believe it can enhance the efficiency of their

trading.<sup>10</sup> The Commission also notes that it approved a similar Nasdaq offering for Nasdaq clients colocated at third party data centers to receive Nasdaq TotalView ITCH market data.<sup>11</sup> Accordingly, the Commission hereby grants the Exchange's request and designates the proposal operative upon filing.

At any time within 60 days of 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-BX-2014-005 on the subject line.

*Paper Comments*

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

All submissions should refer to File Number SR-BX-2014-005. 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-BX-2014-005, and should be submitted on or before March 26, 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. 2014-04793 Filed 3-4-14; 8:45 am]

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-71627; File No. SR-OCC-2014-01]

**Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Concerning Amendments to the Charters for the Membership/Risk Committee, Audit Committee and Performance Committee of OCC's Board of Directors**

February 27, 2014.

**I. Introduction**

On January 2, 2014, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-OCC-2014-01 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> The proposed rule change was published for comment in the **Federal Register** on January 22, 2014.<sup>3</sup> The Commission received no comment letters. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

<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> Securities Exchange Act Release No. 71311 (January 15, 2014), 79 FR 3653 (January 22, 2014).

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide the Commission with 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 proposed rule change, or such shorter time as designated by the Commission. The Exchange has met this requirement.

<sup>10</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>11</sup> See Exchange Act Release No. 68735 (January 25, 2013); 78 FR 6842 (January 31, 2013) (order approving SR-NASDAQ-2012-119).

## II. Description

Pursuant to the proposed rule change, as approved, OCC is amending its charters for the Membership/Risk Committee ("MRC Charter"), Audit Committee ("AC Charter") and Performance Committee ("PC Charter") (collectively, "Committee Charters") of OCC's Board of Directors ("Board").

### *Changes Common to the MRC, AC, and PC*

OCC is amending the Committee Charters<sup>4</sup> to more clearly set forth certain uniform administrative functions to provide that: (i) Each committee chair is responsible for ensuring that important issues discussed at committee meetings are reported timely to the Board; (ii) each committee chair shall determine if minutes of executive sessions are to be maintained, taking into consideration the sensitivity of the matters discussed and the possibility that candor might be limited if minutes are maintained; (iii) each committee confirm annually that all responsibilities outlined in its Committee Charter have been carried out; and (iv) each committee evaluate its performance, and the performance of its individual members, on a regular basis and provide results of such assessment to the Governance Committee ("GC") for review. As described in more detail below, OCC is also amending the Committee Charters to reflect certain changes specific to the charters of MRC, AC, and PC, respectively.

### *Changes Specific to the Committee*

#### *Membership/Risk Committee*

Section I of the MRC Charter states, in relevant part, that the Board established the MRC to assist the Board in overseeing OCC's policies and processes for identifying and addressing strategic, operational, and financial risks. OCC is amending the MRC Charter to more clearly provide for the MRC's oversight of the Chief Risk Officer ("CRO") activities by requiring that the MRC: (i) Meet at least annually with the CRO and other corporate officers deemed appropriate in separate executive sessions; (ii) decide whether to approve management's recommendation to appoint or replace the CRO; (iii) assess the performance of the CRO and the Enterprise Risk Management ("ERM") Department; (iv) oversee the structure, staffing and resources of the ERM Department; (v) decide whether to

approve any CRO annual compensation or salary adjustments, but delegate to the MRC Chair the ability to modify the approved amount as a result of the MRC Chair's participation in the annual meeting of the PC; (vi) review and recommend OCC's "Risk Appetite Statement"<sup>5</sup> for annual Board approval; and (vii) review and monitor OCC's risk profile for consistency with OCC's "Risk Appetite Statement."

#### *Audit Committee*

Section I of the AC Charter states, in relevant part, that the Board established an AC to assist the Board in overseeing OCC's financial reporting process, OCC's system of internal control, and OCC's auditing, accounting, and compliance processes. OCC is amending the AC Charter to more clearly provide that the AC: (i) Monitor and evaluate the independent accountant's qualifications, performance, and independence and, based upon such evaluations, recommend the independent accountant's appointment or dismissal;<sup>6</sup> (ii) resolve any disagreements between management and the independent accountant regarding financial reporting; and (iii) review reports obtained from and prepared by the independent accountant to evaluate the independent accountant's qualifications, performance, and independence.

