

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72573; File No. SR-NYSEMKT-2014-54]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the Members' Schedule of NYSE Amex Options LLC In Order To Reflect Changes To the Capital Structure of the Company

July 9, 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 July 1, 2014, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 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 Members' Schedule (as defined in the Amended and Restated Limited Liability Company Agreement of NYSE Amex Options LLC (the "Company") dated as of May 14, 2014 (the "LLC Agreement")) in order to reflect changes to the capital structure of the Company based on two transactions (such amendment, the "Proposed Rule Change"). The first transaction involved the issuance of Annual Incentive Shares (as defined in the Members Agreement (as defined below)) to the Founding Firms (as defined below) consistent with the formula set forth in Section 2.1 of that certain Amended and Restated Members Agreement, dated as of May 14, 2014, by and among the Company, NYSE MKT, NYSE Holdings LLC (formerly known as NYSE Euronext) ("NYSE Holdings"), NYSE Market (DE), Inc. (formerly known as NYSE Market, Inc.) ("NYSE Market"), Banc of America Strategic Investments Corporation ("BAML"), Barclays Electronic Commerce Holdings Inc. ("Barclays"), Citadel Securities LLC ("Citadel"), Citigroup Financial Strategies, Inc. ("Citigroup"), Goldman, Sachs & Co. ("Goldman Sachs"), Datek Online Management Corp. ("TD Ameritrade") and UBS Americas Inc. ("UBS")

(collectively, excluding the Company, NYSE MKT, NYSE Holdings and NYSE Market, the "Founding Firms") (the "Members Agreement"). The second transaction will involve the transfer of Interests (as defined in the LLC Agreement) by the Founding Firms to NYSE Market, an affiliate of the Exchange, as soon as reasonably practicable following June 18, 2014 pursuant to Article XI of the LLC Agreement and Section 3.1 of the Members Agreement. 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 proposes to amend the Members' Schedule as set forth herein. The amendment reflects changes to the capital structure of the Company due to (i) the issuance of Annual Incentive Shares to the Founding Firms effective February 28, 2014 pursuant to Section 2.1 of the Members Agreement and (ii) the transfer of Interests by the Founding Firms to NYSE Market as soon as reasonably practicable following June 18, 2014 pursuant to Article XI of the LLC Agreement and Section 3.1 of the Members Agreement.

###### Issuance of Annual Incentive Shares

Pursuant to Section 2.1 of the Members Agreement, each year (until 2015, unless extended by the board of directors of the Company) the Company must issue a number of Class B Common Interests (as defined in the LLC Agreement) equal to thirty percent (30%) of the then-outstanding Class B Common Interests as Annual Incentive Shares. These Annual Incentive Shares are allocated among the Members (as

defined in the LLC Agreement) holding Class B Common Interests (such Members, the "Class B Members") based on each Class B Member's contribution to the volume of the Exchange relative to such Class B Member's Individual Target (as defined in the Members Agreement). The Annual Incentive Shares may change the relative economic and voting rights among the Class B Members but have no effect on the relative economic and voting rights as between Members holding Class A Common Interests (as defined in the LLC Agreement) and Class B Members.

Effective February 28, 2014, the Company issued 16.1429 Annual Incentive Shares in the aggregate to the Founding Firms (the "Issuance of Annual Incentive Shares"). Two of the Founding Firms did not achieve their Individual Targets, which reduced the two Founding Firms' economic and voting interests in the Company relative to the other Founding Firms. The Exchange proposes to amend the Members' Schedule as set forth in Exhibit 5A attached hereto<sup>4</sup> (marked against the Members' Schedule in effect prior to such issuance) to reflect the Issuance of Annual Incentive Shares.

###### Founding Firm Transfer

Pursuant to Article XI of the LLC Agreement and Section 3.1 of the Members Agreement, a Member may transfer Interests to a third party or to another Member in accordance with the conditions and limitations set forth therein. The Exchange is filing this Proposed Rule Change, in part, to provide notice that the Founding Firms collectively intend to transfer an aggregate equity interest of 15.8400% in the Company to NYSE Market, an affiliate of the Exchange (the "Founding Firm Transfer"). Upon consummation of the Founding Firm Transfer and the acquisition by NYSE Market of the Class B Common Interests transferred by the Founding Firms, such Class B Common Interests will automatically convert into an appropriate number of Class A Common Interests. Immediately following the Founding Firm Transfer, NYSE MKT will own an equity interest of 47.2000% in the Company, NYSE Market will own an equity interest of 36.8000%, and the Founding Firms, collectively, will own the remaining equity interest of 16.0000%. The Exchange proposes, upon consummation of the Founding Firm Transfer, to amend the Members' Schedule as set forth in Exhibit 5B

<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> The Commission notes that Exhibit 5A is attached to the filing, not to this Notice.

attached hereto <sup>5</sup> (marked against the Members' Schedule following the Issuance of Annual Incentive Shares) to reflect the Founding Firm Transfer.

## 2. Statutory Basis

The Proposed Rule Change is consistent with Section 6(b)<sup>6</sup> of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(1)<sup>8</sup> of the Act, which requires a national securities exchange to be so organized and have the capacity to carry out the purposes of the Act and to comply, and to enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations promulgated thereunder and the rules of the Exchange. The Proposed Rule Change does not modify the Company's trading or compliance rules and preserves the existing mechanisms for ensuring the Exchange's and the Company's compliance with the Act, the rules and regulations promulgated thereunder and the rules of the Exchange. The Proposed Rule Change also preserves the structure of the joint venture which retains NYSE MKT's regulatory control over the Company and the provisions specifically designed to ensure the independence of its self-regulatory function and to ensure that any regulatory determinations by NYSE MKT, as the Company's SRO, are controlling with respect to the actions and decisions of the Company.

