(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.* Please include File No. SR–CME–2014–31 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–CME–2014–31. 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 or 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 CME and on CME's Web site at *http://www.cmegroup.com/market-regulation/rule-filings.html.*

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–CME–2014–31 and should be submitted on or before September 8, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[6]

Kevin M. O'Neill,

Deputy Secretary .

[FR Doc. 2014–19526 Filed 8–15–14; 8:45 am]

BILLING CODE 8011–01–P

[6] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72817; File No. SR–ISE–2014–39]

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

August 12, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 1, 2014, 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 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 ISE is proposing to amend the Schedule of Fees as described in more detail below. 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 this proposed rule change is to amend the Schedule of Fees to lower the Crossing Fee Cap,[3] waive cancellation fees, adjust complex order fees and rebates, and modify fees and rebates for orders that trade against complex orders legging into the regular order book. Each of these proposed changes is described in more detail below. The Exchange's Schedule of Fees has separate tables for fees and rebates applicable to Standard Options and Mini Options. The Exchange notes that while the discussion below relates to fees and rebates for Standard Options, the fees and rebates for Mini Options, which are not discussed below, are and shall continue to be 1/10th of the fees and rebates for Standard Options.

I. Crossing Fee Cap

The Exchange currently has a Crossing Fee Cap of $75,000 per month which applies to Firm Proprietary[4] and Non-ISE Market Maker[5] transactions that are part of the originating or contra side of a Crossing Order[6] executed by a member or its affiliate, provided there is at least 75% common ownership between the firms as reflected on each firm's Form BD, Schedule A.[7] Once a member has reached the Crossing Fee Cap, the Exchange charges a service fee of $0.01 per side in lieu of regular transaction fees. This service fee applies to Firm Proprietary and Non-ISE market Maker orders in all ISE products for all crossing transactions above the fee cap. The Exchange now proposes to lower the Firm Fee Cap to $65,000 per month and waive the service fee.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Crossing Fee Cap is currently called the ''Firm'' Fee Cap. The Exchange proposes to change this to Crossing Fee Cap as the cap applies to both Firm Proprietary and Non-ISE Market Maker transactions as described in Section I below.

[4] A ''Firm Proprietary'' order is an order submitted by a member for its own proprietary account.

[5] A Non-ISE Market Maker, or Far Away Market Maker (''FARMM''), is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934 registered in the same options class on another options exchange.

[6] Crossing Orders are contracts that are submitted as part of a Facilitation, Solicitation, PIM, Block or QCC order.

[7] Fees for Responses to Crossing Orders, surcharge fees for licensed products, and the related service fee, which is only charged to members that have reached the fee cap, are not included in the calculation of the monthly fee cap.

II. Cancellation Fees

The Exchange currently has a cancellation fee of $2.00 per order that applies to Electronic Access Members (''EAMs'') that cancelled at least 500 Priority Customer options orders in a month for itself or for an introducing broker. The cancellation fee applies to each order cancellation in excess of the total number of orders executed for the EAM or introducing broker that month,[8] except for the cancellation of options orders that improve ISE's disseminated quotes at the time the orders were entered. The Exchange now proposes to waive the cancellation fee.

III. Priority Customer Complex Order Rebates

The Exchange currently provides volume-based tiered rebates for Priority Customer complex orders when these orders trade with non-Priority Customer orders in the complex order book, or trade with quotes and orders on the regular order book. These complex order rebates are provided to Members in six tiers based on the Member's average daily volume (''ADV'') in Priority Customer complex contracts as shown in the tables below:

PRIORITY CUSTOMER REBATE FOR ORDERS THAT TRADE WITH NON-PRIORITY CUSTOMER ORDERS IN THE COMPLEX ORDER BOOK

Priority customer complex ADV	Select symbols (excluding SPY)	SPY	Non-Select symbols
Tier 1; 0–29,999	($0.33)	($0.36)	($0.66)
Tier 2; 30,000–74,999	($0.37)	($0.40)	($0.75)
Tier 3; 75,000–124,999	($0.39)	($0.41)	($0.78)
Tier 4; 125,000–224,999	($0.41)	($0.42)	($0.80)
Tier 5; 225,000–299,999	($0.43)	($0.44)	($0.83)
Tier 6; 300,000+	($0.44)	($0.45)	($0.84)

