SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72903; File No. SR–CBOE–2014–065]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

August 22, 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 12, 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, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange's Web site (*http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

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

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

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

1. Purpose

The Exchange proposes to amend its Fees Schedule. First, the Exchange proposes to delete from Footnote 5 of the Fees Schedule the sentence ''If a market-maker executes an order for an account in which the market-maker is not a registered participant as reflected in the TPH Department records, the market-maker will be assessed a floor brokerage fee.'' Exchange Rule 8.9 currently prohibits a Market-Maker from executing an order for an account in which the market-maker is not a registered participant.[3] As such, the Exchange does not wish to have a statement in its Fees Schedule assessing a fee for such activity, as this would seem to imply that such activity is permitted.

Next, the Exchange proposes to amend the Floor Brokerage Fees table. Currently, the Floor Brokerage Fees table sets forth the fees per contract for the following products: (i) ''OEX, SPX and SPXpm Index Options; (ii), ''SROs'' and (iii) ''VIX, VXST and Volatility Index Options.'' Additionally, the Floor Brokerage Fees table groups together like products and differentiates between fees for ''Non-Crossed Orders'' and ''Crossed Orders.'' Although OEX, an American-Style Exercise S&P 100 Index option, is explicitly referenced in the Floor Brokerage Fees table, XEO, the European-Style Exercise S&P 100 Index option, is not separately spelled out in the Floor Brokerage Fees table. The Exchange is proposing to make clear in the text of the Fees Schedule that XEO is a product in which floor brokerage fees apply. The Exchange notes that the only difference between OEX and XEO options is the manner in which the respective contracts are exercised (i.e. American-style versus European-style). The Exchange believes the proposed addition of rule text will provide greater clarity for customers and will allow market participants to better understand how fees are applied.

Next, the Exchange proposes to amend Footnote 7 of the Fees Schedule. Footnote 7 of the current Fees Schedule provides ''After three months, all fees as assessed by the Exchange are considered final by the Exchange.'' The purpose of this statement is to encourage Trading Permit Holders (''TPHs'') to promptly review their Exchange invoices so that any disputed charges can be addressed in a timely manner. The Exchange notes that the footnote is not intended to preclude the Exchange from assessing fees more than three months after they were incurred. Indeed, the Exchange is required to enforce compliance by its TPHs and persons associated with its TPHs the rules of the Exchange, including its Fees Schedule.[4] As such, the Exchange must ensure that it assesses the fees set forth in its Fees Schedule so long as the fee(s) were required to be paid pursuant to the CBOE Fees Schedule in effect at the time the fees were incurred, even if the Exchange must assess the fees more than three months after they have been incurred. The Exchange believes it would be beneficial to make this clear in the Fees Schedule and provide further clarifying language regarding the finality of fees. Specifically, the Exchange seeks to amend Footnote 7 to state ''Any potential billing errors relating to fees assessed by CBOE must be brought to the attention of CBOE's Accounting Department within three months from the invoice date. All fees assessed shall be deemed final and non-refundable after three months from the invoice date. The Exchange is not precluded from assessing fees more than three months after they were incurred if those fees were required to be paid pursuant to the CBOE Fees Schedule in effect at the time the fees were incurred.'' The Exchange notes that this has always been the case, and the clarification is simply reflecting how the current language of the CBOE Fees Schedule applies. The Exchange also notes that its practice is to assess fees in a timely manner at the time such fees are incurred. However, the Exchange requires the ability to assess any fee upon discovering an error regardless of how much time has passed since the fee was incurred.

The Exchange next proposes to make an amendment to the CBOE Command Connectivity Charges table. Currently, the Exchange charges TPHs a $500 per month Network Access Port fee for 1 gigabit (''1 Gbps'') network access connectivity and $3,000 per month for 10 Gbps network connectivity. The Network Access Ports provide direct access to CBOE Command. Additionally, in order to be able to connect to the Exchange's disaster recovery systems in case of a disaster, the Exchange offers a Disaster Recovery Network Access Port in Chicago for a $250 per month fee. The Exchange currently offers only a 1 Gbps Disaster Recovery Network Access Port connection. Network Access Ports are used to receive unicast (i.e., orders and quotes) and multicast (i.e., market data) traffic. The Exchange notes that a 1 Gbps port may receive both unicast and multicast traffic, whereas a 10 Gbps port may only receive either multicast or unicast traffic. The Exchange seeks to clarify that the Network Access Port fee

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

[2] 17 CFR 240.19b–4.

