Advisers Act [3]—they do not manage $25 million or more in assets and do not advise registered investment companies, or they manage between $25 million and $100 million in assets, do not advise registered investment companies or business development companies, and are required to be registered as investment advisers with the states in which they maintain their principal offices and places of business and are subject to examination as an adviser by such states.[4] Eligibility under rule 203A–2(e) is conditioned on an adviser maintaining in an easily accessible place, for a period of not less than five years from the filing of Form ADV,[5] a record demonstrating that the adviser's advisory business has been conducted through an interactive Web site in accordance with the rule.[6]

This record maintenance requirement is a ''collection of information'' for PRA purposes. The Commission believes that approximately 74 advisers are registered with the Commission under rule 203A–2(e), which involves a recordkeeping requirement of approximately four burden hours per year per adviser and results in an estimated 296 of total burden hours (4 × 74) for all advisers.

This collection of information is mandatory, as it is used by Commission staff in its examination and oversight program in order to determine continued Commission registration eligibility of advisers registered under this rule. Responses generally are kept confidential pursuant to section 210(b) of the Advisers Act.[7] An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

The public may view the background documentation for this information collection at the following Web site, *www.reginfo.gov*. Comments should be directed to: (i) Desk Officer for the Securities and Exchange Commission, Office of Information and Regulatory Affairs, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503, or by sending an email to: *Shagufta_Ahmed@omb.eop.gov;* and (ii) Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: *PRA_Mailbox@sec.gov*. Comments must be submitted to OMB within 30 days of this notice.

Dated: April 4, 2014.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–07999 Filed 4–9–14; 8:45 am]

BILLING CODE 8011–01–P

[3] 15 U.S.C. 80b–3a(a).

[4] *Id.*

[5] The five-year record retention period is a similar recordkeeping retention period as imposed on all advisers under rule 204–2 of the Advisers Act. See rule 204–2 (17 CFR 275.204–2).

[6] 17 CFR 275.203A–2(e)(1)(ii).

[7] 15 U.S.C. 80b–10(b).

SECURITIES AND EXCHANGE COMMISSION

Proposed Collection; Comment Request

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of Investor Education and Advocacy, Washington, DC 20549–0213.

Extension:

Rule 15b6–1 and Form BDW, SEC File No. 270–17, OMB Control No. 3235–0018.

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (''PRA'') (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (''Commission'') is soliciting comments on the existing collection of information provided for in Rule 15b6–1 (17 CFR 240.15b6–1), under the Securities Exchange Act of 1934 (15 U.S.C 78a *et seq.*). The Commission plans to submit this existing collection of information to the Office of Management and Budget (''OMB'') for extension and approval.

Registered broker-dealers use Form BDW (17 CFR 249.501a) to withdraw from registration with the Commission, the self-regulatory organizations, and the states. On average, the Commission estimates that it would take a broker-dealer approximately one hour to complete and file a Form BDW to withdraw from Commission registration as required by Rule 15b6–1. The Commission estimates that approximately 488 broker-dealers withdraw from Commission registration annually [1] and, therefore, file a Form BDW via the internet with the Central Registration Depository, a computer system operated by the Financial Industry Regulatory Authority, Inc. that maintains information regarding registered broker-dealers and their registered personnel. The 488 broker-dealers that withdraw from registration by filing Form BDW would incur an aggregate annual reporting burden of approximately 488 hours.[2]

Written comments are invited on: (a) Whether the proposed collection of information is necessary for the proper performance of the functions of the Commission, including whether the information shall have practical utility; (b) the accuracy of the Commission's estimates of the burden of the proposed collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

Please direct your written comments to: Thomas Bayer, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549, or send an email to: *PRA_Mailbox@sec.gov.*

Dated: April 2, 2014.

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–07997 Filed 4–9–14; 8:45 a.m.]

BILLING CODE 8011–01–P

[1] This estimate is based on Form BDW data collected over the past three years for fully registered broker- dealers. In fiscal year (from 10/1 through 9/30) 2011, 524 broker-dealers withdrew from registration. In fiscal year 2012, 428 broker-dealers withdrew from registration. In fiscal year 2013, 513 broker-dealers withdrew from registration. (524 + 428 + 513)/3 = 488.

[2] (488 × 1 hour) = 488 hours.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71878; File No. SR–NYSEMKT–2014–25]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Its Price List To Introduce a New Credit for Certain Retail Providing Liquidity on the Exchange

April 4, 2014.

Pursuant to Section 19(b)(1) [1] of the Securities Exchange Act of 1934 (''Act'') [2] and Rule 19b–4 thereunder,[3] notice is hereby given that, on March 24, 2014, NYSE MKT LLC (''NYSE MKT'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I, II, and

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

[2] 15 U.S.C. 78a.

