

that the other proposed changes to its rulebook to correct typographical changes and add additional detail to the way that certain functionality currently operates provides further clarification to Members, Users, and the investing public regarding the operation of the Exchange's System.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange reiterates that the proposed rule change is being proposed in the context of the technology integration of the BGM Affiliated Exchanges. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is one of several changes necessary to achieve a consistent technology offering by the BGM Affiliated Exchanges.

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

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

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

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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>18</sup> and Rule 19b-4(f)(6) thereunder.<sup>19</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>20</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>21</sup>

permits the Commission to 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, noting that doing so will allow the Exchange to immediately clarify its rules with respect to existing functionality already offered by the Exchange; correct typographical errors in the Exchange's rules; and offer certain functionality that is already available on other market centers, which will allow the Exchange to remain competitive with such other market centers. In addition, the Exchange states that, to the extent a proposed change optimizes existing functionality, the Exchange does not believe that there is a reason to delay the availability of such optimization. Furthermore, the Exchange states that waiver of the operative delay will allow the Exchange to continue to strive towards a complete technology integration of the BGM Affiliated Exchanges, with gradual roll-outs of new functionality to ensure stability of the System. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>22</sup>

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.

### **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-BATS-2014-027 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange

<sup>22</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-BATS-2014-027. 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-BATS-2014-027 and should be submitted on or before August 15, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

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

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72647; File No. SR-BYX-2014-010]

### **Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Rules 11.9, 11.12, and 11.18 of BATS Y-Exchange, Inc.**

July 21, 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>

<sup>23</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>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its 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.

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> 17 CFR 240.19b-4(f)(6)(iii).

notice is hereby given that on July 15, 2014, BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. 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 filed a proposal to amend Rule 11.9 to add certain functionality to the Exchange’s trading platform, to add additional detail regarding existing functionality in place on the Exchange, and to correct certain typographical errors. The Exchange also proposes to make related changes to Rule 11.12 and to eliminate obsolete language and correct certain typographical errors in Rule 11.18.

The text of the proposed rule change is available at the Exchange’s Web site at <http://www.batstrading.com>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant parts of such statements.

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

##### **1. Purpose**

Earlier this year, the Exchange and its affiliate BATS Exchange, Inc. (“BZX”) received approval to affect a merger (the “Merger”) of the Exchange’s parent company, BATS Global Markets, Inc.,

with Direct Edge Holdings LLC, the indirect parent of EDGX Exchange, Inc. (“EDGX”) and EDGA Exchange, Inc. (“EDGA”, and together with BZX, BYX and EDGX, the “BGM Affiliated Exchanges”).<sup>5</sup> In the context of the Merger, the BGM Affiliated Exchanges are working to align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. Thus, many of the proposals set forth below are intended to add certain system functionality currently offered by EDGA and/or EDGX in order to provide a consistent technology offering for users of the BGM Affiliated Exchanges. In the context of such alignment, the Exchange is also seeking to improve the transparency and understandability of its rules, and has therefore proposed various corrective and clarifying changes, as described below.

The specific proposals set forth in more detail below include: (i) The addition of Fill-or-Kill functionality; (ii) the addition of a new replenishment option with respect to Reserve Orders as well as additional detail regarding the existing functionality of Reserve Orders; (iii) the addition of rule text regarding Minimum Quantity functionality; (iv) the addition of Stop Orders and Stop Limit Orders; and (v) various corrections to typographical errors in Exchange rules, elimination of obsolete language in Rule 11.18 as well as the addition of detail to the routing portion of Rule 11.18.

#### **Fill-or-Kill (“FOK”) Functionality**

The Exchange proposes to add a Time-in-Force (“TIF”) term of Fill-or-Kill (“FOK”). The Exchange currently offers five other TIF terms pursuant to Rule 11.9(b), including Immediate-or-Cancel (“IOC”). The Exchange proposes to add FOK as a sixth TIF option, which would be numbered as 11.9(b)(6). As proposed, a FOK would be a limit order that is to be executed in its entirety as soon as it is received and, if not so executed, cancelled.