[3] *See* CBOE Rule 8.9.

[4] 15 U.S.C. 78f(b)(1).

is assessed separately for unicast and multicast connectivity. Accordingly, if a TPH has 1 Gbps connectivity and receives both unicast and multicast traffic through a single port, the TPH would be charged $1,000 dollars per month (i.e., $500 per month for unicast connectivity and $500 per month for multicast connectivity). Similarly, if a TPH has one 1 Gbps Network Access Port for unicast connectivity only and another 1 Gbps Network Access Port for multicast connectivity only, the TPH would be charged $1,000 dollars per month (i.e. $500 per month for each port). Additionally, if a TPH has a single 1 Gbps Disaster Recovery Network Access Port and receives both unicast and multicast traffic through the single port, the TPH would be charged $500 dollars per month (i.e., $250 per month for unicast connectivity and $250 per month for multicast connectivity). Similarly, if a TPH has one 1 Gbps Disaster Recovery Network Access Port for unicast connectivity only and another 1 Gbps Disaster Recovery Network Access Port for multicast connectivity only, the TPH would be charged $500 dollars per month (i.e. $250 per month for each port). As noted above, a single 10 Gbps Network Access Port cannot receive both unicast and multicast traffic. Accordingly, if a TPH wants a 10 Gbps connection, in order to receive both traffic types the TPH would need to purchase two 10 Gbps Network Access Ports (i.e., one to be used for multicast connectivity and one to be used for unicast activity) and would therefore be charged $6,000 per month (i.e., $3,000 per month for each port)

Lastly, the Exchange proposes to make a clarification to the ''Notes'' section of the Clearing Trading Permit Holder Position Re-Assignment Rebate Program (''Rebate Program''). By way of background, the Rebate Program allows the Exchange to rebate assessed transaction fees to a Clearing Trading Permit Holder (''CTPH'') who, as a result of a trade adjustment on any business day following the original trade, re-assigns a position established by the initial trade to a different CTPH. In such a circumstance, the Exchange will rebate, for the party for whom the position is being re-assigned, that party's transaction fees from the original transaction as well as the transaction in which the position is re-assigned. Because the Exchange may not always be able to automatically identify these situations, in order to receive a rebate, the Exchange requires a written request with all supporting documentation (trade detail regarding both the original and re-assigning trades) and a summary of the reasons for the re-assignment to be submitted within 60 days after the last day of the month in which the error occurred. In SR–CBOE–2002–013 [5] and again in SR–CBOE–2013–058,[6] the Exchange describes a situation involving a member's clerk, or other similar personnel, inputting the wrong clearing firm code into the appropriate form or program. As a result, the Exchange noted that the trade would be cleared through the wrong clearing firm and, in order to correct the situation, corrective transactions would be entered to reverse the error trades and then new trades would be submitted to reflect the original intentions of the parties. Without the keypunch error rebate program, the clearing firm whose code was erroneously entered would have to pay Exchange transaction fees for any transactions necessary to reverse the initial trade (despite not having been a party to such trade). The Exchange proposes to clarify that it is the ''executing'' CTPH that would be rebated, as opposed to a CTPH that received a trade via a Clearing Member Trade Agreement (CMTA).[7] The Exchange believes the proposed clarification to the Notes section of the Rebate Program will provide greater clarity for market participants and reduce potential confusion.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the ''Act'') and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[8] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) [9] 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 facilitation 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. The Exchange also believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[10] which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders.

In particular, the Exchange believes that the proposed clarifications to the Fees Schedule will make the Fees Schedule easier to read and alleviate potential confusion. The alleviation of potential confusion will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. Specifically, the Exchange believes that the proposed change to delete the sentence in Footnote 5 will alleviate any potential confusion regarding whether such activity is permitted. The Exchange believes that the amendments to Footnote 7 provides further clarification as to the finality of assessed fees and prevents potential confusion as to whether or not the Exchange may assess fees more than three months after they were incurred.

