

Pricing Schedule as well as any easy means to access the FLEX transaction fees.

*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 as the amendment is non-substantive and merely serves to add a reference to the Table of Contents which was inadvertently not amended in a prior rule change.

*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**

Pursuant to Section 19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(3)<sup>9</sup> thereunder, the Exchange has designated this proposal as one that is concerned solely with the administration of the self-regulatory organization, and therefore has become effective.

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 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-Phlx-2013-96 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-Phlx-2013-96. 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 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-Phlx-2013-96, and should be submitted on or before November 12, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-70590; File No. SR-CBOE-2013-092]

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to CBSX Appendix A**

October 1, 2013.

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 September 23, 2013, Chicago Board Options Exchange, Incorporated ("Exchange" or "CBOE") 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 Appendix A in the CBOE Stock Exchange, LLC's ("CBSX") Rules. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, 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 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.

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

<sup>9</sup> 17 CFR 240.19b-4(f)(3).

<sup>10</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.

*A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

1. Purpose

By way of background, CBSX (CBOE's facility for trading non-option securities) rules are generally contained within Chapters 50 through 54 of the CBOE rulebook. Trading of non-option securities on CBSX is also subject to the rules in Chapters 1 through 29 to the same extent such rules apply to the trading of the products to which those rules apply, in some cases supplemented by the rules in Chapters 50 through 54, except for rules that have been replaced by rules in Chapters 50 through 54 and except where the context otherwise requires. Appendix A to Chapters 50 through 54 lists the rules in Chapters 1 through 29 that are applicable to trading on CBSX. Where appropriate, Appendix A also indicates that a rule in Chapter 1 through 29 has been supplemented by a rule in Chapter 50 through 54.<sup>3</sup>

In that regard, Appendix A of the CBSX rules currently references CBOE Rule 3.9, as supplemented by CBSX Rule 50.4. CBOE Rule 3.9(g) currently states, in relevant part, that any person applying pursuant to paragraph (a) of the rule to "have an authorized trading function is required to have completed the Exchange's Trading Permit Holder Orientation Program and to have passed an Exchange Trading Permit Holder Qualification Exam." Because Appendix A of the CBSX rules contains a cross-reference to CBOE Rule 3.9 (as supplemented by CBSX Rule 50.4)<sup>4</sup>, Rule 3.9 is applicable to CBSX Trading Permit Holder ("TPH") applicants as well. The CBOE Registration Services Department historically, however, has not required this orientation or examination for CBSX TPH applicants that will not be engaging in options trading as both the orientation program and the examination referenced in paragraph (g) of Rule 3.9 are focused upon options trading on CBOE (not non-option securities).

As such, the Exchange is proposing to add text to the CBSX Appendix A to make clear that CBOE Rule 3.9(g) is not applicable to CBSX TPH applicants that will not engage in options trading on the Exchange. Specifically, the Exchange is proposing to add text to CBSX Appendix A to explicitly state the

applicable subparagraphs of 3.9(g) that are applicable to CBSX TPH applicants. The Exchange believes this proposal is appropriate as the orientation program and examination referenced in CBOE 3.9(g) is focused on options trading. Thus, the Exchange believes it is appropriate to continue to administer the orientation and examination to CBOE TPH applicants but not to CBSX TPH applicants.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>5</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>6</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>7</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposed rule filing will more specifically state the requirements for CBSX applicants along with codify existing Exchange practices. The Exchange believes the proposed change is consistent with the Act in that it continues to require the options focused TPH Qualification Examination and associated orientation program for CBOE applicants applying to engage in options trading but not for CBSX applicants applying to the Exchange to engage in trading of non-option securities. In addition, the proposed filing is not unfairly discriminating because it will be applied to all similarly situated TPH applicants who are solely trading on CBSX.