##### **Example 1—FOK Executes**

Assume the NBBO is  $10.00 \times 10.01$  and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User<sup>6</sup> submits a

limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

- The order to sell 200 shares would execute against the resting displayed and non-displayed orders at 10.00.

##### **Example 2—FOK Does not Execute**

Assume the NBBO is  $10.00 \times 10.01$  and the Exchange has a displayed order to buy 100 shares at 10.00 and no other equal or better priced liquidity. Assume that a User submits a limit order to sell 200 shares at 10.00 that is designated with a TIF of FOK.

- The order to sell 200 shares would be cancelled back to the User because the order could not be executed in its entirety upon receipt by the Exchange.

An order designated as FOK is similar to an IOC order and unique from other TIFs in that it is either executed immediately or cancelled back to a User, and thus, the Exchange also proposes to modify Rules 11.9(e)(1) and 11.18(e)(5) to add reference to orders with a TIF of FOK alongside references to orders with a TIF of IOC, as described below. First, Rule 11.9(e)(1) states that an order may only be cancelled or replaced if the order has a TIF term other than IOC and if the order has not yet been executed. The Exchange proposes to modify Rule 11.9(e)(1) to include the TIF of FOK as another TIF that, when attached to an order, would mean that the order cannot be cancelled or replaced. Second, Rule 11.18(e)(5) describes the operation of BATS market orders<sup>7</sup> and IOC orders in the context of the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the “Limit Up-Limit Down Plan”).<sup>8</sup> The Exchange proposes to modify Rule 11.18(e)(5) to include orders with a TIF of FOK along with such description. Specifically, the Exchange proposes to make clear that, like IOC and BATS market orders, FOK orders will only be executed if such executions are possible at or within the price bands prescribed by the Limit Up-Limit Down Plan, and that if an order with a TIF of FOK cannot be so executed, the remainder of the order will be cancelled.

#### **Reserve Orders and Replenishment**

The Exchange currently offers Reserve Orders, which are defined in Rule 11.9(c)(1) as limit orders “with a portion of the quantity displayed . . . and with a reserve portion of the quantity . . . that is not displayed.” Pursuant to current Rule 11.12(a)(5), the displayed

<sup>5</sup> See Securities Exchange Act Release No. 71375 (January 23, 2014), 79 FR 4771 (January 29, 2014) (SR-BATS-2013-059; SR-BYX-2013-039).

<sup>6</sup> As defined in BYX Rule 1.5(cc), a User is “any Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3.”

<sup>7</sup> See Rule 11.9(a)(2) for a description of BATS market orders.

<sup>8</sup> See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (the “Limit Up-Limit Down Release”).

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

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

quantity of a Reserve Order has time priority as of the time of display. Further, as currently described, if the displayed quantity of the Reserve Order is decremented such that 99 shares or fewer would be displayed, the displayed portion of the Reserve Order shall be refreshed for (i) the original displayed quantity, or (ii) the entire reserve quantity, if the remaining reserve quantity is smaller than the original displayed quantity. Finally, as set forth in Rule 11.12(a)(5), a new timestamp is created both for the refreshed and reserved portion of the order each time it is refreshed from reserve.

The Exchange proposes to add Random Replenishment functionality, as described below, and to [sic] additional detail to Rule 11.9(c)(1), which defines Reserve Orders. In making these changes, the Exchange proposes to remove details regarding replenishment from Rule 11.12(a)(5), as such details are proposed to be included in Rule 11.9(c)(1).

The Exchange proposes to leave the current definition of Reserve Order as currently drafted, but to add the defined terms “Display Quantity” to refer to the displayed quantity of a Reserve Order and “Reserve Quantity” to refer to the non-displayed quantity of a Reserve Order. The Exchange also proposes to explicitly state within Rule 11.9(c)(1) that both the Display Quantity and the Reserve Quantity of a Reserve Order are available for execution against incoming orders.