[3] 17 CFR 240.19b–4.

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 Substance of the Proposed Rule Change

The Exchange proposes to amend its Price List to introduce a new credit for certain retail providing liquidity on the Exchange. The Exchange proposes to implement the fee change effective April 1, 2014. The text of the proposed rule change is available on the Exchange's Web site at *www.nyse.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 the 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 those 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Price List to introduce a new credit for certain retail providing liquidity on the Exchange.[4] The Exchange proposes to implement the fee change effective April 1, 2014.

The Exchange currently operates the Retail Liquidity Program as a pilot program that is designed to attract additional retail order flow to the Exchange for Exchange-traded securities (including but not limited to Exchange-listed securities and securities listed on the Nasdaq Stock Market, LLC (''NASDAQ'') traded pursuant to unlisted trading privileges) while also providing the potential for price improvement to such order flow.[5] Retail order flow is submitted through the Retail Liquidity Program as a distinct order type called a ''Retail Order,'' which is defined in Rule 107C(a)(3)—Equities as an agency order or a riskless principal order that meets the criteria of Financial Industry Regulatory Authority, Inc. (''FINRA'') Rule 5320.03 that originates from a natural person and is submitted to the Exchange by a Retail Member Organization (''RMO''), provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology.[6] An execution of a Retail Order is always considered to remove liquidity, whether against contra-side interest in the Retail Liquidity Program or against the Book.[7] As described in the Price List, executions of Retail Orders receive a credit of $0.0005 per share if executed against Retail Price Improvement Orders (''RPIs'') or Mid-Point Passive Liquidity (''MPL'') Orders and are otherwise charged according to standard fees applicable to non-Retail Orders if executed against the Book.[8]

The Exchange proposes to introduce a new credit of $0.0030 per share for executions of orders designated as ''retail'' that provide liquidity on the Book.[9] An order properly designated as ''retail'' would be required to satisfy the requirements of Rule 107C(a)(3)—Equities, but would not be submitted as a Retail Order within the Retail Liquidity Program and therefore would not need to be submitted by an RMO.[10] Designation of an order as ''retail'' for purposes of the proposed new credit would be separate and distinct from submission of a Retail Order for purposes of the Retail Liquidity Program, despite the characteristics being identical (i.e., they must each satisfy the requirements in Rule 107C(a)(3)—Equities).

The Exchange proposes to permit members and member organizations to designate orders as ''retail'' for the purposes of the proposed $0.0030 credit either (1) by means of a specific tag in the order entry message or (2) by designating a particular member or member organization mnemonic used at the Exchange as a ''retail mnemonic.'' A member or member organization would be required to attest, in a form and/or manner prescribed by the Exchange, that substantially all orders submitted to the Exchange satisfy the requirements of Rule 107C(a)(3)—Equities.[11]

A member or member organization would be required to have written policies and procedures reasonably designed to assure that it will only designate orders as ''retail'' if all the requirements of Rule 107C(a)(3)—Equities are met. Such written policies and procedures must require the member or member organization to (1) exercise due diligence before entering orders designated as ''retail'' to assure that such entry is in compliance with the requirements specified by the Exchange, and (2) monitor whether orders designated as ''retail'' meet the applicable requirements. If the member or member organization represents orders designated as ''retail'' from another broker-dealer customer of the member or member organization, the member's or member organization's supervisory procedures must be reasonably designed to assure that the orders it receives from such broker-dealer customer that it designates as ''retail'' meet the requirements of Rule 107C(a)(3)—Equities. The member or member organization must (1) obtain an annual written representation, in a form acceptable to the Exchange, from each broker-dealer customer that sends it orders to be designated as ''retail'' that entry of such orders designated as ''retail'' will be in compliance with the requirements specified by the Exchange, and (2) monitor whether its broker-dealer customer's orders designated as

[4] The proposed pricing would only apply to securities priced $1.00 or greater.

[5] *See* Rule 107C—Equities. *See also* Securities Exchange Act Release No. 67347 (July 3, 2012), 77 FR 40673 (July 10, 2012) (SR–NYSEAmex–2011–84).

[6] RMO is defined in Rule 107C(a)(2)—Equities as a member organization (or a division thereof) that has been approved by the Exchange under Rule 107C—Equities to submit Retail Orders.

[7] A Retail Order is an Immediate or Cancel Order. *See* Rule 107C(a)(3)—Equities. *See also* Rule 107C(k)—Equities for a description of the manner in which a member or member organization may designate how a Retail Order will interact with available contra-side interest.