PRIORITY CUSTOMER REBATE FOR ORDERS THAT TRADE WITH QUOTES AND ORDERS ON THE REGULAR ORDER BOOK

Priority customer complex ADV	All symbols (excluding SPY)	SPY
Tier 1; 0–29,999	($0.06)	($0.07)
Tier 2; 30,000–74,999	($0.14)	($0.15)
Tier 3; 75,000–124,999	($0.15)	($0.16)
Tier 4; 125,000–224,999	($0.19)	($0.20)
Tier 5; 225,000–299,999	($0.21)	($0.22)
Tier 6; 300,000+	($0.22)	($0.23)

The Exchange now proposes to adopt new Priority Customer complex order rebates that are the same regardless of whether the order trades with non-Priority Customer orders in the complex order book, or trades with quotes and orders in the regular order book. In Select Symbols (including SPY),[9] the proposed rebate is $0.30 per contract for Tier 1, $0.35 per contract for Tier 2, $0.39 per contract for Tier 3, $0.41 per contract for Tier 4, $0.43 per contract for Tier 5, and $0.45 per contract for Tier 6. In Non-Select Symbols, the proposed rebate is $0.63 per contract for Tier 1, $0.71 per contract for Tier 2, $0.75 per contract for Tier 3, $0.80 per contract for Tier 4, $0.82 per contract for Tier 5, and $0.83 per contract for Tier 6.

IV. Complex Order Maker/Taker Fees in Select Symbols

The Exchange is proposing to adjust fees charged to non-Priority Customer complex orders in Select Symbols.[10] In particular, the Exchange proposes to adjust the maker fees charged for trading against Priority Customer complex orders,[11] and taker fees charged for trading against all client categories (collectively, ''maker/taker fees''). Currently, the Exchange charges Market Maker[12] orders maker/taker fees of $0.42 per contract in Select Symbols (excluding SPY), and $0.43 per contract for SPY, subject to a discount of $0.02 per contract for trading against Priority Customer complex orders that are preferenced to the Market Maker. For Non-ISE Market Maker, Firm Proprietary/Broker Dealer,[13] and Professional Customer[14] orders the Exchange charges maker/taker fees of $0.44 per contract for Select Symbols (excluding SPY), and $0.45 per contract for SPY. The Exchange now proposes to adjust its fees such that the maker/taker fees in all Select Symbols (including SPY)[15] will be $0.43 per contract for Market Maker orders (subject to the preference discount described above), and $0.44 for Non-ISE Market Maker, Firm Proprietary/Broker Dealer, and Professional Customer orders. As is the case today, Priority Customers complex orders will not pay any maker/taker fees, and will instead receive rebates as described in Section III above. In addition, the Exchange currently charges a separate fee for Non-Priority Customer complex orders that add liquidity in Complex Quoting Symbols, i.e., symbols in which Market Makers can enter quotes in the complex order

[8] Priority Customer options orders executed in the same underlying symbol at the same price within a 300 second period are aggregated and counted as one executed order for purposes of the fee.

[9] The Exchange is eliminating the special rebates currently provided for SPY.

[10] The Exchange is not proposing to change the fees for non-Select Symbols.

[11] The Exchange separately charges maker fees for non-Priority Customer complex orders that do not trade against Priority Customer complex orders. These fees are not discussed in this filing.

[12] The term ''Market Makers'' refers to ''Competitive Market Makers'' and ''Primary Market Makers'' collectively. *See* ISE Rule 100(a)(25).

[13] A Broker-Dealer order is an order submitted by a Member for a non-Member broker-dealer account.

[14] A Professional Customer is a person who is not a broker/dealer and is not a Priority Customer.