As noted above, the Exchange currently sets forth the details regarding replenishment of a Reserve Order in Rule 11.12(a)(5). The Exchange proposes to move these details to Rule 11.9(c)(1) and to make certain changes necessary to support the proposed Random Replenishment functionality. Specifically, proposed Rule 11.9(c)(1) would state that if the Display Quantity of an order is reduced to less than a round lot, the System will, in accordance with the User’s instruction, replenish the Display Quantity from the Reserve Quantity using one of the replenishment instructions set forth in the Rule. The Exchange also proposes to state in Rule 11.9(c)(1) that if the remainder of an order is less than the replenishment amount, the System<sup>9</sup> will replenish and display the entire remainder of the order.

The Exchange currently requires Users to designate the original display quantity of an order, which is also the

amount to which an order is replenished (unless the remainder of an order is smaller than the original displayed quantity) under the current replenishment functionality. The Exchange refers to this quantity as “max floor” in its specifications. The Exchange proposes to add a defined term of “Max Floor” to Rule 11.9(c)(1), which would be a mandatory value entered by a User that will determine the quantity of the order to be initially displayed by the System and will also be used to determine the replenishment amount under both replenishment options described below.

The Exchange currently offers one replenishment option, which uses the number of shares from reserve necessary to return the displayed quantity of an order to its original display amount. The Exchange proposes to retain this replenishment option and to define it as “Fixed Replenishment.” As proposed, Fixed Replenishment will apply to any order for which Random Replenishment has not been selected. Under the Fixed Replenishment option, the System will replenish the Display Quantity of an order to the Max Floor designated by the User. The Exchange also proposes to add a new replenishment option, Random Replenishment. As proposed, Random Replenishment is an instruction that a User may attach to an order with Reserve Quantity where replenishment quantities for the order are randomly determined by the System within a replenishment range established by the User. Further, as proposed, the User entering an order into the System subject to the Random Replenishment instruction must select a replenishment value and a Max Floor. The initial Display Quantity will be the Max Floor. The Display Quantity of an order when replenished will be determined by the System randomly selecting a round lot number of shares within a replenishment range that is between: (i) The Max Floor minus the replenishment value; and (ii) the Max Floor plus the replenishment value. The Exchange believes that the Random Replenishment is an optimization of current System functionality as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size.

In addition to the changes set forth above, the Exchange proposes to modify Rule 11.9(e)(3) to state that the Max Floor set for an order can be modified through the use of a replace message rather than requiring a User to cancel and re-enter an order. The Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to the Max Floor of a Reserve Order will not cause such order to lose priority. The Exchange believes that this is appropriate because a modification to Max Floor of a resting Reserve Order will not change the handling or display of the order in any way until replenishment is caused due to the reduction of the Display Quantity to less than a round lot. When such replenishment occurs (based on the new Max Floor), the order will receive a new timestamp, and thus, will have a new priority.

#### Example 1(a)—Fixed Replenishment

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 with a Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of 9,000 shares. Because Random Replenishment was not designated the order defaults to a Fixed Replenishment quantity of 1,000 shares.
- An inbound market order to sell 400 shares is entered into the System and executes against the Display Quantity of 1,000 shares, resulting in a remaining Display Quantity of 600 shares.
- Another market order to sell 600 shares is entered into the System and executes against the 600 displayed shares. The Display Quantity is then replenished by the System from the Reserve Quantity to the order’s original displayed quantity of 1,000 shares, resulting in a remaining Reserve Quantity of 8,000 shares. Both the Display Quantity and the Reserve Quantity receive new timestamps upon replenishment.

#### Example 1(b)—Fixed Replenishment

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- User A enters Order 1, a limit order to buy 6,000 shares at 10.00, the NBB, with a Display Quantity (i.e., Max Floor) of 1,000 shares and a Reserve Quantity of 5,000 shares. Because Random Replenishment was not designated the

<sup>9</sup> As defined in BYX Rule 1.5(aa), the System is the electronic communications and trading facility designated by the Board through which securities orders of Users are consolidated for ranking, execution and, when applicable, routing away.

order defaults to a Fixed Replenishment quantity of 1,000 shares.