[8] RPI is defined in Rule 107C(a)(4)—Equities and consists of non-displayed interest in Exchange-traded securities that is priced better than the best protected bid (''PBB'') or best protected offer (''PBO''), as such terms are defined in Regulation NMS Rule 600(b)(57), by at least $0.001 and that is identified as such. MPL Order is defined in Rule 13—Equities as an undisplayed limit order that automatically executes at the mid-point of the protected best bid or offer (''PBBO'').

[9] The existing rates in the Price List would apply to executions of MPL Orders (e.g., $0.0016 per share). A Supplemental Liquidity Provider (''SLP'') market maker (''SLMM'') could designate orders as ''retail'' and be eligible for the proposed new credit.

[10] The RMO aspect of Rule 107C(a)(3)—Equities would not be considered when determining whether an order designated as ''retail'' satisfies the requirements thereunder.

[11] This would be similar to the process under the Retail Liquidity Program, whereby an RMO must attest, in a form prescribed by the Exchange, that substantially all orders submitted as Retail Orders will qualify as such under Rule 107C—Equities. *See* Rule 107C(b)(C)—Equities. This would also be similar to the manner in which an Exchange Trading Permit (''ETP'') Holder on NYSE Arca Equities, Inc. (''NYSE Arca Equities'') may designate orders as ''retail'' outside of the NYSE Arca Equities Retail Liquidity Program. *See, e.g.,* Securities Exchange Act Release No. 68322 (November 29, 2012), 77 FR 72425 (December 5, 2012) (SR–NYSEArca–2012–129).

''retail'' meet the applicable requirements.[12]

Designating orders as ''retail'' would be optional. Accordingly, a member or member organization that chooses not to designate orders as ''retail'' would therefore either (1) not use the applicable tag in the order entry message or (2) not designate any of its mnemonics as ''retail mnemonics.'' The Exchange further proposes that it may disqualify a member or member organization from eligibility for the proposed new $0.0030 credit if the Exchange determines, in its sole discretion, that a member or member organization has failed to abide by any of the requirements proposed herein, including, for example, if a member or member organization (1) designates greater than a de minimis quantity of orders to the Exchange as ''retail'' that fail to meet any of the applicable requirements, (2) fails to make the required attestation to the Exchange, or (3) fails to maintain the required policies and procedures.

The proposed change is not otherwise intended to address any other issues, and the Exchange is not aware of any problems that members and member organizations would have in complying with the proposed change.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,[13] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[14] in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

The Exchange notes that a significant percentage of the orders of individual investors are executed over-the-counter.[15] While the Exchange believes that markets and price discovery optimally function through the interactions of diverse flow types, it also believes that growth in internalization has required differentiation of retail order flow from other order flow types. In this regard, the Exchange believes that the proposed change is reasonable because it would contribute to maintaining or increasing the proportion of retail flow in exchange-listed securities that are executed on a registered national securities exchange (rather than relying on certain available off-exchange execution methods). The proposed change is also equitable and not unfairly discriminatory because it would contribute to investors' confidence in the fairness of their transactions and because it would benefit all investors by deepening the Exchange's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange also believes that providing a credit for executions of orders that provide liquidity on the Book and that are designated as ''retail'' is reasonable because it would create an added financial incentive for members and member organizations to bring additional retail flow to a public market. The proposed new credit is also reasonable because it would reduce the costs of members and member organizations that represent retail flow and potentially also reduce costs to their customers. The proposed change is also reasonable because it would be similar to the manner in which NASDAQ provides a $0.0033 credit for ''Designated Retail Orders'' that provide liquidity.[16]

Absent this proposal, for example, a credit of $0.0016 would apply to the retail providing liquidity that this proposal targets.[17] The Exchange believes that providing a credit of $0.0030 per share for executions of orders that provide liquidity on the Book and that are designated as ''retail'' is reasonable because it is set at a level that would reasonably incentivize members and member organizations to qualify for eligibility to designate orders as ''retail'' (e.g., attestations and procedures) as well as to actually direct such retail flow to the Exchange. Such orders designated as ''retail'' would increase the pool of robust liquidity available on the Exchange, thereby contributing to the quality of the Exchange's market and to the Exchange's status as a premier destination for liquidity and order execution. The Exchange believes that, because retail flow is likely to reflect long-term investment intentions, it promotes price discovery and dampens volatility. Accordingly, the presence of retail flow on the Exchange has the potential to benefit all market participants. For this reason, the Exchange believes that it is equitable and not unfairly discriminatory to provide a financial incentive to encourage greater retail participation on the Exchange.

