

these DMMs must satisfy additional quoting and other obligations.

The Exchange does not believe the proposed change will cause any unnecessary burden on inter-market competition because all market makers are entitled to receive participation entitlements provided they direct orders and those orders are executed by those DMMs. In addition, the Exchange believes that the proposed rule change will in fact promote competition. The Exchange believes allowing DMMs to receive participation entitlements will promote trading activity on the Exchange because it will provide incentives to DMMs to quote in series which they are not obligated to do so, to the benefit of the Exchange, its Members, and market participants.

The Exchange does not believe that the method in which it rounds up or down to the nearest integer creates an undue burden on competition. The rounding outcome is not guaranteed and is only the result of necessity of allocating shares in a just, equitable and transparent manner to 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 either solicited or received.

### 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 (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (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-BX-2014-049 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-BX-2014-049. 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-2014-049, and should be submitted on or before January 2, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>55</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73779; File No. SR-NSCC-2014-12]

### Self-Regulatory Organizations; National Securities Clearing Corporation; Notice of Filing of Proposed Rule Change to Amend NSCC's Rules and Procedures in Connection with the Discontinuance of the Analytic Reporting Service

December 8, 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 November 25, 2014, National Securities Clearing Corporation ("NSCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Item I, II and III below, which Items have been prepared by NSCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change consists of amendments to Rule 57 (Insurance and Retirement Processing Services) and Addendum A (Fee Structure) of NSCC's Rules & Procedures in connection with the discontinuance of the Analytic Reporting Service, as more fully described below. The text of the proposed rule change is available on NSCC's Web site at <http://www.dtcc.com/legal/sec-rule-filings.aspx>, at the principal office of NSCC, and at the Commission's Public Reference Room.

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

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

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

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

<sup>55</sup> 17 CFR 200.30-3(a)(12).

*(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change*

1. Statement of Purpose

*Background.* In 2011, NSCC launched the Analytic Reporting Service ("Service") as part of NSCC's suite of insurance and retirement services.<sup>3</sup> The Service gives subscribing NSCC members access to aggregated insurance products information, including benchmarking information and league tables (such aggregated information, collectively, "Analytics Data"). The Analytics Data produced by the Service is primarily sourced from data and information transmitted to NSCC by its members in connection with NSCC's other insurance and retirement service ("IPS Data"). In 2013, at members' requests, NSCC enhanced the Service to among other things include, as source data for the Service, insurance transaction data processed outside of NSCC but submitted to NSCC for inclusion in the Service by its members and other third parties ("Storage Data").<sup>4</sup>

Prior to implementation of the Service, the suite of insurance and retirement services consisted of transmission and receipt of IPS Data from one member to another, with NSCC merely serving as a conduit for such exchanges of information. With the implementation of the Service, NSCC began maintaining and storing IPS Data for purposes of creating Analytics Data.

*Proposed Rule Change.* Since its launch, subscribers to the Service have been few, and presently, there are only 12 members subscribing. As a result, NSCC is not recovering the costs of maintaining the Service. For this reason, NSCC proposes to amend Rule 57, Section 12 to eliminate the Service. All 12 members have been notified of NSCC's intention to discontinue the Service, and though some of the members have expressed disappointment that the Service is being discontinued, none have objected. Accordingly, NSCC will discontinue the Service effective the close of business on December 31, 2014, or if Commission approval is later than such date, immediately upon Commission approval.

In addition, NSCC will amend Addendum A, to remove the fee structure applicable to the Service.

<sup>3</sup> Securities Exchange Act Release No. 63604 (December 23, 2010), 75 FR 82115 (December 29, 2010) (SR-NSCC-2010-18).

<sup>4</sup> Securities Exchange Act Release No. 69824 (June 21, 2013), 78 FR 38743 (June 27, 2013) (SR-NSCC-2013-08).

As noted above, prior to implementation of the Service, NSCC did not maintain or store any IPS Data; it merely transmitted such data from one member to another. In connection with elimination of the Service, NSCC proposes to amend Rule 57, Section 1, to explicitly state that NSCC will maintain and store IPS Data transmitted to it by and between its members, which IPS Data has not otherwise been rejected, withdrawn or deleted pursuant to the provisions of Rule 57.<sup>5</sup> NSCC shall also retain the right to evaluate the usefulness of such IPS Data, including by providing such IPS Data to third parties under appropriate agreements of confidentiality and to prohibit such third parties from using such IPS Data other than for evaluation of such IPS Data's potential usefulness. Any proposed future use by NSCC of such stored and maintained IPS Data shall be subject to a proposed rule change filing with the Commission. With respect to Storage Data supplied to NSCC for inclusion in the Service, NSCC shall only retain such Storage Data in compliance with its data retention policy and shall dispose of all Storage Data in accordance with such policy. Storage Data shall not be stored or maintained for purposes of evaluation for future use by NSCC.