- User B then enters Order 2, a display-eligible limit order to buy 600 shares at 10.00 with no Reserve Quantity.
- An inbound market order to sell 2,000 shares is entered into the System.
- The order to sell first executes against the Display Quantity of 1,000 shares of Order 1, then executes against the full 600 shares of Order 2, and then executes against 400 shares of the Reserve Quantity of Order 1 (i.e., the displayed quantities of Orders 1 and 2 execute in time priority, followed by the Reserve Quantity of Order 1).
- The Display Quantity of Order 1 is then replenished for 1,000 shares, leaving a Reserve Quantity of 3,600 shares. Both the Display Quantity and the Reserve Quantity receive new timestamps upon replenishment.

#### Example 2(a)—Random Replenishment

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 10,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 1,000 shares and a replenishment value of 400 shares.
- The initial Display Quantity of the order is 1,000 shares and the Reserve Quantity is 9,000 shares.
- An inbound market order to sell 950 shares is entered into the System and executes against the Display Quantity of the order (1,000 shares), leaving a 50 share Display Quantity. Because the remaining Display Quantity is less than a round lot, the System will replenish the Display Quantity.
- With a replenishment value of 400, subsequent replenishments will return the Display Quantity to a randomly selected round lot value between 600 shares (i.e., Max Floor minus the replenishment value) and 1,400 shares (i.e., Max Floor plus the replenishment value).
- Assume the System selects a Display Quantity of 1,200 shares. The System will refresh the order with 1,150 shares from the Reserve Quantity, thus generating a new Display Quantity of 1,200 shares to sell at 10.00, and a Reserve Quantity of 7,850 shares.

#### Example 2(b)—Random Replenishment

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 9.99, a displayed order to sell 100 shares at 10.01, and no other equal or better priced liquidity.

- A User enters an order into the System to buy 5,000 shares at 10.00 and designates such order for Random Replenishment with a Max Floor of 2,000 shares and a replenishment value of 1,000 shares.
- The initial Display Quantity of the order is 2,000 shares and the Reserve Quantity is 3,000 shares.
- An inbound market order to sell 1,800 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares), leaving a 200 share Display Quantity.
- A second inbound market order to sell 700 shares is entered into the System and executes against the Display Quantity of the order (200 shares) and 500 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 2,500 shares.
- With a replenishment value of 1,000, subsequent replenishments would otherwise return the Display Quantity to a randomly selected round lot value between 1,000 shares (i.e., Max Floor minus the replenishment value) and 3,000 shares (i.e., Max Floor plus the replenishment value). However, in this example, because the Reserve Quantity is now 2,500 shares, the System would instead replenish the Display Quantity to a round lot value between 1,000 and 2,500 shares.
- Assume the System selects a Display Quantity of 2,000 shares, leaving a Reserve Quantity of 500 shares.
- An inbound market order to sell 2,050 shares is entered into the System and executes against the Display Quantity of the order (2,000 shares) and 50 shares of the Reserve Quantity of the order, leaving no Display Quantity and a Reserve Quantity of 450 shares. Because the remaining Reserve Quantity is less than the lower end of the replenishment range (i.e., 1,000 shares), the System will Display the entire remainder of the order, or 450 shares.

#### Minimum Quantity Functionality

The Exchange proposes to codify existing functionality already offered by the Exchange by introducing a definition of Minimum Quantity Order in Rule 11.9(c)(5). The Exchange notes that the main difference between a Minimum Quantity Order and an order with a TIF of FOK is that an order with a specified minimum quantity may be partially executed so long as the execution size is equal to or exceeds the quantity provided by the User whereas a FOK Order must be executed in full.

A Minimum Quantity Order, as proposed, is a limit order to buy or sell that will only execute if a specified minimum quantity of shares can be

obtained. The Exchange proposes to state in Rule 11.9(c)(5) that orders with a specified minimum quantity will only execute against multiple, aggregated orders if such executions would occur simultaneously (rather than only executing against a single order that satisfies the applicable minimum quantity). Finally, the Exchange will only honor a specified minimum quantity on BATS Only Orders that are non-displayed or IOC's. The Exchange will disregard a minimum quantity on any other order.

