

on Governors' Decision No. 09–15. Notice at 1.

## II. Contents of Filing

This filing includes a Notice, along with the following attachments:

- Attachment 1—an application for non-public treatment of material filed under seal;
- Attachment 2—a redacted copy of Governors' Decision No. 09–15;
- Attachment 3—a redacted copy of the new rates; and
- Attachment 4—a copy of the certification required under 39 CFR 3015.5(c)(2).

The material filed under seal consists of unredacted copies of the referenced Governors' Decision, the new rates and related financial information. *Id.* at 3. The Postal Service filed redacted versions of the sealed financial documents in public Excel spreadsheets. *Id.* at 2.

*Classification and rates.* The Notice incorporates by reference previous explanations concerning (1) the UPU Postal Operations Council's mechanism for setting base rates for Inbound Air Parcel Post, and (2) the formal nature of the Governors' Decision establishing those rates for purposes of statutory compliance. *Id.*

The Postal Service asserts that the prices comport with the Governors' Decision No. 09–15 as they are the highest possible inward land rates that the Postal Service is eligible for based on inflation increases and other factors. *Id.* at 2–3. It also asserts that it has met its burden of providing notice to the Commission of changed rates within the scope of Governors' Decision No. 09–15, as required by 39 U.S.C. 3632(b)(3). *Id.* at 3.

## III. Commission Action

The Commission establishes Docket No. CP2014–14 for consideration of matters raised in the Notice. Interested persons may submit comments on whether the Agreement is consistent with the requirements of 39 CFR 3015.5 and the policies of 39 U.S.C. 3632 and 3633. Comments are due no later than December 26, 2013. The public portions of the Postal Service's filing can be accessed via the Commission's Web site at <http://www.prc.gov>. Information on how to obtain access to nonpublic material appears at 39 CFR 3007.40.

The Commission appoints Pamela A. Thompson to represent the interest of the general public (Public Representative) in this case.

## IV. Ordering Paragraphs

*It is ordered:*

1. The Commission establishes Docket No. CP2014–14 for consideration of

matters raised in the Postal Service's Notice.

2. Pursuant to 39 U.S.C. 505, the Commission designates Pamela A. Thompson to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

3. Comments are due no later than December 26, 2013.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

**Shoshana M. Grove,**  
*Secretary.*

[FR Doc. 2013–30412 Filed 12–20–13; 8:45 am]

**BILLING CODE 7710–FW–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71106; File No. SR–Phlx–2013–123]

### Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Extension of the Exchange's Penny Pilot Program and Replacement of Penny Pilot Issues That Have Been Delisted

December 17, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup>, and Rule 19b–4 <sup>2</sup> thereunder, notice is hereby given that on December 13, 2013, 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 and II, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange is filing with the Commission a proposal to amend Phlx Rule 1034 (Minimum Increments) to extend through June 30, 2014, the Penny Pilot Program in options classes in certain issues (“Penny Pilot” or “Pilot”), and to change the date when delisted classes may be replaced in the Penny Pilot.<sup>3</sup>

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

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> The Penny Pilot was established in January 2007 and was last extended in June 2013. See Securities Exchange Act Release Nos. 55153 (January 23, 2007), 72 FR 4553 (January 31, 2007)(SR–Phlx–

The Exchange requests that the Commission waive the 30-day operative delay period to the extent needed for timely industry-wide implementation of the proposal.

The text of the amended Exchange rule is set forth immediately below.

Proposed new language is *italicized* and proposed deleted language is [bracketed].

## NASDAQ OMX PHLX Rules

### Options Rules

\* \* \* \* \*

#### Rule 1034. Minimum Increments

(a) Except as provided in subparagraphs (i)(B) and (iii) below, all options on stocks, index options, and Exchange Traded Fund Shares quoting in decimals at \$3.00 or higher shall have a minimum increment of \$.10, and all options on stocks and index options quoting in decimals under \$3.00 shall have a minimum increment of \$.05.

(i)(A) No Change.