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

CBOE does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In particular, the Exchange does not believe that the proposed rule filing will place any burden on intramarket competition because it will be applied equally to similarly situated applicants that are applying to only engage in non-options trading on CBSX. The Exchange does not believe the proposed rule filing will place any burden on intermarket competition because it is merely codifying a current Exchange practice.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

Because the foregoing proposed rule 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, 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) thereunder.

The Exchange has requested that the Commission waive the 30-day operative delay because the rule change would codify an existing Exchange practice and reduce confusion for associated persons of TPHs and regulators. The Commission designates the proposal operative upon filing because it will align CBSX's rules with its existing practice of not requiring CBSX TPH applicants to complete either the TPH orientation program or the TPH exam.<sup>9</sup>

At any time within 60 days of the filing of this 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

<sup>3</sup> See Introduction to CBSX Rules, Chapters 50 through 54.

<sup>4</sup> CBSX Rule 50.4 relates to Trading Access to the CBSX System, and, thus, does not supplement the requirements specifically related to CBOE Rule 3.9(g).

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> *Id.*

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

<sup>9</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change 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-CBOE-2013-092 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-CBOE-2013-092. 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 filing also will be available for inspection and copying at the principal office of the CBOE. 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-2013-092 and should be submitted on or before November 12, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70623; File No. SR-BYX-2013-037]

### Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Rule Change To Add a Reference to Rule 10C-1 Under the Exchange Act in the Exchange's Rules Concerning Unlisted Trading Privileges

October 8, 2013.

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 October 3, 2013, BATS Y-Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission ("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 the Substance of the Proposed Rule Change

The Exchange filed a proposal add language to Rule 14.1, entitled "Unlisted Trading Privileges," that will make clear that the Exchange will not list equity securities without first ensuring that its rules comply with Rule 10C-1 under the Act ("Rule 10C-1").<sup>3</sup>

The text of the proposed rule change is available at the Exchange's Web site at <http://www.batstrading.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 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 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 is proposing to add language to Rule 14.1, which will clarify the fact that the Exchange will not list equity securities without first ensuring that Exchange Rules comply with Rule 10C-1, as described below.<sup>4</sup>

On March 30, 2011, to implement Section 10C of the Act,<sup>5</sup> as added by Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"),<sup>6</sup> the Commission proposed Rule 10C-1 under the Act,<sup>7</sup> which directs each national securities exchange to prohibit the listing of any equity security of any issuer, with certain exceptions, that does not comply with the rule's requirements regarding compensation committees of listed issuers and related requirements regarding compensation advisers. On June 20, 2012, the Commission adopted Rule 10C-1.<sup>8</sup> Rule 10C-1 obligates the Exchange to establish listing standards that require each member of a listed issuer's compensation committee to be a member of the issuer's board and to be independent, as well as establish certain factors that an issuer must consider when evaluating the independence of a director.<sup>9</sup> Rule 10C-1 also requires the Exchange to establish standards for evaluating the independence of a compensation consultant, legal counsel, or other adviser ("Compensation Consultant") and requires a Company to provide funding to a compensation committee to retain such Compensation Consultant.<sup>10</sup>

The Exchange does not currently list any securities as a primary listing market. Consistent with this fact, Exchange Rule 14.1 currently states that

<sup>4</sup> 17 CFR 240.10C-1.

<sup>5</sup> 15 U.S.C. 78j-3.

<sup>6</sup> Public Law 111-203, 124 Stat. 1900 (2010).

<sup>7</sup> See Securities Act Release No. 9199, Securities Exchange Act Release No. 64149 (March 30, 2011), 76 FR 18966 (April 6, 2011) ("Rule 10C-1 Proposing Release").

<sup>8</sup> See Securities Act Release No. 9330, Securities Exchange Act Release No. 67220 (June 20, 2012), 77 FR 38422 (June 27, 2012) ("Rule 10C-1 Adopting Release").

<sup>9</sup> 17 CFR 240.10C-1.

<sup>10</sup> *Id.*

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

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

<sup>3</sup> 17 CFR 240.10C-1.