OCC is also amending the AC Charter to clarify the committee's duties and responsibilities with respect to OCC's Internal Audit Department by requiring that the AC: (i) Review and approve the Internal Audit Department Charter to ensure that there are no unjustified scope restrictions or limitations placed on the Internal Audit Department; (ii) decide whether to approve management's recommendation to appoint or replace the Chief Audit Executive ("CAE"); (iii) review the Internal Audit Department process for establishing the risk-based annual internal audit plan and monitor progress against the plan; (iv) review reports and other communications prepared by the Internal Audit Department and inquire of management regarding steps taken to deal with items raised; (v) assess the performance of the CAE and Internal Audit Department; (vi) decide whether

to approve the CAE's annual compensation, but delegate to the AC Chair the ability to modify the approved amount as a result of the MRC Chair's participation in the annual meeting of the PC; and (vii) oversee the structure, staffing and resources of the Internal Audit Department.

In addition, OCC is amending the AC Charter to provide that the Internal Audit Department may utilize co-sourcing service providers.<sup>7</sup> Specifically, the amended rule change, as approved, allows the AC to delegate authority to the CAE to: (i) Hire internal audit co-sourcing service providers, on an as needed basis, to review particular areas of OCC, augment resources available within the Internal Audit Department, or for any other practical purpose; (ii) review the performance of the internal audit co-sourcing service providers; (iii) exercise final approval on the appointment, retention, or discharge of the audit firm; and (iv) approve the scope of services to be performed by the internal audit-co sourcing service provider.

Finally, OCC is amending the AC Charter to provide that the AC will meet at least annually with management, the Chief Compliance Officer, the CAE, and the independent accountants, in separate executive sessions, to discuss any matters that either side believes warrants private discussion.

#### *Performance Committee*

OCC is amending the PC Charter to require, among other things, that: (i) The PC Chair meet at least annually in private session with the GC Chair to discuss the performance of key officers; (ii) the PC meet at least annually with the Chief Executive Officer and any other corporate officers deemed appropriate by the PC to discuss and review key officers' performance and compensation levels; (iii) the PC meet annually to determine compensation levels of key officers;<sup>8</sup> (iv) the PC Chair recuse himself from discussion of his individual compensation, benefits, or perquisites, except as otherwise requested by the other members of the Committee; and (v) the functions and responsibilities of the PC be amended to also include review performance and compensation of key employees, to

<sup>4</sup> The original versions of the Committee Charters were approved on December 6, 2013. See Securities Exchange Act Release No. 71022 (December 6, 2013), 78 FR 75659 (December 12, 2013) [File No. SR-OCC-2013-17].

<sup>5</sup> The "Risk Appetite Statement" sets the standards on which all of OCC's risk identification, measurement, monitoring, and testing are based. OCC believes that the OCC's Risk Appetite Statement is a key component of its enterprise risk management program.

<sup>6</sup> OCC believes that this change will align with best practices and reflect the AC's oversight of the external auditor to better assure independence in connection with the performance of the external auditors' function and services.

<sup>7</sup> Co-sourcing service providers are consultants hired on a temporary basis to assist with a particular project when OCC's Internal Audit Department staff is otherwise fully engaged and requires additional resources or skill sets to complete a project on a timely basis.

<sup>8</sup> The AC and MRC Chairs shall be invited to attend such meeting to discuss the performance of the CAE and CRO, respectively, and to advise on the compensation levels approved for such officers as provided for in each Committee's Charter.

appoint and remove members of the Administrative Committee and to oversee the Administrative Committee, confirm annually that all charter responsibilities have been carried out, and to evaluate the committee's and PC members' performance on a regular basis.

### III. Discussion

Section 19(b)(2)(C) of the Act<sup>9</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act<sup>10</sup> requires that the rules of a clearing agency that is registered with the Commission be designed to, among other things, protect investors and the public interest.

The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act<sup>11</sup> because the amendments to the Committee Charters should clarify the role and responsibilities of each of the Committees within OCC's governance structure. Furthermore, consistent with Rule 17Ad-22(d)(8)<sup>12</sup> under the Act, the amendments to the Committee Charters should help ensure that OCC has governance arrangements that are clear and transparent, support the objectives of OCC's owners and participants, and promote the effectiveness of OCC's risk management procedures.

### IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>13</sup> and the rules and regulations thereunder.

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> that the proposed rule change (File No. SR-OCC-2014-01) be and hereby is approved.<sup>15</sup>

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-04796 Filed 3-4-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71631; File No. SR-NYSEArca-2014-02]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Amending Its Rules in Order To Clarify the Applicability and Functionality of Certain Order Types on the Exchange

February 27, 2014.