[15] With the proposed change, there will no longer be separate maker/taker fees charged for SPY, which will now be subject to the same maker/taker fees as other Select Symbols.

book, which today is $0.42 per contract. The Exchange proposes to raise this fee to $0.43 per contract in line with the changes to maker/taker fees for Market Maker orders described above.

V. Market Maker Plus Trading With Complex Orders in Select Symbols

The Exchange is proposing to adjust fees and rebates for Market Maker Plus [16] orders in Select Symbols when trading against complex orders that leg in to the regular order book. Currently, Market Makers qualifying for Market Maker Plus pay no fee and receive no rebate when providing liquidity to a Priority Customer complex order that legs in to the regular order book. In addition, a Market Maker that has achieved Market Maker Plus is entitled to a rebate of $0.20 per contract in Select Symbols when providing liquidity to orders entered in the regular order book or non-Priority Customer orders that leg in from the complex order book. The Exchange also 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 EAM that executes a total affiliated Priority Customer ADV of 200,000 contracts or more in a calendar month, and $0.25 per contract in BAC, SPY, and IWM if at the time of the trade the Market Maker's displayed quantity, in the traded series, is at least 1,000 contracts. The Exchange now proposes to charge a fee of $0.10 per contract for all Market Maker Plus orders that trade against Priority Customer complex orders that leg into the regular order book. The Exchange will neither charge a fee nor offer a rebate for Market Maker Plus orders that trade against non-Priority Customer complex orders that leg into the regular order book.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[17] in general, and Section 6(b)(4) of the Act,[18] 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.

I. Firm Fee Cap

The Exchange believes that it is reasonable and equitable to lower the Crossing Fee Cap [19] and eliminate the service fee because these proposed changes will potentially lower transaction fees for members executing Crossing Orders on the ISE. In the current lower volume environment it is more difficult for members to reach the cap at its current level. The Exchange believes the proposed fee change will benefit market participants by potentially lowering their fees while allowing the Exchange to remain competitive with other exchanges that offer similar fee cap programs.[20] The Exchange further believes that the proposed fee change is not unfairly discriminatory because it would uniformly apply to all members engaged in proprietary trading in option classes traded on the ISE.

II. Cancellation Fees

The Exchange believes that it is reasonable and equitable to waive the cancellation fee. The cancellation fee was originally introduced in response to capacity concerns stemming from members generating significant order traffic that did not result in executed trades due to orders being cancelled at high rates. In the time since the cancellation fee was adopted, the fee has become less important in reducing overuse of ISE infrastructure due to the Exchange adopting a designation for Professional Customer orders, which are now no longer lumped together with Priority Customer orders. As such, the Exchange believes that this fee, which may inadvertently discourage some legitimate Priority Customer orders entered using a member's algorithm, may no longer be necessary. The Exchange does not believe that the proposed change is unfairly discriminatory as it applies equally to all ISE members, who will no longer be subject to any cancellation fees.

III. Priority Customer Complex Order Rebates

The Exchange believes that the proposed changes to Priority Customer complex order rebates are reasonable and equitable as they are designed to attract additional order flow to the ISE by offering an attractive set of rebates to members. Although the Exchange is proposing a small reduction in the rebate provided to some Priority Customer complex orders that trade in the complex order book, Priority Customer complex orders that trade on the regular order book will now receive rebates that are significantly higher than their current rates.[21] The Exchange expects that the overall effect of the changes to complex order rebates will be to increase rebates provided to Priority Customer complex orders, and thereby attract this order flow to the ISE. With respect to the elimination of special rebates for SPY, the Exchange notes that SPY, which is a Select Symbol, will now receive the same rebates as other Select Symbols. In addition, since the applicable rebate will no longer depend on whether the order happens to leg in to the regular order book, the Exchange believes that members will now benefit from greater certainty with respect to the rebates provided for sending Priority Customer complex orders to the ISE. The Exchange also continues to believe that it is not unfairly discriminatory to offer rebates to Priority Customer complex orders for members that bring a specified volume of Priority Customer contracts to the ISE. The Exchange already has volume-based rebates for Priority Customer complex orders, and is merely adjusting rebate amounts and simplifying how these rebates are provided. All members can receive the proposed Priority Customer rebates by executing the required volume of Priority Customer complex orders on the Exchange.

