

transactions in securities, and to remove impediments to and perfect the mechanisms of a free and open market and a national market system, by allowing the Exchange and the Commission additional time to analyze the impact of the Pilot Program while also allowing the Exchange to continue to compete for order flow with other exchanges in option issues trading as part of the Pilot Program.

#### *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 that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that, by extending the expiration of the Pilot Program, the proposed rule change will allow for further analysis of the Pilot Program and a determination of how the Program should be structured in the future. In doing so, the proposed rule change will also serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection. The Pilot Program is an industry wide initiative supported by all other option exchanges. The Exchange believes that extending the Pilot Program will allow for continued competition between Exchange market participants trading similar products as their counterparts on other exchanges, while at the same time allowing the Exchange to continue to compete for order flow with other exchanges in option issues trading as part of the Pilot Program.

#### *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>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</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<sup>10</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>11</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing.<sup>12</sup> 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.

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 under Section 19(b)(2)(B)<sup>14</sup> of the Act 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-NYSEARCA-2014-60 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-NYSEARCA-2014-60. 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 Section, 100 F Street NE., Washington, DC 20549 on business days between the hours of 10 a.m. and 3 p.m. Copies of the filing will also be available for inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://www.nyse.com). 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-NYSEARCA-2014-60 and should be submitted on or before June 17, 2014.

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

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

[FR Doc. 2014-12071 Filed 5-23-14; 8:45 am]

**BILLING CODE 8011-01-P**

#### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72197; File No. SR-CBOE-2014-042]

#### **Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Trading Space Allocation Procedures**

May 20, 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 May 12, 2014, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and

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

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) 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 the 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 pre-filing requirement.

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

<sup>14</sup> 15 U.S.C. 78s(b)(2)(B).

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

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

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 the Substance of the Proposed Rule Change**

The Exchange proposes to adopt Rule 24.22 (Allocation of Trading Spaces) related to the allocation of newly-created trading spaces on the Exchange floor to Trading Permit Holders (“TPHs”). The text of the proposed rule change is provided below.

(additions are italicized; deletions are [bracketed])

\* \* \* \* \*

#### **Chicago Board Options Exchange, Incorporated Rules**

\* \* \* \* \*

#### **Rule 24.21. Index Crowd Space Dispute Resolution Procedures**

(a)—(m) No Change.

[ . . . Interpretations and Policies:

.01 In connection with an expansion of the back area of the SPX trading crowd, CBOE may allocate the available trading spaces using a random lottery process or an order in time process. Under either of the processes that it chooses to utilize, CBOE would announce a deadline by which an approved individual CBOE Trading Permit Holder who would like to use the trading space can submit an indication of interest for one of the available trading spaces in the back area of the SPX trading crowd. Only those individuals who are approved Trading Permit Holders of CBOE would be eligible to submit an indication of interest, and the individual who would be using the trading space must be an effective Trading Permit Holder under CBOE Rule 3.10 (i.e., must have a Trading Permit) at the time of the random lottery process or the order in time process. After the deadline for indications of interest has passed, the available trading spaces in the back area of the SPX trading crowd would be allocated through a random lottery process or an order in time process.]

\* \* \* \* \*

#### **Rule 24.22. Allocation of Trading Spaces**

(a) In connection with an expansion or other physical modification of an area of a trading crowd or creation of a new trading crowd, CBOE may allocate

the available trading spaces using a random lottery process or an order in time process. Under either of the processes that it chooses to utilize, CBOE would announce a deadline by which an approved individual CBOE Trading Permit Holder who would like to use the trading space can submit an indication of interest for one of the available trading spaces. Only those individuals who are approved Trading Permit Holders of CBOE would be eligible to submit an indication of interest, and the individual who would be using the trading space must be an effective Trading Permit Holder under CBOE Rule 3.10 (i.e., must have a Trading Permit) at the time of the random lottery process or the order in time process. After the deadline for indications of interest has passed, the available trading spaces would be allocated through a random lottery process or an order in time process.

(b) CBOE may, in its discretion, determine the specific dimensions and parameters of each trading space in a trading crowd, provided that each Trading Permit Holder performing a specific trading function (i.e., Designated Primary Market-Maker (“DPM”), Lead Market-Maker (“LMM”), Market-Maker, or Floor Broker) in a trading crowd be allocated the same amount of space as each other Trading Permit Holder performing the same respective trading function in that trading crowd. Any determinations made by the Exchange pursuant to this Rule as to the specific dimensions and parameters of the trading spaces within a particular trading crowd shall be communicated in a Regulatory Circular.