The Exchange notes that a specified minimum quantity is only applicable to BATS Only Orders, which are not routed to other market centers, because of the practical difficulty the Exchange would face in trying to achieve a minimum quantity through its routing process. For instance, although most market centers have a feature similar to or identical to the Exchange's minimum quantity functionality, the Exchange cannot guarantee that all away market centers would always have such functionality. Minimum quantity is also inconsistent with routed orders because under most of the Exchange's routing options an order is split into multiple smaller orders that are routed simultaneously to away market centers. Similarly, the Exchange notes that a specified minimum quantity is only possible to apply to non-displayed orders or IOC's due to the Exchange's obligations to honor displayed quotations by executing such quotations against incoming orders.<sup>10</sup> By limiting the minimum quantity instruction to non-displayed orders or IOC's the Exchange avoids the display of a quotation that is not executable unless a specific condition is met.

#### Example 1—Minimum Quantity Order Executes

Assume the NBBO is 10.00 × 10.01 and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 200 shares.

- The order to sell 500 shares would receive a partial execution of 200 shares against the resting displayed and non-displayed orders at 10.00. The remaining 300 shares would be cancelled back to the User.

<sup>10</sup> See, e.g., Rule 602 of Regulation NMS (the "Firm Quote Rule"). 17 CFR 240.602.

### Example 2—Minimum Quantity Order Does Not Execute

Assume the NBBO is  $10.00 \times 10.01$  and the Exchange has a displayed order to buy 100 shares at 10.00 and a non-displayed order to buy 100 shares at 10.00. Assume that a User submits an IOC limit order to sell 500 shares at 10.00 with a minimum quantity of 300 shares.

- The order to sell would be cancelled back to the User because the required execution of at least 300 shares could not be satisfied upon receipt by the Exchange.

### Stop and Stop Limit Order Functionality

The Exchange proposes to adopt new orders that trigger based on trades occurring on the Exchange or reported on other marketplaces. Specifically, the Exchange proposes to adopt Stop Orders and Stop Limit Orders. Stop Orders and Stop Limit Orders are not executable unless and until their stop price is triggered. As proposed, a Stop Order is an order that becomes a BATS market order<sup>11</sup> when the stop price is elected. In contrast, a Stop Limit Order is an order that becomes a limit order when the stop price is elected. The triggering events for Stop Orders and Stop Limit Orders will be the same. A Stop Order or Stop Limit Order to buy will be elected when the consolidated last sale in the security occurs at, or above, the specified stop price. A Stop Order or Stop Limit Order to sell will be elected when the consolidated last sale in the security occurs at, or below, the specified stop price.

### Example 1—Stop Order Is Triggered

Assume the NBBO is  $7.80 \times 8.00$ . Assume that a User submits a Stop Order to buy 500 shares with a stop price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.00 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Order, which will convert into a BATS market order to buy.

### Example 2—Stop Limit Order Is Triggered

Assume the NBBO is  $7.84 \times 7.85$ . Assume that a User submits a Stop Limit Order to buy 500 shares at 8.04 with stop limit price of 8.05.

- Assume the NBBO shifts gradually upwards to 8.03 by 8.05. An execution reported by another exchange at 8.05 will trigger the stop price of the Stop Limit Order, which will convert into a limit order to buy at 8.04.

In addition to the changes set forth above, the Exchange proposes to modify Rule 11.9(e)(3) to state that the stop price of an order can be modified through the use of a replace message rather than requiring a User to cancel and re-enter an order. The Exchange also proposes to modify Rule 11.12(a)(3) to make clear that a modification to the stop price of a Stop Order or Stop Limit Order will not cause such an order to lose priority. The Exchange believes that this is appropriate because a modification to the stop price of a resting order will not change the handling of the order in any way other than to trigger the order based on a different subsequent trade than the order otherwise would have.