2. Statutory Basis

NSCC believes that the proposed rule change is consistent with the requirements of the Act, and the rules and regulations thereunder applicable to NSCC, in particular Section 17A(b)(3)(F) of the Act,<sup>6</sup> which requires that NSCC's Rules be designed to promote the prompt and accurate clearance and settlement of securities transactions. Given the limited number of subscribers to the Service, NSCC has determined that it is not economically efficient to maintain the Service. As such, by identifying and eliminating a Service [sic] that is not economically efficient, NSCC can better apply its economic resources, which promotes the prompt and accurate clearance and settlement of securities transactions. Further, discontinuance of the Service will be implemented consistently with the

<sup>5</sup> NSCC notes that IPS Data that constitutes "Clearing Data" is and will be subject to the prohibitions, limitations and exceptions set forth in Rule 49 (Release of Clearing Data and Clearing Fund Data). In general, Rule 49 limits NSCC's ability to release Clearing Data relating to transactions of a particular participant. Rule 49 defines "Clearing Data" as transaction data which is received by NSCC for inclusion in the clearance and/or settlement process of NSCC, or such data, reports or summaries thereof, which may be produced as a result of processing such transaction data.

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

safeguarding of securities and funds in NSCC's custody or control or for which NSCC is responsible because the Service is strictly an information service; accordingly, discontinuance of the Service will neither directly nor indirectly affect NSCC's safeguarding of securities or funds in its custody or control or for which it is responsible.

*(B) Clearing Agency's Statement on Burden on Competition*

NSCC does not believe that the proposed rule change will have any impact, or impose any burden on competition.

*(C) Clearing Agency'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 yet been solicited or received. NSCC will notify the Commission of any written comments when received by NSCC.

**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 a 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-NSCC-2014-12 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-NSCC-2014-12. 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 NSCC and on NSCC's Web site at <http://dtcc.com/legal/sec-rule-filings.aspx>. 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-NSCC-2014-12 and should be submitted on or before January 2, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73788; File No. SR-CBOE-2014-089]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Revise the Sales Value Fee

December 8, 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 November

25, 2014, the Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "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 Fees Schedule. 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.

##### 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 its Fees Schedule, effective November 28, 2014. Specifically, the Exchange proposes to enable the Exchange to collect the Sales Value Fee<sup>3</sup> (the "Fee") directly from Trading Permit Holders ("TPHs") when the Fee is due pursuant to an on-floor position transfer between unaffiliated TPHs. In addition, the Exchange proposes to remove obsolete language related to the CBOE Stock Exchange, LLC ("CBSX").<sup>4</sup> Finally, the Exchange proposes to remove the

<sup>3</sup> Pursuant to Section 31 of the Securities Exchange Act of 1934, CBOE pays transaction fees to the SEC based on the volume of securities that are executed on the Exchange. The Sales Value Fee is the mechanism by which CBOE assesses the transaction fees to each TPH.

<sup>4</sup> Trading ended on CBSX on April 30, 2014. See Securities Exchange Act Release No. 34-71880 (April 4, 2014) (Notice) (SR-CBOE-2014-036).

regulatory review process related to the Position Transfer Fee.

Currently, the Sales Value Fee is collected indirectly from TPHs through their clearing firms by OCC on behalf of CBOE. The OCC does not collect the Fee when an on-floor position transfer<sup>5</sup> takes place. The Exchange is proposing to collect the Fee directly from TPHs when there is an on-floor position transfer between unaffiliated TPHs. TPHs will be considered affiliated if one of the TPHs has "control" under Rule 1.1(k) over another TPH.<sup>6</sup>

In addition, the Fees Schedule currently indicates that the Fee is assessed by CBOE to each TPH for the sale of securities when a sale in non-option securities occurs on CBSX with respect to which CBOE is obligated to pay a fee to the SEC under Section 31 of the Exchange Act or a sell order in non-option securities that is routed for execution at a market other than on CBSX, resulting in a covered sale on that market and an obligation of the routing broker providing Routing Services for CBSX to pay the related sales fee of that market. As noted above, CBSX is no longer active; therefore, the Exchange proposes to clarify that the Fee will be assessed by CBOE to TPHs for sales of securities when a sale in option securities occurs with respect to which CBOE is obligated to pay a fee to the SEC under Section 31 of the Exchange Act or when a sell order in option securities is routed for execution at a market other than CBOE, resulting in a covered sale on that market and an obligation of the routing broker providing Routing Services for CBOE, as described in CBOE Rule 6.14B, to pay the related sales fee of that market.

Finally, the Exchange currently provides a service to TPHs seeking to make an off-floor position transfer pursuant to Rule 6.49A whereby a TPH can solicit CBOE to perform a "regulatory review" of the potential transfer to determine whether the proposed transfer meets the off-floor

<sup>5</sup> See Rule 6.49A.

<sup>6</sup> The term "affiliate" of or a person "affiliated with" another person means a person who, directly or indirectly, controls, is controlled by, or is under common control with, such other person. See Rule 1.1(j).

The term "control" means the power to exercise a controlling influence over the management or policies of a person, unless such power is solely the result of an official position with such person. Any person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation. See Rule 1.1(k).

<sup>7</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.