(B) For a pilot period scheduled to expire [December 31, 2013] *June 30, 2014* (the “pilot”), certain options shall be quoted and traded on the Exchange in minimum increments of \$0.01 for all series in such options with a price of less than \$3.00, and in minimum increments of \$0.05 for all series in such options with a price of \$3.00 or higher, except that options overlying the PowerShares QQQ Trust (“QQQ”)®, SPDR S&P 500 Exchange Traded Funds (“SPY”), and iShares Russell 2000 Index Funds (“IWM”) shall be quoted and traded in minimum increments of \$0.01 for all series regardless of the price. A list of such options shall be communicated to membership via an Options Trader Alert (“OTA”) posted on the Exchange's Web site.

The Exchange may replace any pilot issues that have been delisted with the next most actively traded multiply listed options classes that are not yet included in the pilot, based on trading activity in the previous six months. The replacement issues may be added to the pilot on the second trading day following [July 1, 2013] *January 1, 2014*.

(C) No Change.

(ii)–(v) No Change.

\* \* \* \* \*

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com>, at

2006–74) (notice of filing and approval order establishing Penny Pilot); and 69786 (June 18, 2013), 78 FR 37863 (June 24, 2013) (SR–Phlx–2013–64) (notice of filing and immediate effectiveness extending the Penny Pilot through December 31, 2013).

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

The purpose of this filing is to amend Phlx Rule 1034 to extend the Penny Pilot through June 30, 2014, and to change the date when delisted classes may be replaced in the Penny Pilot.

Under the Penny Pilot, the minimum price variation for all participating options classes, except for the Nasdaq-100 Index Tracking Stock ("QQQQ"), the SPDR S&P 500 Exchange Traded Fund ("SPY") and the iShares Russell 2000 Index Fund ("IWM"), is \$0.01 for all quotations in options series that are quoted at less than \$3 per contract and \$0.05 for all quotations in options series that are quoted at \$3 per contract or greater. QQQQ, SPY and IWM are quoted in \$0.01 increments for all options series. The Penny Pilot is currently scheduled to expire on December 31, 2013.

The Exchange proposes to extend the time period of the Penny Pilot through June 30, 2014, and to provide revised dates for adding replacement issues to the Penny Pilot. The Exchange proposes that any Penny Pilot Program issues that have been delisted may be replaced on the second trading day following January 1, 2014. The replacement issues will be selected based on trading activity in the previous six months.<sup>4</sup>

<sup>4</sup> The replacement issues will be announced to the Exchange's membership via an Options Trader Alert (OTA) posted on the Exchange's Web site. The Exchange proposes in its Penny Pilot rule that replacement issues will be selected based on trading activity in the previous six months. The replacement issues would be identified based on The Option Clearing Corporation's trading volume data from June 1, 2013 through November 30, 2013. The month immediately preceding the replacement issues' addition to the Pilot Program (i.e. December

This filing does not propose any substantive changes to the Penny Pilot Program; all classes currently participating in the Penny Pilot will remain the same and all minimum increments will remain unchanged. The Exchange believes the benefits to public customers and other market participants who will be able to express their true prices to buy and sell options have been demonstrated to outweigh the potential increase in quote traffic.

#### 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 prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, and to remove impediments to and perfect the mechanism of a free and open market and a national market system. In particular, the proposed rule change, which extends the Penny Pilot for an additional six months through June 30, 2014 and changes the date for replacing Penny Pilot issues that were delisted to the second trading day following January 1, 2014, will enable public customers and other market participants to express their true prices to buy and sell options for the benefit of all market participants. This is consistent with the Act.

### 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 not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, this proposal is pro-competitive because it allows Penny Pilot issues to continue trading on the Exchange. Moreover, the Exchange believes that the proposed rule change will allow for further analysis of the Pilot and a determination of how the Pilot should be structured in the future; and will serve to promote regulatory clarity and consistency, thereby reducing burdens on the marketplace and facilitating investor protection. The Pilot is an industry wide initiative supported by all other option exchanges. The Exchange believes that extending the Pilot will allow for

would not be used for purposes of the six-month analysis.

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

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

continued competition between market participants on the Exchange trading similar products as their counterparts on other exchanges, while at the same time allowing the Exchange to continue to compete for order flow with other exchanges in option issues trading as part of the Pilot.

