

trends and assess the related impact on firms' liquidity and funding needs. The information provided on the proposed SIS would be used by FINRA to monitor firms' financial condition and perform more targeted examinations of firms' market risk exposure.

The Commission believes that the proposed rule change, as modified by Amendment No. 1, works in conjunction with the existing Commission broker-dealer financial responsibility rules and will further FINRA's ability to oversee its members by, among other things, capturing trends in the securities held in broker-dealers' inventory.

The Commission does not believe that the proposed rule change, as modified by Amendment No. 1, will result in burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. As stated above, the Commission believes the proposed SIS will allow FINRA to better understand the potential impact of broker-dealers' inventory on net capital, leverage and liquidity, and ability to fulfill customer protection obligations. Ready access to the information in the proposed SIS is important for FINRA to efficiently monitor on an ongoing basis the financial condition of firms.

The Commission also believes FINRA has carefully crafted the proposed SIS to achieve its intended and necessary regulatory purpose while being cognizant of the burden on firms. The information required to complete the proposed SIS should be readily available to firms due to firms' obligations to maintain books and records and apply applicable capital charges to their inventory. Further, for smaller firms, the proposed SIS contains exceptions for firms that (1) have a minimum dollar net capital or liquid capital requirement, as applicable, of less than \$100,000, or (2) have inventory positions consisting only of money market mutual funds.

## V. Accelerated Approval

The Commission finds good cause, pursuant to Section 19(b)(2) of the Exchange Act<sup>31</sup> for approving the proposal, as modified by Amendment No. 1, prior to the 30th day after publication of Amendment No. 1 in the **Federal Register**. The changes proposed in Amendment No. 1 are technical or clarifying changes and do not raise regulatory concerns.

Accordingly, the Commission finds that good cause exists to approve the

proposal, as modified by Amendment No. 1, on an accelerated basis.

## VI. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether Amendment No. 1 to the proposed rule change is consistent with the Exchange 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-FINRA-2014-025 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-FINRA-2014-025. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of FINRA. 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-FINRA-2014-025 and should be submitted on or before October 20, 2014.

## VII. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Exchange Act,<sup>32</sup> that the proposed rule change (SR-FINRA-2014-025), as modified by Amendment No. 1, be and hereby is approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73194; File No. SR-Phlx-2014-61]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing of Proposed Rule Change To Amend the Amended and Restated Certificate of Incorporation and By-Laws of the NASDAQ OMX Group, Inc.

September 23, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 10, 2014, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing this proposed rule change with respect to amendments of the Amended and Restated Certificate of Incorporation (the "Charter") and By-Laws (the "By-Laws") of its parent corporation, The NASDAQ OMX Group, Inc. ("NASDAQ OMX" or the "Company"). The proposed amendments will be implemented on a date designated by NASDAQ OMX following approval by the Commission. The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com>, at

<sup>32</sup> See 15 U.S.C. 78s(b)(2).

<sup>33</sup> See 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>31</sup> See 15 U.S.C. 78s(b)(2).

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 aspects of such statements.

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

#### 1. Purpose

NASDAQ OMX is proposing to make certain amendments to its Charter and By-Laws.

#### (i) Background

Article Fourth, Paragraph C of NASDAQ OMX's Charter includes a voting limitation that generally prohibits a stockholder from voting shares beneficially owned, directly or indirectly, by such stockholder in excess of 5% of the then-outstanding shares of capital stock of NASDAQ OMX entitled to vote as of the record date in respect of any matter. Pursuant to Article Fourth, Paragraph C(6) of the Charter, NASDAQ OMX's Board may grant exemptions to this limitation prior to the time a stockholder beneficially owns more than 5% of the outstanding shares of stock entitled to vote on the election of a majority of directors at such time. NASDAQ OMX's Board has never granted an exemption to the 5% voting limitation and has no current plans to do so. However, in the event the Board decides to grant such an exemption in the future, Article Fourth, Paragraph C(6) of the Charter and Section 12.5 of the By-Laws limit the Board's authority to grant the exemption. These provisions, which are intended to be substantively identical, currently contain some language differences. Following discussions with the SEC staff,<sup>3</sup> NASDAQ OMX proposes the amendments described below to the

Charter and By-Laws to conform these provisions and remove any ambiguity that may exist because of the current language differences.

#### (ii) Proposed Amendments to Charter

First, unlike the Charter, the By-Laws state that for so long as NASDAQ OMX shall control, directly or indirectly, any self-regulatory subsidiary, a resolution of the Board to approve an exemption for any person under Article Fourth, Paragraph C(6) of the Charter shall not be permitted to become effective until such resolution has been filed with and approved by the SEC under Section 19 of the Act. NASDAQ OMX proposes that this requirement be added to the Charter and that "self-regulatory subsidiary," which is currently not a defined term in the Charter, be defined as any subsidiary of NASDAQ OMX that is a "self-regulatory organization" as defined under Section 3(a)(26) of the Act.<sup>4</sup> At present, this defined term would include NASDAQ, BX and Phlx, which are national securities exchanges, and BSECC and SCCP, which are registered clearing agencies that are both currently dormant.

Second, both the Charter and the By-Laws state that the Board may not approve an exemption to the 5% voting limitation for: (i) A registered broker or dealer or an affiliate thereof or (ii) an individual or entity that is subject to a statutory disqualification under Section 3(a)(39) of the Act. The By-Laws include a further proviso stating that, for these purposes, an "affiliate" shall not be deemed to include an entity that either owns 10% or less of the equity of a broker or dealer, or receives 1% or less of its consolidated gross revenues from a broker or dealer. This proviso, which is not currently included in the Charter, allows NASDAQ OMX's Board to grant exemptions to the 5% voting limitation for entities that either own 10% or less of the equity of a broker or dealer, or receive 1% or less of their consolidated gross revenues from a broker or dealer. NASDAQ OMX proposes that this proviso be added to the Charter to ensure consistency between the Charter and By-Laws.