### Additional Changes

The Exchange proposes to correct three incorrect internal cross-references in Rule 11.9(c)(7)(B), each of which points to paragraph (c)(6)(A) but is intended to refer to paragraph (c)(7)(A). The Exchange proposes to instead simply reference paragraph (A) above, which the Exchange believes is sufficient detail when read in context.

The Exchange also proposes to eliminate all references in Rule 11.18 to individual stock trading pauses issued by a primary listing market and related definitions, which are contained in Rule 11.18(e), 11.18(e)(6) and 11.18(f). The stock trading pauses described in such provisions have been fully phased out as securities have become subject to the Limit Up-Limit Down Plan. The Plan is already operational with respect to all securities, and thus, the Exchange believes that all references to individual stock trading pauses should be removed. This change will also serve to eliminate certain duplicative references that have occurred through amendments to Rule 11.18, including amendments related to the operation of the Limit Up-Limit Down Plan as well as other amendments. The Exchange also proposes various other corrections to the numbering of Rule 11.18 for consistency with other portions of its rules. The Exchange also proposes to eliminate a reference to the operational date of the Limit Up-Limit Down Plan now that it is, in fact, already operational.

In reviewing Rule 11.18 in connection with the above-described corrections, the Exchange determined to also add additional detail to the routing description of Rule 11.18 to reflect the existing functionality of the System. In particular, the Exchange proposes to affirmatively state in Rule 11.18 that the System will not route buy (sell) interest at a price above (below) the Upper

(Lower) Price Band.<sup>12</sup> Because executions cannot occur outside of applicable price bands anyway, the Exchange believes it is inefficient to route orders outside of price bands. For example, assume that the Lower Price Band is \$9.50 and the Upper Price Band is \$10.50. Further assume the NBBO is \$10.00 by \$11.00, and thus, that the national best offer of \$11.00 is not executable.<sup>13</sup> If the Exchange received a routable limit order to buy at \$11.00 such order would not be routed to the available quotation(s) at \$11.00 because such quotation could not be executed. The Exchange notes that the proposed rule text reflecting that the Exchange will not route if there are not executable quotations available is consistent with the rules of several other market centers, including EDGA and EDGX.<sup>14</sup>

### 2. Statutory Basis

The Exchange believes that the proposed rule changes are consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”)<sup>15</sup> and further the objectives of Section 6(b)(5) of the Act<sup>16</sup> because they are designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and, in general, to protect investors and the public interest. The proposed rule change also is designed to support the principles of Section 11A(a)(1)<sup>17</sup> of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets.

The proposed rule changes to add functionality are generally intended to add certain system functionality currently offered by EDGA and/or EDGX in order to provide a consistent technology offering for the BGM Affiliated Exchanges. A consistent technology offering, in turn, will simplify the technology implementation, changes and

<sup>12</sup> The Upper Price Band and Lower Price Band are defined terms in the Limit Up-Limit Down Plan.

<sup>13</sup> The Exchange notes that this condition, with the national best bid and/or national best offer outside of applicable price bands, is defined in the Plan as Straddle State (as long as the security is not in a Limit State). The Exchange also notes that pursuant to the Plan if a security is in a Straddle State and trading in that stock deviates from normal trading characteristics, the applicable listing exchange may, but is not required to, declare a trading pause for that security.

<sup>14</sup> See, e.g., EDGA Rule 11.9(b)(1)(B)(i); EDGX Rule 11.9(b)(1)(B)(i); NASDAQ Rule 4120(a)(12)(E)(4); NYSE Arca Rule 7.11(a)(7).

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

<sup>16</sup> 15 U.S.C. 78f(b)(5).

<sup>17</sup> 15 U.S.C. 78k-1(a)(1).