### 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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii)<sup>7</sup> of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>8</sup> Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii)<sup>9</sup> of the Act and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>10</sup>

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of the filing.<sup>11</sup> However, pursuant to Rule 19b-4(f)(6)(iii),<sup>12</sup> the Commission may 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 so that the proposal may become operative immediately upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because doing so will allow the Pilot Program to continue without interruption in a manner that is consistent with the Commission's prior approval of the extension and expansion

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

<sup>8</sup> 17 CFR 240.19b-4(f)(6).

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this pre-filing requirement.

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

of the Pilot Program and will allow the Exchange and the Commission additional time to analyze the impact of the Pilot Program.<sup>13</sup> Accordingly, the Commission designates the proposed rule change as operative upon filing with the Commission.<sup>14</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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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](mailto:rule-comments@sec.gov). Please include File Number SR-Phlx-2013-123 on the subject line.

##### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-Phlx-2013-123. 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 Phlx. 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-2013-123 and should be submitted on or before January 13, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-30452 Filed 12-20-13; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71091; File No. SR-FICC-2013-09]

### Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposed Rule Change To Make the U.S. Department of the Treasury's Floating Rate Notes Eligible for Netting Service and GCF Repo<sup>®</sup> at FICC's Government Securities Division

December 17, 2013.

#### I. Introduction

On October 28, 2013, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-FICC-2013-09 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> The proposed rule change was published for comment in the **Federal Register** on November 14, 2013.<sup>3</sup> The Commission received no comment letters. For the reasons

discussed below, the Commission is approving the proposed rule change.

#### II. Description

The purpose of this proposed rule change is to make the U.S. Department of the Treasury ("Treasury Department") floating rate notes eligible for the netting service and GCF Repo<sup>®</sup> service at the GSD. Last year, the Treasury Department announced its plan to issue Treasury notes with a floating rate coupon ("Floating Rate Notes"). The Floating Rate Notes will be the first new product issued by the U.S. Treasury since the Treasury Inflation-Protected Securities ("TIPS") were introduced in 1997. The Treasury Department anticipates that the first auction of Floating Rate Notes will occur in January 2014.<sup>4</sup> FICC's Government Securities Division ("GSD") is planning to make Floating Rate Notes eligible for its netting service starting with the January 2014 auction of the two-year Floating Rate Notes (other maturities will be issued later).

With respect to the GCF Repo<sup>®</sup> service, Floating Rate Notes will be included in GSD's existing Treasury Generic CUSIP Numbers.<sup>5</sup> However, because of their adjustable coupon, Floating Rate Notes will not be eligible for collateral allocation obligations or substitutions with respect to the GCF Repo<sup>®</sup> Generic CUSIPs representing interest and principal securities ("STRIPS"), or fixed-rate mortgage-backed securities issued by Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Government National Mortgage Association ("Ginnie Mae"). As a result, GSD Rule 20, Section 3, has been revised to reflect this change.

In order for GSD to process Floating Rate Notes, various enhancements to FICC's systems and member output have been made in the following areas:

- Creation and maintenance of a historical database of reference indices. This data is necessary for determining coupon, which is used in valuing positions for settlement purposes and

<sup>4</sup> See Press Release, U.S. Department of the Treasury *August 2013 Quarterly Refunding Statement of Assistant Secretary Rutherford* (Jul. 31, 2013), available at [www.treasury.gov](http://www.treasury.gov).

<sup>5</sup> Pursuant to Rule 1 of the GSD Rulebook, ("Definitions"), the term "Generic CUSIP Number" means a Committee on Uniform Securities Identification Procedures identifying number established for a category of securities, as opposed to a specific security. Rule 1 also requires GSD to use separate Generic CUSIP Numbers for General Collateral Repo Transactions and GCF Repo Transactions.

<sup>13</sup> See Securities Exchange Act Release No. 61061 (November 24, 2009), 74 FR 62857 (December 1, 2009) (SR-NYSEArca-2009-44).

<sup>14</sup> For purposes only of waiving the operative delay for this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>15</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 70831 (Nov. 7, 2013), 78 FR 68496 (Nov. 14, 2013) (SR-FICC-2013-09).