#### I. Introduction

On January 8, 2014, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), 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> a proposed rule change to amend its rules in order to clarify the applicability and functionality of certain option order types on the Exchange. The proposed rule change was published for comment in the **Federal Register** on January 21, 2014.<sup>3</sup> The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

#### II. Description of the Proposal

The Exchange has proposed to amend Rule 6.62 in order to clarify the applicability and functionality of certain option order types. The Exchange states that it is not proposing to change or alter any obligations, rights, policies or practices enumerated within its rules. Rather, according to the Exchange, this proposal is designed to reduce the potential for investor confusion as to the functionality and applicability of certain option order types presently available on the Exchange.<sup>4</sup>

The Exchange's proposed revisions to Rule 6.62 would provide greater detail as to the existing functionality of certain order types, including:

- **Rule 6.62(a)—Market Order.** The Exchange has proposed to amend Rule 6.62(a) to specify that: (1) Market Orders

entered before the opening of trading will be eligible for trading during the Opening Auction Process; (2) Market Orders entered during Core Trading Hours will be rejected if, at the time the order is received, there is no National Best Bid ("NBB") and no National Best Offer ("NBO") (collectively, "NBBO") disseminated by the Options Pricing Reporting Authority ("OPRA") for the relevant option series; and (3) if at the time the Exchange receives a Market Order to buy (sell) there is an NBB (NBO) but no NBO (NBB) being disseminated, the Market Order will be processed pursuant to Rule 6.60(a).<sup>5</sup>

- **Rule 6.62(d)(1)–(2)—Stop Orders and Stop Limit Orders.** The Exchange has proposed to amend Rule 6.62(d)(1)–(2) to specify that it will reject Stop Orders and Stop Limit Orders to buy entered with a stop price below the bid at the time the order is entered and Stop Orders and Stop Limit Orders to sell entered with a stop price above the offer at the time the order is entered.<sup>6</sup>

- **Rule 6.62(o)—NOW Order.** The Exchange has proposed to clarify that a NOW Order that is not marketable against the NBBO when submitted to the Exchange will be rejected.<sup>7</sup>

- **Rule 6.62(t)—Liquidity Adding Order.** The Exchange has proposed to clarify that this order type may only be entered with a Day time-in-force modifier.<sup>8</sup>

The Exchange's additional proposed revisions to Rule 6.62 would be three-fold. First, the Exchange has proposed to specify in Rules 6.62(d)(5), 6.62(g) and 6.62(i) that Stock Contingency Orders, One-cancels-the-other Orders, and Single Stock Future/Option Orders, respectively, are only eligible for open outcry trading.<sup>9</sup> Second, the Exchange has proposed to decommission the functionality supporting the Inside Limit Order defined in Rule 6.62(c) and the Tracking Order defined in Rule 6.62(d)(6) due to a lack of demand for these order types. The Exchange states that it does not intend to re-introduce these order types in the future, and thus proposes to delete the text of these

<sup>5</sup> See proposed Rule 6.62(a); see also Notice, 79 FR at 3430.

<sup>6</sup> See proposed Rules 6.62(d)(1)–(2); see also Notice, 79 FR at 3430. The Commission notes that proposed Rule 6.62(d)(1)–(2) accurately sets forth this additional specification, but the Exchange's description of this rule change in the purpose section of its filing refers to stop prices above the bid or below the offer (instead of below the bid or above the offer) triggering rejection.

<sup>7</sup> See proposed Rule 6.62(o); see also Notice, 79 FR at 3430.

<sup>8</sup> See proposed Rule 6.62(t); see also Notice, 79 FR at 3430.

<sup>9</sup> See proposed Rules 6.62(d)(5), 6.62(g) and 6.62(i); see also Notice, 79 FR at 3430.

<sup>9</sup> 15 U.S.C. 78s(b)(2)(C).

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

<sup>11</sup> *Id.*

<sup>12</sup> 17 CFR 240.17Ad-22(d)(8).

<sup>13</sup> 15 U.S.C. 78q-1.

<sup>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</sup> In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

<sup>16</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> See Securities Exchange Act Release No. 71293 (January 14, 2014), 79 FR 3429 ("Notice").

<sup>4</sup> See Notice, 79 FR at 3429.