

automated STANS system. STANS provides more expeditious and accurate margin calculations than a manual process. As such, investors and the public will be more confident that OCC will be able to meet its daily settlement obligations because the possibility that clearing member margin deposits would be insufficient should OCC need to use them to complete a settlement will be reduced since margin in the form of preferred stock and corporate bonds valued through a manual process will no longer be permitted. Additionally, OCC will be better able to determine the sufficiency of its margin deposits at any given time since manually valued margin forms of assets, consisting of preferred stock and corporate bonds, will be eliminated. The proposed rule change is not inconsistent with any rules of OCC, including any other rules proposed to be amended.

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

OCC does not believe that the proposed rule change would impact, or impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.<sup>11</sup> Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency, their customers, and the markets that the clearing agency serves. This proposed rule change affects certain clearing members and their customers inasmuch as it eliminates two forms of assets eligible for deposit as margin. However, as stated above, corporate bonds have not been deposited as margin since March 2012 and preferred stock comprises .13% of OCC's total margin deposits and less than five percent of the margin deposits of any individual clearing member.

OCC believes it would be inefficient and ineffective from a cost perspective to expend significant time, resources and expense needed to complete the required systems work to automate monitoring and assessment processes for these asset types in light of their limited usage over time. Moreover, OCC will continue to accept multiple forms of assets from clearing members to meet margin requirements and, based on the quantitative measures concerning clearing member usage of preferred stocks and corporate bonds set forth above, OCC does not believe that the proposed rule change will materially impact users of its services.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be

consistent with the requirements of the Act applicable to clearing agencies, and does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

*(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been 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 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 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-OCC-2014-07 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-OCC-2014-07. 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 20549-1090 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 OCC and on OCC's Web site: [http://www.theocc.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_14\\_07.pdf](http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_14_07.pdf).

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-OCC-2014-07 and should be submitted on or before May 6, 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. 2014-08413 Filed 4-14-14; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-71914; File No. SR-ISE-2014-20]

**Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Schedule of Fees**

April 9, 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 April 1, 2013, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit

<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>11</sup> 15 U.S.C. 78q-1(b)(3)(I).

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 ISE proposes to amend the Schedule of Fees. The text of the proposed rule change is available on the Exchange's Web site (<http://www.ise.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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Schedule of Fees as described in more detail below. The fee changes discussed apply to both Standard Options and Mini Options traded on Exchange. The Exchange's Schedule of Fees has separate tables for fees applicable to Standard Options and Mini Options. The Exchange notes that while the discussion below relates to fees for Standard Options, the fees for Mini Options, which are not discussed below, are and shall continue to be 1/10th of the fees for Standard Options.

##### **1. Market Maker Plus**

In order to promote and encourage liquidity in symbols that are in the penny pilot program ("Select Symbols"), the Exchange currently offers Market Makers<sup>3</sup> that meet the quoting requirements for Market Maker Plus<sup>4</sup> a rebate of \$0.20 per contract for

adding liquidity in those symbols. In addition, the Exchange pays a higher rebate of \$0.22 per contract to Market Makers that meet the quoting requirements for Market Maker Plus and are affiliated with an Electronic Access Member ("EAM") that executes a total affiliated Priority Customer<sup>5</sup> average daily volume ("ADV") of 200,000 contracts or more in a calendar month.<sup>6</sup>

The Exchange proposes to modify the criteria used to determine which days may be excluded from the Market Maker Plus calculation. Currently, in determining whether a Market Maker qualifies for Market Maker Plus, the Exchange excludes the member's single best and single worst overall quoting days each month, on a per symbol basis, if doing so will qualify a member for the rebate. When the Exchange modified the qualification requirements for Market Maker Plus to look solely to the front two months,<sup>7</sup> however, it did not change the method used to determine a Market Maker's best and worst quoting days. As such, this calculation is still based on members' overall quotation statistics, including expiration months other than the front two months used to determine if a Market Maker qualifies for Market Maker Plus. The Exchange believes that this could unintentionally make it more difficult for Market Makers to achieve the Market Maker Plus rebates,<sup>8</sup> and therefore proposes to base the calculation for excluding a Market Maker's best and worst days on the front two expiration months only, consistent with the criteria used to qualify Market Makers for Market Maker Plus rebates.<sup>9</sup>

previous trading day's last sale price was greater than \$100) in premium in each of the front two expiration months.

<sup>5</sup> A Priority Customer is defined in ISE Rule 100(a)(37A) as a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

<sup>6</sup> See Securities Exchange Act Release No. 70872 (November 14, 2013), 78 FR 69718 (November 20, 2013) (SR-ISE-2013-57).

<sup>7</sup> See Securities Exchange Act Release No. 71765 (March 21, 2014), 79 FR 17216 (March 27, 2014) (SR-ISE-2014-17).

<sup>8</sup> For example, if a day is excluded where a Market Maker exceeds the Market Maker Plus quoting threshold based on the front two expiration months, but has a lower performance in other expirations.