IV. Complex Order Maker/Taker Fees in Select Symbols

The Exchange believes that the proposed changes to the complex order maker/taker fees are reasonable and equitable as the ISE is simplifying its fees by eliminating the special fees charged for SPY. The proposed fees are generally consistent with the prior level of fees charged on the Exchange for these products. The proposed maker/taker fee changes are also not unfairly discriminatory as all market participants

[16] 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 previous trading day's last sale price was greater than $100) in premium in each of the front two expiration months. A Market Maker's single best and single worst quoting days each month based on the front two expiration months, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for this rebate, if doing so will qualify a Market Maker for the rebate.

[17] 15 U.S.C. 78f.

[18] 15 U.S.C. 78f(b)(4).

[19] The Exchange notes that the name change to Crossing Fee Cap is a non-substantive change intended to increase clarity for members and investors.

[20] For example, the Miami International Securities Exchange LLC (''MIAX'') recently adopted a monthly firm fee cap of $60,000 with no applicable service fee. *See* Securities Exchange Act Release No. 72583 (July 10, 2014), 79 FR 41612 (July 16, 2014) (SR–MIAX–2014–37).

[21] The proposed rebates can be as much as $0.61 per contract higher than the current rate for Priority Customer complex orders that trade with quotes and orders on the regular order book.

in the same client category will pay the same fees. With the proposed changes, Priority Customers will continue to pay no maker/taker fees,[22] and Market Makers will continue to receive a small discount compared to other market participants.

V. Market Maker Plus Trading With Complex Orders in Select Symbols

The Exchange believes that the proposed Market Maker Plus fees for orders that provide liquidity to complex orders that leg in from the complex order book are reasonable and equitable as these changes are designed to offset rebates associated with Priority Customer complex orders on the other side of these trades. Without these changes, the Exchange could end up paying significant rebates not offset by fees on the other side of the trade when Market Makers that achieve Market Maker Plus trade against complex orders that leg in to the regular order book. For example, a complex order in a Select Symbol executed for a Priority Customer would receive a rebate of up to $0.45 per contract for the highest tier, which would be paid entirely by the Exchange as there is no corresponding fee charged to the Market Maker that executes this order. The proposed Market Maker Plus changes reduce but do not eliminate the negative economics associated with Priority Customer complex orders that leg in to the regular market and trade with Market Maker Plus orders. The Exchange does not believe that the proposed Market Maker Plus changes are unfairly discriminatory as the proposed fees for trading against legged in orders from Priority and non-Priority Customers remain lower than or equal to the fees charged to other Market Makers on the Exchange, who pay a maker fee of $0.10 per contract for providing liquidity in Select Symbols.

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

In accordance with Section 6(b)(8) of the Act,[23] 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 fee changes are pro-competitive as they are intended to attract additional order flow to the ISE. While the Exchange is increasing certain fees and decreasing others, the ISE believes that the proposed changes are overall more favorable to members, and will allow the ISE to compete effectively with other options markets. 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 and rebates 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[24] and subparagraph (f)(2) of Rule 19b–4 thereunder,[25] 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.* Please include File Number SR–ISE–2014–39 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–ISE–2014–39. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–ISE–2014–39, and should be submitted on or before September 8, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[26]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–19475 Filed 8–15–14; 8:45 am]

BILLING CODE 8011–01–P

[22] Priority Customer complex orders receive rebates as described in Section III above.

[23] 15 U.S.C. 78f(b)(8).

[24] 15 U.S.C. 78s(b)(3)(A)(ii).

[25] 17 CFR 240.19b–4(f)(2).

[26] 17 CFR 200.30–3(a)(12).