\* \* \* \* \*

The text of the proposed rule change is also 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 purpose of the proposed rule change is to allow the Exchange to utilize its current process and procedures for allocating new trading spaces in the back area of the SPX trading crowd to allocate new trading spaces that may be created in other areas of the SPX trading crowd and other trading crowds on the floor of the Exchange. In addition, the Exchange proposes to adopt a rule, which will allow the Exchange to determine the dimensions and parameters of each trading space in a particular trading crowd.

##### **Newly-Created Trading Spaces**

Historically, an order in time process has generally been applied to determine which individuals can use new trading spaces in a crowd located on the CBOE trading floor. In 2008, however, in connection with an expansion of the back area of the SPX trading crowd, the Exchange adopted Interpretation and Policy .01 to Rule 24.21, which provided that the Exchange may allocate newly-created trading spaces in the back area of the SPX trading crowd by either a random lottery process or an order in time process.<sup>3</sup> Thus, Interpretation and Policy .01 to Rule 24.21 was adopted in response to many new trading spaces in the back area of the SPX trading crowd becoming available due to expansion of the SPX trading crowd area. At the time, the Exchange believed that Interpretation and Policy .01 to Rule 24.21 would provide for the issuance of new trading spaces in an objective manner and consequently would provide for fair access to the Exchange.

The Exchange would like the ability to utilize the process and procedures set forth in Interpretation and Policy .01 to Rule 24.21 to allocate other trading spaces that may be created on the Exchange floor due to expansion or other physical modifications to areas on the trading floor besides the “back area of the SPX trading crowd.” From time to time, the Exchange may expand, renovate, or make physical changes to trading crowd areas on the Exchange floor besides the area in the back of the SPX trading crowd. Although the Exchange’s current rules provide a process and procedures for allocating newly-created trading spaces on the floor of the Exchange, they apply only

<sup>3</sup> See Release No. 34–58978; File No. SR–CBOE–2008–116; 73 FR 229, 72089–91 (Nov. 26, 2008).

to trading spaces located in the “back area of the SPX trading crowd.” The Exchange would like the ability to allocate such other newly-created trading spaces in other areas of the Exchange floor using the process set forth in Interpretation and Policy .01 to Rule 24.21 when the Exchange deems that process would be an effective and orderly way of allocating the available trading spaces.

Given the Exchange’s desire to extend the procedures set forth in Interpretation and Policy .01 to Rule 24.21 beyond its current scope to apply to trading crowd areas across the floor of the Exchange, the Exchange believes that the process and procedures should be moved to another rule as opposed to an interpretation and policy under Rule 24.21. The Exchange adopted Interpretation and Policy .01 to Rule 24.21 in connection with expansion of the back area of the SPX trading area. Thus, the Exchange placed the trading space allocation procedure under Rule 24.21 (Index Crowd Space Dispute Resolution Procedures). The Exchange believes that the broader policy should be placed under a separate rule and thus, proposes to adopt new Rule 24.22 (Allocation of Trading Spaces) for this procedure.

#### *Trading Space Dimensions*

The Exchange also proposes to adopt Rule 24.22(b), which will allow the Exchange to determine the specific dimensions and parameters of each “trading space” in a particular trading crowd when the Exchange deems necessary. Certain trading crowds on the floor of the Exchange continue to be densely populated by many TPHs. The proposed rule codifies the Exchange’s policies with respect to TPHs’ use of the Exchange’s facilities. Specifically, the rule sets forth the process that the Exchange may use to allocate trading spaces to TPHs in a fair, equal and non-discriminatory manner. The Exchange believes that Rule 24.22(b) will contribute to the continued maintenance of fair and orderly markets.

