

products under the applicable provisions of the Rule 5700 Series.

The Exchange also believes that the proposed fees and waivers are consistent with Section 6(b)(5) of the Act in that the fees are non-discriminatory. As noted, the proposed fees would apply equally to all companies listing exchange traded products under the applicable provisions of the Rule 5700 Series. In addition, applying the existing fee schedule to all unspecified exchange traded products eliminates an inconsistency in the fees currently charged by NASDAQ where some similar products are charged lower fees, and is thereby designed to equitably allocate fees and not permit unfair discrimination between issuers of similar products.

Finally, the Exchange believes the proposed fees and waivers are consistent with Section 6(b)(8) of the Act in that they do not impose a burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, the proposed rule change will adopt lower fees for issuers of exchange traded products, thereby enhancing competition among exchanges.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Rather, by adopting fees for specific types of products similar to those fees in place at NYSE Arca and BATS, and by waiving fees for transfers of exchange traded products from other exchanges, the proposed rule change will promote competition for the listing of these products.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁶ and paragraph (f) of Rule 19b-4 thereunder.¹⁷

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. Please include File Number SR-NASDAQ-2013-115 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-NASDAQ-2013-115. 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 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 offices 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-NASDAQ-2013-115, and should be submitted on or before October 11, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-22882 Filed 9-19-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70395; File No. SR-BOX-2013-38]

Self-Regulatory Organizations; BOX Options Exchange LLC; Order Approving a Proposed Rule Change To Modify the Complex Order Filter

September 16, 2013.

I. Introduction

On July 22, 2013, BOX Options Exchange LLC (the "Exchange" or "BOX") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to modify the Exchange's rules governing the filtering of inbound Complex Orders. The proposed rule change was published for comment in the **Federal Register** on August 5, 2013.³ The Commission received no comments regarding the proposal. This order approves the proposed rule change.

II. Description of the Proposal

BOX proposes to amend BOX Rule 7240(b)(3)(iii) to modify the procedures governing the filtering of inbound Complex Orders. BOX also proposes to amend BOX Rule 7130(a) to provide that the Exchange's High Speed Vendor Feed ("HSVF") is available to market participants and that Complex Orders exposed during the Complex Order filtering process are included in the HSVF.

A. Complex Order Filter

BOX's Complex Order Filter provides a process designed to assure that each component leg of an inbound Complex Orders is executed at a price that is equal to or better than the national best bid or offer ("NBBO") and BOX best bid or offer ("BBO") for that series.⁴ BOX proposes to revise its rules to specifically provide that the Complex Order Filter operates in a series of

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 70063 (July 30, 2013), 78 FR 47463 ("Notice").

⁴ See BOX Rule 7240(b)(3)(iii).

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f).

sequential steps, set forth in BOX Rule 7240(b)(3)(iii)(A)–(D), that result in a Complex Order being fully or partially executed, cancelled, or entered on the Complex Order Book.⁵

Under the first step in the filtering process, a Complex Order with an execution price that is equal to or better than both the cNBBO and the cBBO will be executed against existing interest on the BOX Book or the Complex Order Book.⁶ BOX proposes to revise the rule to indicate that such Complex Order will be executed “to the extent possible,” to clarify that the Complex Order may receive a partial execution.⁷

Under the next step of the current filtering process, a BOX-Top Complex Order or a Market Complex Order that is executable against the cNBBO but that is not executable on BOX is exposed on the Complex Order Book for a period of up to one second.⁸ In contrast, under current BOX rules, a Limit Complex Order that is executable against the cNBBO but that is not executable on BOX is not subject to exposure, but instead is entered on the Complex Order Book.⁹ BOX proposes to amend its rules to make the exposure period available to Limit Complex Orders, as well as BOX-Top and Market Complex Orders, with an exposure price equal to, or better than, the same side cNBBO. If the Complex Order’s exposure price is worse than the same side cNBBO, the Complex Order will not be exposed and will be cancelled, except that a Limit Complex Order with an exposure price worse than the same side cNBBO that does not lock or cross the Complex Order Book will be entered on the Complex Order Book.¹⁰

The revised rule provides that to the extent any inbound Limit, BOX-Top, or Market Complex Order is not executable as provided in BOX Rule 7240(b)(3)(iii)(A) (*i.e.*, at a price that is equal to or better than both the cNBBO and the cBBO), the inbound Complex Order will be exposed to Participants for

a time period established by BOX, not to exceed one second, if the Complex Order’s exposure price would be equal to, or better than, the same side cNBBO. During the exposure period, (i) a Limit Complex Order will be exposed at the order’s limit price, or if the limit price is equal to or better than the opposite side cNBBO, at the opposite side cNBBO; (ii) a BOX-Top Complex Order will be exposed at the opposite side cNBBO or, if a limit price has been determined by a partial execution of the order, at the order’s limit price; and (iii) a Market Complex Order will be exposed at the opposite side cNBBO.¹¹