The Exchange believes that the process for designating orders as ''retail'' and the requirements surrounding such designations, such as attestations and procedures, are reasonable because they would reasonably ensure that substantially all of those orders would satisfy the applicable requirements of Rule 107C(a)(3)—Equities and therefore be eligible for the corresponding credit of $0.0030 per share. These processes and requirements are also reasonable because they are substantially similar to those in effect on the Exchange for the Retail Liquidity Program and on NYSE Arca Equities related to pricing for certain retail flow.[18] More specifically, the Exchange understands that some members and member organizations represent both retail flow as well as other agency and riskless principal flow that may not meet the strict requirements of Rule 107C(a)(3)—Equities. The Exchange further understands that limitations in order management systems and routing networks used by such members and member organizations may make it infeasible for them to isolate 100% of retail flow from other agency or riskless principal, non-retail flow that they would direct to the Exchange. Unable to make the categorical attestation required by the Exchange, some members and member organizations may not attempt to qualify for the proposed new $0.0030 credit, notwithstanding that they have substantial retail flow. The Exchange believes that it is reasonable to permit a de minimis amount of orders to be designated as ''retail,'' despite not satisfying the requirements of Rule

[12] FINRA, on behalf of the Exchange, would review member and member organization compliance with these requirements through an exam-based review of the member's or member organization's internal controls.

[13] 15 U.S.C. 78f(b).

[14] 15 U.S.C. 78f(b)(4) and (5).

[15] *See* Concept Release on Equity Market Structure, Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (''Concept Release'') (noting that dark pools and internalizing broker-dealers executed approximately 25.4% of share volume in September 2009). *See also* Mary Jo White, Focusing on Fundamentals: The Path to Address Equity Market Structure (Speech at the Security Traders Association 80th Annual Market Structure Conference, Oct. 2, 2013) (available on the Commission's Web site) (''White Speech''); Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) (available on the Commission's Web site) (''Schapiro Speech''). In her speech, Chair White noted a steadily increasing percentage of trading that occurs in ''dark'' venues, which appear to execute more than half of the orders of long-term investors. Similarly, in her speech, only three years earlier, Chair Schapiro noted that nearly 30 percent of volume in U.S.-listed equities was executed in venues that do not display their liquidity or make it generally available to the public and the percentage was increasing nearly every month.

[16] *See* NASDAQ Rule 7018.

[17] The Price List also provides for credits for SLPs.

[18] *See supra* note 11.

107C(a)(3)—Equities, because it would allow for enough flexibility to accommodate member and member organization system limitations while still reasonably ensuring that no more than a de minimis amount of orders submitted to the Exchange would not satisfy the requirements of Rule 107C(a)(3)—Equities. This is also equitable and not unfairly discriminatory because it will reasonably ensure that similarly situated members and member organizations that have only slight differences in the capability of their systems would be able to equally benefit from the proposed pricing for orders designated as ''retail.''

The pricing proposed herein is equitable and is not designed to permit unfair discrimination, but instead to promote a competitive process around retail executions such that retail investors' orders would be subject to greater transparency. As previously recognized by the Securities and Exchange Commission (''Commission''), ''markets generally distinguish between individual retail investors, whose orders are considered desirable by liquidity providers because such retail investors are presumed on average to be less informed about short-term price movements, and professional traders, whose orders are presumed on average to be more informed.'' [19] The Exchange has sought to balance this view in setting the pricing of the credit available for executions of orders designated as ''retail'' that provide liquidity compared to other liquidity providing executions, recognizing that the ability of a member's or member organization's contra-side liquidity to interact with such orders designated as ''retail'' could be a potential benefit applicable to the members or member organizations submitting such contra-side liquidity.

The proposal is also equitable and not unfairly discriminatory because the ability to designate an order as ''retail'' is available to all members and member organizations that submit qualifying orders and satisfy the other related requirements.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,[20] the Exchange believes that the proposed rule change would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Instead, the Exchange believes that the proposed change would increase competition among execution venues and encourage additional liquidity. In this regard, the Exchange believes that the transparency and competitiveness of attracting additional executions on an exchange market, and the pricing related thereto, would encourage competition. The proposed change would also permit the Exchange to compete with other markets, including NASDAQ, which similarly provides a credit for ''Designated Retail Orders'' that provide liquidity.[21]

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees and rebates to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees and credits in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. As a result of all of these considerations, the Exchange does not believe that the proposed changes will impair the ability of member organizations or competing order execution venues to maintain their competitive standing in the financial markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The foregoing rule change is effective upon filing pursuant to Section 19(b)(3)(A) [22] of the Act and subparagraph (f)(2) of Rule 19b–4 [23] thereunder, because it establishes a due, fee, or other charge imposed by the Exchange.