<sup>11</sup> See Rule 11.9(a)(2).

maintenance by Users of the Exchange that are also participants on BYX, EDGA and/or EDGX. The proposed rule changes would also provide Users with access to functionality that is generally available on markets other than the BGM Affiliated Exchanges and may result in the efficient execution of such orders and will provide additional flexibility as well as increased functionality to the Exchange's System and its Users. The Exchange also believes that the changes to correct or provide additional specificity regarding the functionality of the System would promote just and equitable principles of trade and remove impediments to a free and open market by providing greater transparency concerning the operation of the System. The Exchange also believes that the proposed amendments will contribute to the protection of investors and the public interest by making the Exchange's rules easier to understand.

As explained elsewhere in this proposal, the proposed FOK functionality is similar to existing IOC and Minimum Quantity functionality and is available on numerous other market centers, including EDGA and EDGX. Similarly, the proposed Minimum Quantity functionality is intended to codify functionality that has been available on the Exchange since its inception and is available on numerous other market centers, including the equity options trading platform operated by BZX, known as BATS Options. Finally, the Stop Orders and Stop Limit Orders that the Exchange proposes to add are available on numerous other market centers, including EDGA and EDGX. Thus, the Exchange believes that each of these proposed functionality additions have already been accepted as consistent with the Act and offered by various market centers for many years. Also, to the extent any of the proposals differ from functionality available on other market centers as described elsewhere in this proposal, the Exchange does not believe that any such differences present any additional policy issues to be considered under the Act. The Exchange's addition of such functionality is consistent with the Act for the reasons set forth above.

The Exchange believes that the additional detail with respect to the operation of Reserve Orders and restructuring to move certain descriptions related to Reserve Order handling from Rule 11.12 to Rule 11.9 are consistent with the Act for the reasons set forth above related to transparency of the operation of the System. The Exchange believes that the addition of the Random Replenishment

option is consistent with the Act as it will help to achieve the general goal of Reserve Orders, which is to display less than the full interest that one represents in order to avoid moving the market. Random Replenishment will help Users to further disguise reserve interest by replenishing the Display Quantity of a Reserve Order to a variable amount so that other participants are less likely to detect that such order is in fact a Reserve Order with additional non-displayed size. Given the consistency of this functionality with the overall intent of Reserve Orders, and the widespread and longstanding offering of Reserve Orders by most market centers, the Exchange believes that the Random Replenishment option is consistent with the Act.

The Exchange believes that the proposed change with respect to the fact that the Exchange does not route orders outside of price bands established by the Limit Up-Limit Down Plan is consistent with the Act in that it reflects the current operation of the System, is consistent with the rules of other Exchanges that have adopted such functionality consistent with the Act, and because routing such orders would be inefficient, even if they would return to the Exchange unexecuted. As described above, the Exchange believes that the other proposed changes to its rulebook to correct typographical changes and add additional detail to the way that certain functionality currently operates provides further clarification to Members, Users, and the investing public regarding the operation of the Exchange's System.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange reiterates that the proposed rule change is being proposed in the context of the technology integration of the BGM Affiliated Exchanges. Thus, the Exchange believes this proposed rule change is necessary to permit fair competition among national securities exchanges. In addition, the Exchange believes the proposed rule change will benefit Exchange participants in that it is one of several changes necessary to achieve a consistent technology offering by the BGM Affiliated Exchanges.

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

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

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

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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>18</sup> and Rule 19b-4(f)(6) thereunder.<sup>19</sup>

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act<sup>20</sup> normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)<sup>21</sup> permits the Commission to 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, noting that doing so will allow the Exchange to immediately clarify its rules with respect to existing functionality already offered by the Exchange; correct typographical errors in the Exchange's rules; and offer certain functionality that is already available on other market centers, which will allow the Exchange to remain competitive with such other market centers. In addition, the Exchange states that, to the extent a proposed change optimizes existing functionality, the Exchange does not believe that there is a reason to delay the availability of such optimization. Furthermore, the Exchange states that waiver of the operative delay will allow the Exchange to continue to strive towards a complete technology integration of the BGM Affiliated Exchanges, with gradual roll-outs of new functionality to ensure stability of the System. The Commission believes that waiving the 30-day

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>19</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its 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.

<sup>20</sup> 17 CFR 240.19b-4(f)(6).