BOX also proposes to allow a Participant to elect not to subject its Complex Order to the exposure period.¹² Unless a Participant specifies that its Complex Order not be exposed, the Complex Order will be exposed by default.¹³ A Complex Order that is not subject to the exposure period will be cancelled or submitted to the Complex Order Book, in accordance with the Participant’s instructions.¹⁴

Under current BOX rules, any unexecuted quantity of a Complex Order remaining at the end of the exposure period will be cancelled. BOX proposes to amend its rules to provide more specificity regarding when any unexecuted quantity of a Complex Order remaining at the end of the exposure period will be cancelled. Specifically, such unexecuted quantity will be cancelled if: (i) The Participant submitting the order provides instructions to cancel the order at that point; (ii) the Complex Order is a Market Order; (iii) the Complex Order is a BOX-Top Order, no part of which has been executed; or (iv) the Complex Order is a BOX-Top or Limit Order at a limit price that could execute on BOX but only at a price that is not equal to or better than the opposite side cNBBO.¹⁵ Any unexecuted quantity of a Limit or BOX-Top Complex Order that is not cancelled will be entered on the Complex Order Book at its limit price.¹⁶

B. BOX Rule 7130

BOX proposes to revise BOX Rule 7130(a) to provide that (i) the HSVF is made available to market participants, rather than displayed only to Options Participants; and (ii) Complex Orders exposed during the Complex Order

filtering process are included in the HSVF.

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.¹⁷ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁸ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, 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.

The proposal will expand the availability of the exposure period to Limit Complex Orders that are executable against the cNBBO but are not executable on BOX.¹⁹ Currently, such Limit Complex Orders would be sent to the BOX Book. The Commission believes that making the exposure period available to such Limit Complex Orders could benefit investors by providing additional execution opportunities for such Limit Complex Orders.²⁰

The proposal also revises the Complex Order filtering process to allow a Participant to elect not to have its Complex Order subjected to the exposure period, or to have any unexecuted portion of its order cancelled at the conclusion of the exposure period.²¹ The Commission believes that these changes could benefit market participants by providing them with additional flexibility in determining how their Complex Orders are processed.

The Commission believes that the new provisions in BOX Rule 7240(b)(3)(iii)(C) setting forth the circumstances in which any unexecuted quantity of a Complex Order will be

⁵ See Notice, 78 FR at 47463.

⁶ See BOX Rule 7240(b)(3)(iii)(A). The cBBO is the best net bid and offer price for a Complex Order Strategy based on the BBO on the BOX Book for the individual options components of that Strategy. The cNBBO is the best net bid and offer price for a Complex Order Strategy based on the NBBO for the individual options components of that Strategy. See BOX Rule 7240(a)(1) and (3).

⁷ See BOX Rule 7240(b)(3)(iii)(A).

⁸ See BOX Rule 7240(b)(3)(iii)(C)(II). In setting the exposure period, BOX will take into consideration the technological ability of Participants to respond and similar exposure periods implemented by BOX and other exchanges. See Notice, 78 FR at 47464. BOX will notify Participants of the duration of the exposure period, and any changes to its duration, via regulatory circular. See *id.*

⁹ See BOX Rule 7240(b)(3)(iii)(C)(I).

¹⁰ See BOX Rule 7240(b)(3)(iii)(B).

¹¹ See BOX Rule 7240(b)(3)(iii)(B).

¹² See BOX Rule 7240(b)(3)(iii)(B).

¹³ See Notice, 78 FR at 47464.

¹⁴ See BOX Rule 7240(b)(3)(iii)(B).

¹⁵ In addition, a Participant may voluntarily cancel a Complex Order at any time, including during the exposure period. See Notice, 78 FR at 47464. See also BOX Rule 7240(b)(3)(iii)(C).

¹⁶ See BOX Rule 7240(b)(3)(iii)(D).

¹⁷ In approving the proposal, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁸ 15 U.S.C. 78f(b)(5).

¹⁹ See BOX Rule 7240(b)(3)(iii)(B).

²⁰ A Complex Order with an exposure price worse than the same side cNBBO will be cancelled, except that a Limit Complex Order with a price worse than the same side cNBBO that would not lock or cross the Complex Order Book will be entered on the Complex Order Book. See BOX Rule 7240(b)(3)(iii)(B).