Third, both the Charter and By-Laws require the Board to make certain determinations prior to granting an exemption to the 5% voting limitation. Regarding the first of these determinations, the Charter states that the Board must determine that granting such an exemption would not

reasonably be expected to diminish the quality of, or public confidence in, NASDAQ OMX or The NASDAQ Stock Market LLC or the other operations of NASDAQ OMX and its subsidiaries, on the ability to prevent fraudulent and manipulative acts and practices and on investors and the public. The By-Laws include similar language, but state that the Board must make this determination with respect to NASDAQ OMX or its self-regulatory subsidiaries. Because the term "self-regulatory subsidiary" includes The NASDAQ Stock Market LLC but also includes other entities, NASDAQ OMX proposes that the provisions be made fully consistent by amending the Charter to refer to NASDAQ OMX or the self-regulatory subsidiaries, and to define the term "self-regulatory subsidiary" as described above.

Fourth, unlike the Charter, the By-Laws further provide that prior to granting an exemption from the 5% voting limitation, the Board must also determine that granting the exemption would promote the prompt and accurate clearance and settlement of securities transactions (and to the extent applicable, derivative agreements, contracts and transactions), assure the safeguarding of securities and funds in the custody or control of the self-regulatory subsidiaries that are clearing agencies or securities and funds for which they are responsible, foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions, and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. NASDAQ OMX proposes that this language be added to the Charter.

Finally, NASDAQ OMX proposes that Article Fourth, Paragraph C(6) of the Charter be amended to correct a cross-reference to subparagraph 6(b), which no longer exists.

#### (iii) Proposed Amendments to the By-Laws

NASDAQ OMX also proposes amendments to NASDAQ OMX's By-Laws to further conform the Charter and By-Law provisions discussed above. Specifically, the proposed amendment to Article I(s) revises the definition of "self-regulatory subsidiary" in the By-Laws to refer to any subsidiary of NASDAQ OMX that is a self-regulatory organization as defined under Section 3(a)(26) of the Act, rather than list specific subsidiaries that would fall within this category. This revised definition, which is the same definition of "self-regulatory subsidiary" proposed

<sup>3</sup> See Securities Exchange Act Release No. 71353 (January 17, 2014), 79 FR 4209 (January 24, 2014) (SR-BSECC-2013-001, SR-BX-2013-057, SR-NASDAQ-2013-148, SR-Phlx-2013-115, SR-SCCP-2013-01), at note 14.

<sup>4</sup> Under Section 3(a)(26) of the Act, a "self-regulatory organization" is "any national securities exchange, registered securities association, or registered clearing agency . . ." 15 U.S.C. 78c(a)(26).

for purposes of the Charter as described above, will capture NASDAQ OMX's current self-regulatory subsidiaries as well as any subsidiaries that in the future meet the definition of "self-regulatory organization" under the Act. Consequently, such future self-regulatory subsidiaries will automatically be subject to the By-Law provisions relating to these subsidiaries without NASDAQ OMX having to take formal action to amend the By-Laws to include them. The proposed By-Law amendments also include the correction of a typographical error in Article I and minor edits to Section 12.5 to conform the language regarding the 5% voting limitation to the language in the analogous provision of the Charter.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>5</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>6</sup> in particular, in that it is 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, and, in general to protect investors and the public interest.

NASDAQ OMX is proposing changes to its Charter and By-Laws to conform the provisions in each document relating to the procedures by which NASDAQ OMX's Board may grant an exemption to the prohibition on any NASDAQ OMX stockholder voting shares in excess of 5% of the Company's then-outstanding shares of capital stock. The Exchange believes that the changes will protect investors and the public interest by eliminating confusion that may exist because of the current language differences between the two provisions. In addition, NASDAQ OMX is proposing to define "self-regulatory subsidiary" with reference to a definition in the Act. The Exchange believes that this will protect investors and the public interest by ensuring that any NASDAQ OMX subsidiary that meets the definition of "self-regulatory organization" in the Act will be subject to the Charter and By-Law provisions relating to self-regulatory subsidiaries. Finally, the remaining changes are clarifying in nature, and they enhance investor protection by making NASDAQ OMX's governance documents clearer and easier to understand.

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

Because the proposed rule change relates to the governance of NASDAQ OMX and not to the operations of the Exchange, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

No written comments were either solicited or received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) By order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

## IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

### Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2014-61 on the subject line.

### Paper Comments

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-Phlx-2014-61. 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 offices 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-Phlx-2014-61, and should be submitted on or before October 20, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

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

[FR Doc. 2014-23050 Filed 9-26-14; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73191; File No. SR-OC-2014-04]

### Self-Regulatory Organizations; OneChicago, LLC; Notice of Filing of Proposed Rule Change to Update OCX's Rulebook To Remove References To the OCX.BETS and CBOEdirect Trading Platforms

September 23, 2014.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> notice is hereby given that on September 4, 2014, OneChicago, LLC ("OneChicago," "OCX," or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change 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. OneChicago has also filed this rule change with the Commodity Futures Trading Commission ("CFTC").

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(7).

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

<sup>6</sup> 15 U.S.C. 78f(b)(5).