<sup>21</sup> 17 CFR 240.19b-4(f)(6)(iii).

operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.<sup>22</sup>

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.

#### 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-BYX-2014-010 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-BYX-2014-010. 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-BYX-2014-010 and should be submitted on or before August 15, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-17514 Filed 7-24-14; 8:45 am]

**BILLING CODE 8011-01-P**

#### DEPARTMENT OF STATE

[Public Notice: 8807]

##### **Culturally Significant Objects Imported for Exhibition Determinations: "Neo-Impressionism and the Dream of Realities: Painting, Poetry, Music" Exhibition**

**SUMMARY:** Notice is hereby given of the following determinations: Pursuant to the authority vested in me by the Act of October 19, 1965 (79 Stat. 985; 22 U.S.C. 2459), Executive Order 12047 of March 27, 1978, the Foreign Affairs Reform and Restructuring Act of 1998 (112 Stat. 2681, *et seq.*; 22 U.S.C. 6501 note, *et seq.*), Delegation of Authority No. 234 of October 1, 1999, Delegation of Authority No. 236-3 of August 28, 2000 (and, as appropriate, Delegation of Authority No. 257 of April 15, 2003), I hereby determine that the objects to be included in the exhibition "Neo-Impressionism and the Dream of Realities: Painting, Poetry, Music," imported from abroad for temporary exhibition within the United States, are of cultural significance. The objects are imported pursuant to loan agreements with the foreign owners or custodians. I also determine that the exhibition or display of the exhibit objects at The Phillips Collection, Washington, DC, from on or about September 27, 2014, until on or about January 11, 2015, and at possible additional exhibitions or venues yet to be determined, is in the national interest. I have ordered that Public Notice of these Determinations be published in the **Federal Register**.

**FOR FURTHER INFORMATION CONTACT:** For further information, including a list of the exhibit objects, contact Julie

Simpson, Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State (telephone: 202-632-6467). The mailing address is U.S. Department of State, SA-5, L/PD, Fifth Floor (Suite 5H03), Washington, DC 20522-0505.

Dated: July 16, 2014.

**Kelly Keiderling,**

*Principal Deputy Assistant Secretary, Bureau of Educational and Cultural Affairs, Department of State.*

[FR Doc. 2014-17570 Filed 7-24-14; 8:45 am]

**BILLING CODE 4710-05-P**

#### DEPARTMENT OF TRANSPORTATION

##### **Intelligent Transportation Systems Program Advisory Committee; Notice of Meeting**

**AGENCY:** ITS Joint Program Office, Office of the Assistant Secretary for Research and Technology, U.S. Department of Transportation.

**ACTION:** Notice.

The Intelligent Transportation Systems (ITS) Program Advisory Committee (ITSPAC) will hold a meeting on August 13, 2014, from 8:00 a.m. to 5:00 p.m. (EDT) at the Key Bridge Marriott Hotel, 1401 Lee Highway, Arlington, VA 22209.

The ITSPAC, established under Section 5305 of Public Law 109-59, Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, August 10, 2005, and re-established under Section 53003 of Public Law 112-141, Moving Ahead for Progress in the 21st Century, July 6, 2012, was created to advise the Secretary of Transportation on all matters relating to the study, development, and implementation of intelligent transportation systems. Through its sponsor, the ITS Joint Program Office (JPO), the ITSPAC makes recommendations to the Secretary regarding ITS Program needs, objectives, plans, approaches, content, and progress.

The following is a summary of the meeting tentative agenda: (1) Call to Order and Roll Call, (2) Opening Remarks, (3) Committee Member Introductions, (4) ITS JPO Briefing and Group Discussion, (5) Committee Topics of Interest Discussion, (6) Committee Organization Discussion, and (7) Summary and Next Steps.

The meeting will be open to the public, but limited space will be available on a first-come, first-served basis. Members of the public who wish to present oral statements at the meeting must request approval from Mr. Stephen Glasscock, the Committee Designated

<sup>22</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>23</sup> 17 CFR 200.30-3(a)(12).