<sup>9</sup> The Exchange currently determines whether a Market Maker qualifies as a Market Maker Plus at the end of each month by looking back at each Market Maker's quoting statistics per symbol during that month. The Exchange will continue to monitor each Market Maker's quoting statistics to determine whether a Market Maker qualifies for a rebate under the standards proposed herein. The Exchange also currently provides Market Makers a report on a daily basis with quoting statistics so that Market Makers can determine whether or not they are meeting the Exchange's current stated criteria.

The Exchange also notes that when it increased the Market Maker Plus rebate to \$0.22 per contract for members that meet the total affiliated Priority Customer ADV threshold described above,<sup>10</sup> it did not update its fee schedule to reflect the equivalent rebate for Mini Options. As explained in that filing, the fees and rebates for Mini Options are and shall continue to be 1/10th of the fees for Standard Options. The Exchange therefore proposes to clarify that this rebate is \$0.022 per contract in Mini Options, consistent with the rebate provided for Standard Options.

##### **2. Crossing Order Fees: Clean-Up Changes**

On March 3, 2013 the Exchange filed an immediately effective rule change that introduced a new fee for orders of one hundred or fewer contracts submitted to the Price Improvement Mechanism ("PIM").<sup>11</sup> The Exchange now proposes to clarify that all Firm Proprietary and Non-ISE Market Maker contracts traded in the PIM are subject to the Firm Fee Cap, and that the new fee for PIM orders of 100 or fewer contracts applies to both the originating and contra order. In connection with this change, the Exchange also proposes to clarify that the fee for Crossing Orders applies to both the originating and contra order for both regular and complex orders.

Finally, the Exchange proposes to update a footnote for Mini Options that states that the fee for Crossing Orders is applied to any contracts for which a PIM break-up rebate is provided. As already reflected in the fee schedule with respect to Standard Options, PIM orders of one hundred or fewer contracts are now subject to a separate fee, and this fee, not the fee for Crossing Orders, is applied to those orders when a break-up rebate is provided.<sup>12</sup>

##### **3. Broker Dealer Definition**

A "Broker-Dealer" order is presently defined as an order submitted by a member for a non-member broker-dealer account. In some instances, however, a

Again, the Exchange will continue to provide Market Makers a daily report so that Market Makers can track their quoting activity to determine whether or not they qualify for the Market Maker Plus rebate.

<sup>10</sup> See *supra* note 5.

<sup>11</sup> See *supra* note 5.

<sup>12</sup> The Exchange also proposes to modify another footnote with respect to Mini Options to state that the fee for Crossing Orders, rather than the "applicable fee" is applied to contracts for which the Facilitation and Solicitation break-up rebate is provided. While the current wording is correct, this language will now mirror language adopted for Standard Options.

<sup>3</sup> The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(25).

<sup>4</sup> A Market Maker Plus is a Market Maker who is on the National Best Bid or National Best Offer at least 80% of the time for series trading between \$0.03 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock's

member may submit orders for the account of another broker-dealer that is also an ISE member. Currently these orders would not fall into any of the market participant categories on the fee schedule. The Exchange believes that these orders should also be marked as Broker-Dealer orders, and therefore proposes to amend the definition of a Broker-Dealer order to include all orders submitted by a member for a broker-dealer account that is not its own proprietary account.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>13</sup> in general, and Section 6(b)(4) of the Act,<sup>14</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

### 1. Market Maker Plus

The Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to base the calculation for excluding a Market Maker's best and worst days on the front two expiration months only as the proposed change is consistent with the criteria now used to qualify Market Makers for the rebate, and may help additional Market Makers achieve Market Maker Plus. The Market Maker Plus rebate is competitive with incentives provided by other exchanges, and has proven to be an effective incentive for Market Makers to provide liquidity in Select Symbols to the benefit of all market participants that trade on the ISE. With this proposed change, the Exchange hopes to encourage participation in Market Maker Plus by making the Market Maker Plus calculation internally consistent and more transparent to members, as well as easier attain.

In addition, the Exchange believes that it is reasonable, equitable, and not unfairly discriminatory to clarify the Market Maker Plus rebate in Mini Options for members that meet the total affiliated Priority Customer ADV threshold. As has always been the case, the fees and rebates for Mini Options are and shall continue to be 1/10th of the fees for Standard Options.

## 2. Crossing Order Fees: Clean-Up Changes

The Exchange believes that the proposed clarification regarding the fees for Crossing Orders is reasonable, equitable, and not unfairly

discriminatory. The Schedule of Fees currently contains footnotes that explain which fees are applicable to orders executed in the ISE's crossing mechanisms. The proposed change inserts these footnotes where applicable throughout the Schedule of Fees, and makes additional changes to ensure consistency between footnotes applicable to Standard and Mini Options. The Exchange believes that these changes will further increase transparency for both members and investors.