The Exchange believes the amendment to the Floor Brokerage fees table will promote just and equitable principles of trade by clarifying to Trading Permit Holders that floor brokerage fees apply to the European-Style Exercise S&P 100 Index option (XEO) as well as the American-Style Exercise S&P 100 Index option (OEX), thereby eliminating potential confusion and removing impediments to and perfecting the mechanism of a free and open market and a national market system. Providing a clearer representation of fees in the Exchange Fees Schedule will remove any confusion that may exist as to which products may be subject to certain fees. The Exchange believes it is reasonable, equitable and not unfairly discriminatory to apply the same floor brokerage fees to XEO options as currently applied to OEX options, because both are S&P 100 Index options. As noted above, the only difference between the two options is the manner in which the options are exercised (i.e. American-style versus European-style).

The Exchange also believes that the proposed change to specify that separate Network Access Fees are assessed for unicast and multicast connectivity also alleviates potential confusion regarding

[5] *See* Securities Exchange Act Release No. 34–45675 (March 29, 2002), 67 FR 16480 (April 5, 2002) (SR–CBOE–2002–013).

[6] *See* Securities Exchange Act Release No. 34–69760 (June 13, 2013), 78 FR 36805 (June 19, 2013) (SR–CBOE–2013–058).

[7] Under a CMTA agreement, an Options Clearing Corporation clearing member (''carrying clearing member'') authorizes another clearing member (''executing clearing member'') to give up the name of the carrying clearing member with respect to any trade executed on a specific exchange (i.e., the re-assignment of a trade to a different Clearing firm occurs post-trade at the OCC).

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

[9] 15 U.S.C. 78f(b)(5).

[10] 15 U.S.C. 78f(b)(4).

how the Network Access Fee is assessed, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. The Exchange believes the proposed rule change is reasonable because the amount assessed for unicast connectivity and multicast connectivity to TPHs using 1 Gbps Network Access Port(s) is the same. Additionally, the Exchange believes this change is equitable and not unfairly discriminatory because it will apply to all TPHs who use a 1 Gbps Network Access Port equally. The Exchange notes that whether a TPH receives unicast and multicast connectivity via a single 1 Gbps Network Access Port, two separate 1 Gbps Network Access Ports or two separate 10 Gbps Network Access Ports, in each instance, the TPH would be charged for each type of access regardless of how many physical ports they use.

Lastly, the Exchange believes it will be beneficial to market participants to make it explicitly clear that it is the ''executing'' CTPH that would be rebated under the Clearing Trading Permit Holder Position Re-Assignment Rebate Program. The Exchange believes this proposed rule change reduces confusion as to which CTPHs are entitled to a rebate under the Rebate Program, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.

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. The proposed changes to alleviate confusion are not intended for competitive reasons and only apply to CBOE.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act [11] and paragraph (f) of Rule 19b–4 [12] thereunder. 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 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.* Please include File Number SR–CBOE–2014–065 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–2014–065. 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–CBOE–2014–065 and should be submitted on or before September 18, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[13]

Kevin M. O'Neill,

Deputy Secretary.

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[11] 15 U.S.C. 78s(b)(3)(A).

[12] 17 CFR. 240.19b–4(f).

[13] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72899; File No. SR–NASDAQ–2014–067]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Granting Approval of Proposed Rule Change To Rule 5305 To Eliminate the Automatic Transfer of Companies From The NASDAQ Global Market to The NASDAQ Global Select Market

August 22, 2014.

I. Introduction

On June 25, 2014, The NASDAQ Stock Market LLC (''NASDAQ'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act'') [1] and Rule 19b–4 thereunder,[2] a proposed rule change to amend its rules in order to eliminate the Exchange's automatic annual review and transfer of qualified companies from The NASDAQ Global Market to The NASDAQ Global Select Market. The proposed rule change was published for comment in the **Federal Register** on July 10, 2014.[3] The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposal

NASDAQ consists of three listing tiers: The NASDAQ Global Select Market (''Global Select'' or ''Global Select Market''), The NASDAQ Global Market (''Global Market''), and The NASDAQ Capital Market (''Capital

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

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 72538 (July 3, 2014), 79 FR 39446 (''Notice'').