²¹ See BOX Rules 7240(b)(3)(iii)(B) and 7240(b)(3)(iii)(C)(i).

cancelled at the end of the exposure period (in addition to a cancellation requested by the submitting Participant),²² and the provisions in BOX Rule 7240(b)(3)(iii)(D) indicating that any unexecuted quantity of a Limit or BOX-Top Order that is not cancelled will be entered on the Complex Order Book, should benefit market participants by providing additional transparency regarding the operation of the Complex Order filtering process.

As noted above, BOX Rule 7130(a), as amended, indicates that Complex Orders exposed during the exposure period are included in the HSVF, and that the HSVF is available to market participants, rather than only to Options Participants. The Commission notes that BOX Rule 7130(a)(2) currently states that BOX makes the HSVF available to all market participants at no cost.²³ The modifications to BOX Rule 7130(a) relating to the HSVF are designed to conform the rule to the more specific language in BOX Rule 7130(a)(2)²⁴ and to provide additional information regarding the exposure of complex orders under revised BOX Rule 7240.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁵ that the proposed rule change (SR-BOX-2013-38) is approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-22880 Filed 9-19-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70416; File No. SR-Phlx-2013-92]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Pricing Schedule Sections II and IV

September 16, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

(“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 3, 2013, NASDAQ OMX PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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 Pricing Schedule by waiving the Broker-Dealer Floor Options Transaction Charge (including the Cabinet Options Transaction Charge) as well as the Broker-Dealer FLEX transaction fee, for members executing facilitation orders pursuant to Exchange Rule 1064 when such members would otherwise incur these charges or this fee for trading in their own proprietary account contra to a Customer (a “BD-Customer Facilitation”) if the member's BD-Customer Facilitation average daily volume (including both FLEX and non-FLEX transactions) exceeds 10,000 contracts per day in a given month.

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 purpose of the proposed rule change is to amend the Exchange's Pricing Schedule with respect to certain pricing in Section II entitled “Multiply Listed Options Fees,” and in Section IV.B, entitled FLEX Transaction Fees, in the case of BD-Customer Facilitations as described below.

Broker-Dealer Floor Options Transaction Charges³

The Exchange currently assesses Broker-Dealer Floor Options Transaction Charges⁴ of \$0.25 per contract for both Penny Pilot and non-Penny Pilot options. Similarly, the Exchange assesses Firm Floor Options Transaction Charges⁵ of \$0.25 per contract for both Penny Pilot and non-Penny Pilot options, but it waives these charges for members executing facilitation orders pursuant to Exchange Rule 1064 when such members are trading in their own proprietary account.⁶ The Exchange is now proposing to also waive the Broker-Dealer Floor Options Transaction Charge for members executing BD-Customer Facilitations if the member's BD-Customer Facilitation average daily volume exceeds 10,000 contracts per day (the “Minimum ADV”) in a given month (including both FLEX and non-FLEX transactions) when such members are trading in their own proprietary account.

On occasion, a Broker-Dealer will facilitate orders on behalf of its Customers.⁷ The Broker-Dealer places both the Customer order and the Broker-Dealer's order with a floor broker for execution in open outcry. The Exchange believes that a transaction in which a Broker-Dealer facilitates a Customer order should be treated in the same manner as a Firm facilitation transaction. To qualify for the free execution, the Broker-Dealer and the Customer must have the same Phlx house account number on both the buy and sell side of the transaction. This is the same treatment that applies to

³ The Broker-Dealer Floor Options Transaction Charge and Firm Floor Options Transaction Charge in this discussion include the Cabinet Options Transaction Charge.

⁴ The term “Broker-Dealer” applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.

⁵ The term “Firm” applies to any transaction that is identified by a member or member organization for clearing in the Firm range at OCC. The waiver does not apply to orders where a member is acting as agent on behalf of a non-member.

⁶ See Exchange Rule 1064 entitled “Crossing, Facilitation and Solicited Orders.” A facilitation occurs when a floor broker holds an options order for a public customer and a contra-side order for the same option series and, after providing an opportunity for all persons in the trading crowd to participate in the transaction, executes both orders as a facilitation cross. The Exchange's waiver of the Firm Floor Options Transaction Charges includes Cabinet Option Transaction Charges.

⁷ The term “Customer” applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of broker or dealer or for the account of a “Professional” (as that term is defined in Rule 1000(b)(14)).

²² See note 15, *supra*, and accompanying text.

²³ See Securities Exchange Act Release No. 68833 (February 5, 2013), 78 FR 9758 (February 11, 2013) (notice of filing and immediate effectiveness of File No. SR-BOX-2013-04) (making the HSVF available to all market participants).

²⁴ BOX states that the changes to BOX Rule 7130 are clarifications of the rule text and do not represent changes to the operation of the Exchange. See Notice, 78 FR at 47464.

²⁵ 15 U.S.C. 78s(b)(2).

²⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.