### 3. Broker Dealer Definition

The Exchange believes that the proposed amendment to the definition of a Broker-Dealer order is reasonable, equitable, and not unfairly discriminatory as this is a technical change intended to clarify how members should mark their orders. With this clarification, orders from a member broker-dealer executed through another member will be properly marked as Broker-Dealer orders, while orders submitted by a member for its own proprietary account will continue to be marked Firm Proprietary. This change is necessary to reduce member confusion, as the current definitions of market participant types do not account for the scenario described above.

The Exchange notes that it has determined to charge fees and provide rebates in Mini Options at a rate that is 1/10th the rate of fees and rebates the Exchange provides for trading in Standard Options. The Exchange believes it is reasonable and equitable and not unfairly discriminatory to assess lower fees and rebates to provide market participants an incentive to trade Mini Options on the Exchange. The Exchange believes the proposed fees and rebates are reasonable and equitable in light of the fact that Mini Options have a smaller exercise and assignment value, specifically 1/10th that of a standard option contract, and, as such, is providing fees and rebates for Mini Options that are 1/10th of those applicable to Standard Options.

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

In accordance with Section 6(b)(8) of the Act,<sup>15</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposed rule change is pro-competitive as it is designed to attract additional

order flow to the ISE. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

## 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)(ii) of the Act<sup>16</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>17</sup> because it establishes a due, fee, or other charge imposed by ISE.

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. 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 No. SR-ISE-2014-20 on the subject line.

<sup>13</sup> 15 U.S.C. 78f.

<sup>14</sup> 15 U.S.C. 78f(b)(4).

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

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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

### 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-ISE-2014-20. 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 ISE. 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-ISE-2014-20 and should be submitted by May 6, 2014.

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

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

[FR Doc. 2014-08417 Filed 4-14-14; 8:45 am]

**BILLING CODE 8011-01-P**

### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71919; File No. SR-FINRA-2014-018]

#### Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing of a Proposed Rule Change To Establish a Fee Schedule for Alternative Trading System Volume Information

April 9, 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 April 4, 2014, Financial Industry Regulatory Authority, Inc. ("FINRA") 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 FINRA. 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

FINRA is proposing to adopt FINRA Rule 4553 (Fees for ATS Data) to establish a fee schedule for optional professional access to alternative trading system ("ATS") volume information published by FINRA on its Web site.

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

\* \* \* \* \*

#### 4000. FINANCIAL AND OPERATIONAL RULES

\* \* \* \* \*

#### 4500. BOOKS, RECORDS AND REPORTS

\* \* \* \* \*

#### 4550. ATS Reporting

\* \* \* \* \*

#### 4553. Fees for ATS Data

##### (a) General

*Fees are charged for ATS Data as set forth in this Rule. Professionals and Vendors must pay the subscription fee to receive ATS Data in accordance with this Rule and execute appropriate agreements with FINRA.*

##### (b) Professionals

*(1) Professionals may subscribe for the most currently published ATS Data and up to five years of historical ATS Data*

*in a downloadable, pipe delimited format for a twelve-month subscription fee of \$12,000. Such fee is not refundable or transferable.*

*(2) Payment of the Professional subscription fee described in this paragraph (b) provides the Professional with use of such ATS Data to generate Derived Data.*

*(3) Professionals may distribute ATS Data or Derived Data to their employees, affiliates, or employees of affiliates but are prohibited from providing ATS Data or Derived Data to any third party.*

##### (c) Vendors

*(1) Vendors may subscribe for access to the most currently published ATS Data and up to five years of historical ATS Data in a downloadable, pipe delimited format for a twelve-month subscription fee of \$18,000. Such fee is not refundable or transferable.*

*(2) Payment of the Vendor subscription fee described in this paragraph (c) provides the Vendor with use of such ATS Data to generate Derived Data.*

*(3) Vendors are prohibited from providing ATS Data to any third party unless a Professional subscription has been purchased for each such third party in accordance with paragraph (b) above.*

##### (d) Non-Professionals

*(1) There shall be no charge paid by a Non-Professional for access to the most recently published four weeks of ATS Data; however, such ATS Data will not be available in a downloadable format.*

*(2) A Non-Professional must agree to terms of use before accessing the ATS Data, including that he or she receives and uses the ATS Data solely for his or her personal, non-commercial use and will not otherwise distribute the ATS Data or Derived Data to other parties. The terms of use for Non-Professionals will be clearly posted on the FINRA.org Web site, and access to the non-fee liable ATS Data content will require a user to acknowledge the terms of use.*

##### (e) Definitions

*For purposes of this rule, the following terms have the meaning set forth:*

*(1) "ATS Data" means Trading Information published by FINRA on its Web site.*

*(2) "Derived Data" means data that is derived from ATS Data and that is not able to be (A) reverse engineered by a reasonably skilled user into ATS Data or (B) used as a surrogate for ATS Data.*

*(3) "Non-Professional" means a natural person who uses the ATS Data solely for his or her personal, non-commercial use. A "Non-Professional" is not:*

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

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

<sup>18</sup> 17 CFR 200.30-3(a)(12).