The proposed rule provides that the Exchange may, in its discretion, determine the dimensions and parameters of each trading space in a trading crowd, provided that each TPH performing a specific trading function (i.e., Designated Primary Market-Maker (“DPM”), Lead Market-Maker (“LMM”), Market-Maker, or Floor Broker) in a trading crowd be allocated the same amount of space as each other Trading Permit Holder performing the same respective trading function in that trading crowd. The proposed rule allows the Exchange to apportion

different amounts of space to TPHs in a trading crowd based on their differing functions because TPHs within a trading crowd may have different technological necessities that may require more or less space. For example, a Floor Broker may have a need for a PAR workstation or order handling device. The proposed rule allows the Exchange the flexibility to apportion trading space based on the functions of the various TPHs in a trading crowd provided that all TPHs performing the same trading function in the crowd are allocated an equal amount of space in the particular trading crowd. Because not all trading crowds are densely populated, such rules are not necessary in all trading crowds. Accordingly, the Exchange proposes flexibility in the rule so that the Exchange can employ these rules when and where it determines they are needed.

#### **2. Statutory Basis**

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b).<sup>4</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>5</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>6</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that these procedures will contribute to the maintenance of fair and orderly markets by codifying a fair, objective, and nondiscriminatory procedure for allocating trading spaces that may be created in densely populated trading crowds on the floor of the Exchange. The Exchange believes that the proposed rule change is nondiscriminatory because any newly-created trading spaces on the floor of the

Exchange that would be allocated under this process would be made equally available to all TPHs who wish to participate in the allocation process. In addition, the Exchange believes that adopting rules to ensure that all TPHs within densely populated trading crowds are afforded specific, defined, and equal trading spaces in terms of dimensions and parameters will protect TPHs against unfair discrimination on the trading floor of the Exchange.

#### *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 that is not necessary or appropriate in furtherance of the purposes of the Act. Rather, the proposed rule will contribute to more robust and competitive markets by providing TPHs with trading spaces that maximize sightlines between potential counterparties and allow the Exchange to utilize its resources in an efficient manner to promote trading. The rule will also encourage greater participation and competition in the markets by allowing the Exchange to allocate newly-created trading spaces on the Exchange floor in an orderly fashion to TPHs who want to occupy those spaces. Furthermore, the proposed rule will remove burdens on competition by ensuring that all TPHs performing the same trading functions in densely populated trading crowds are afforded trading spaces of equal size and dimensions.

#### *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 change does not:

- A. Significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and

C. become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and Rule 19b-4(f)(6)<sup>8</sup> thereunder.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(a)(ii).

<sup>8</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

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

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

<sup>6</sup> *Id.*

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 will 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-CBOE-2014-042 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-CBOE-2014-042. 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-CBOE-2014-042 and should be submitted on or before June 17, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-12076 Filed 5-23-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34-72195; File No. SR-CBOE-2014-044]**

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

May 20, 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 May 8, 2014, 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 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**

Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") proposes to amend its rules related to regulatory cooperation. 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.

<sup>9</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.

#### **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 Rule 15.9(a) to make explicit the Exchange's authority to enter into information sharing agreements with the Public Company Accounting Oversight Board (the "PCAOB").

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act")<sup>3</sup> amended the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley")<sup>4</sup> to give the PCAOB authority to oversee the audits of brokers and dealers registered with the Securities and Exchange Commission (the "SEC" or the "Commission"). Among other things, Section 104(a)(2) of Sarbanes-Oxley authorizes the PCAOB to establish an inspection program by rule. In August 2011, the Commission approved Temporary Rule 4020T of the PCAOB to implement this new authority.<sup>5</sup> By granting the PCAOB regulatory authority over the audits of registered brokers and dealers, Congress granted the PCAOB authority to receive financial data and related underlying data about registered broker-dealers, such as that which would be provided by the Exchange under the proposed rule change.

The Exchange has entered into an information sharing agreement with the PCAOB. The Exchange intends to share, for example, Trading Permit Holder FOCUS Report<sup>6</sup> data with the PCAOB.

<sup>3</sup> Public Law 111-203, 124 Stat 1376 (July 21, 2010).

<sup>4</sup> Public Law 107-204, 116 Stat. 745.

<sup>5</sup> See Securities Exchange Act Release No. 65163 (August 18, 2011), 76 FR 52996 (August 24, 2011) (approving PCAOB temporary rule for an interim program of inspections related to registered public accounting firm audits of broker-dealers).

<sup>6</sup> The "FOCUS Report (Form X-17A-5) constitutes the basic financial and operational report required of those brokers or dealers subject

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.