Additionally, the Proposed Rule Change continues to require the Company, its Members and its directors to comply with the federal securities laws and the rules and regulations promulgated thereunder and to engage in conduct that fosters and does not interfere with the Exchange's or the Company's ability to carry out its respective responsibilities under the Act.

The Proposed Rule Change is also consistent with, and furthers the objectives of, Section 6(b)(5)<sup>9</sup> of the Act, in that it preserves all of NYSE MKT's existing rules and mechanisms 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 facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in

general, to protect investors and the public interest.

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

The Exchange does not believe that the Proposed Rule Change will have any impact on competition. The Proposed Rule Change solely relates to changes in the relative equity interests among existing Members of the Company pursuant to provisions of the LLC Agreement and Members Agreement that have been previously filed and approved by the Commission. In addition, neither the Issuance of Annual Incentive Shares nor the Founding Firm Transfer implicates the Commission's policies with respect to permissible ownership. Furthermore, because the Proposed Rule Change does not affect the availability or pricing of any goods or services, the Proposed Rule Change will not affect competition either between the Exchange and others that provide the same goods and services as the Exchange or among market participants.

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

No written comments were solicited or received with respect to the Proposed Rule Change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>10</sup> and Rule 19b-4(f)(6) thereunder.<sup>11</sup> Because the 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 prior to 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of the Exchange's 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 satisfied this requirement.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>13</sup> the Commission may 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 an immediate operative date is necessary to permit the efficient consummation of both the Issuance of Annual Incentive Shares and the Founding Firm Transfer. According to the Exchange, accomplishing the Founding Firm Transfer requires that the Members have certainty as to the amount of Common Interests owned by each, which in turn requires timely consummation of the Issuance of Annual Incentive Shares. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because such waiver would allow the Company to consummate the transactions described in the filing in an efficient and predictable manner. Accordingly, the Commission hereby grants the Exchange's request and designates the proposal operative upon filing.<sup>14</sup>

At any time within 60 days of the filing of such 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-NYSEMKT-2014-54 on the subject line.

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>14</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).

<sup>5</sup> The Commission notes that Exhibit 5B is attached to the filing, not to this Notice.

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

<sup>7</sup> 15 U.S.C. 78.

<sup>8</sup> 15 U.S.C. 78f(b)(1).

<sup>9</sup> 15 U.S.C. 78f(b)(5).

### 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-NYSEMKT-2014-54. 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 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 publicly available. All submissions should refer to File Number SR-NYSEMKT-2014-54 and should be submitted on or before August 5, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72582; File No. SR-ICEEU-2014-11]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change Relating to EMIR Requirements

July 10, 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 July 7, 2014, ICE Clear Europe Limited (“ICE Clear Europe”) 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 primarily by ICE Clear Europe. 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 principal purpose of the proposed changes is to amend the ICE Clear Europe Procedures in order to comply with requirements under the European Market Infrastructure Regulation (including regulations and implementing technical standards thereunder, “EMIR”)<sup>3</sup> that will apply to ICE Clear Europe as an authorized central counterparty. ICE Clear Europe has separately filed with the Commission proposed changes to its Clearing Rules (the “Rules”) relating to EMIR implementation and certain other matters (the “Rule Submission”).<sup>4</sup>

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

In its filing with the Commission, ICE Clear Europe 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. ICE Clear Europe has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

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

###### (1) Purpose

ICE Clear Europe submitted proposed amendments to its Procedures in order to comply with requirements under EMIR that will apply to ICE Clear Europe upon its authorization as a

central counterparty and to further implement the related changes made to its Rules pursuant to the Rule Submission. As described in more detail in the Rule Submission, in order to comply with EMIR, ICE Clear Europe is adopting changes to the structure of customer accounts for cleared transactions to enhance segregation options for customers of Clearing Members. This includes the adoption of an individual client segregation framework (through Individually Segregated Sponsored Accounts and Individually Segregated Margin-flow Co-mingled Accounts) for Non-FCM/BD Clearing Members as well as certain modifications relating to the existing, omnibus client segregation model. The amendments to the Procedures described herein are intended to further implement these changes, as well as various other consolidating, conforming and clarifying changes and drafting improvements to the existing Procedures.

As described in the Rule Submission, the amendments to the Rules would establish two new types of individually segregated accounts, Individually Segregated Margin-flow Co-mingled Accounts and Individually Segregated Sponsored Accounts. The proposed Rules will also establish multiple new types of omnibus accounts, Segregated Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) and Segregated TTFCFA Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) as well as Omnibus Margin-flow Co-mingled Accounts. These new individually segregated and omnibus accounts will be available only to Non-FCM/BD Clearing Members and their customers. For FCM/BD Clearing Members and their customers, individual client segregation is not being offered at this time, and the existing account types and segregation framework (which are required under applicable law) would be maintained.

ICE Clear Europe proposes to make amendments to the following Procedures: the Clearing Procedures, Finance Procedures, Membership Procedures, Business Continuity Procedures, Complaint Resolution Procedures, General Contract Terms, CDS Procedures, FX Procedures, OTC FX Product Guide and Published Terms for FX Contracts, Auction Terms for FX Default Auctions, Auction Terms for F&O Default Auctions and Delivery Procedures. The CDS Operational Procedures are being eliminated as they are no longer applicable.

The proposed Procedure amendments are described in detail as follows.

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

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

<sup>3</sup> Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as well as various implementing regulations and technical standards.

<sup>4</sup> Securities Exchange Act Release No. 34-72540 (July 3, 2014), 79 FR 39429 (July 10, 2014) (SR-ICEEU-2014-09).

<sup>15</sup> 17 CFR 200.30-3(a)(12).