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 under Section 19(b)(2)(B) [24] of the Act 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–NYSEMKT–2014–25 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–NYSEMKT–2014–25. 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

[19] *See* SR–NYSEAmex–2011–84, *supra* note 5. *See also* Concept Release, White Speech, Schapiro Speech, *supra* note 15.

[20] 15 U.S.C. 78f(b)(8).

[21] *See supra* note 16.

[22] 15 U.S.C. 78s(b)(3)(A).

[23] 17 CFR 240.19b–4(f)(2).

[24] 15 U.S.C. 78s(b)(2)(B).

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 inspection and copying in the Commission's Public Reference Section, 100 F Street NE., Washington, DC 20549–1090, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing will also be available for Web site viewing and printing at the NYSE's principal office and on its Internet Web site at *www.nyse.com.* 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–NYSEMKT–2014–25 and should be submitted on or before May 1, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[25]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–08057 Filed 4–9–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71872; File No. SR–CBOE–2014–026]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change To Amend Its Rule 24.19

April 4, 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 March 21, 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 rule related to Multi-Class Broad-Based Index Option Spread Orders. 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 make changes regarding Multi-Class Broad-Based Index Option Spread Orders (''Multi-Class Spread Orders'') and its Rule 24.19. Exchange Rule 24.19 provides a definition of the term ''Broad-Based Index Option'' for the purposes of Rule 24.19. However, some of the products that qualify as ''Broad-Based Index Options'' under Rule 24.19 are not, in and of themselves, index options. As such, the Exchange proposes to rename this term ''Broad Based Option'' and replace the term ''Broad-Based Index Option'' with ''Broad-Based Option'' throughout Rule 24.19.

Similarly, Rule 24.19 provides a definition of the term ''Multi-Class Broad-Based Index Option Spread Order.'' Because of the change proposed above, the Exchange proposes to remove the word ''Index'' from this term. The Exchange also proposes to replace the word ''Spread'' with ''Complex'' in order to achieve continuity within Exchange rules (spread orders are complex orders). As such, the term would now be ''Multi-Class Broad-Based Option Complex Order'' and the Exchange proposes to replace ''Multi-Class Broad-Based Index Option Spread Order'' with ''Multi-Class Broad-Based Option Complex Order'' throughout Rule 24.19 (and to replace the shortened term, ''Multi-Class Spread Order'' with ''Multi-Class Complex Order'' throughout Rule 24.19).

The Exchange also proposes to update the definition of Multi-Class Complex Order to more clearly and accurately reflect what such an order is. Currently, the term Multi-Class Complex Order is defined as ''an order or quote to buy a stated number of contracts of a Broad-Based Option and to sell an equal number, or an equivalent number, of contracts of a different Broad-Based Option.'' [3] The common conception of a Multi-Class Complex Order really involves the transaction (either a buy or a sell) of a stated number of contracts of a Broad-Based Option and the transaction (either a buy or a sell) of an equal number, or equivalent number, of contracts of a different Broad-Based Option to achieve a position in which one leg of the order generally offsets the market exposure of the other leg. Given the inherent nature of options contracts, a buy-sell structure is not necessary to achieve offsetting market exposure.

For example, because OEX is approximately half the value of SPX, a Multi-Class Complex Order including the two products would achieve a position in which one leg of the order offsets the market exposure of the other leg by trading two times as many OEX contracts as SPX contracts. But it would not necessarily require buying and selling contracts. To continue with the example, a market participant could buy 100 SPX calls and buy 200 OEX puts, thereby offsetting the market exposure of the first leg with the second leg (since the first leg creates a long position and the second leg creates a short position (and also since this would involve trading two times as many OEX contracts as SPX contracts)). Therefore, the Exchange proposes to amend this statement to replace the terms ''buy'' and ''sell'' with ''transact'', and to add the language regarding one leg of the order offsetting the market exposure of the other leg. Also, the description of a Multi-Class Complex Order being ''an order or quote'' is somewhat misleading, as a quote cannot be submitted for a Multi-Class Complex Order and may only be made in open outcry in response to a Multi-Class Complex Order. As such, the Exchange proposes to clarify that it is an ''order (or quote in response to an order) . . .'' Therefore, either an order or a quote that is in response to an order can qualify for the provisions of paragraphs (b)(iii) and (b)(iv) of Rule 24.19. In sum, the Exchange proposes to amend the beginning of Rule 24.19(a)(2) to read: ''The term ''Multi-Class Broad-Based

[25] 17 CFR 200.30–3(a)(12).

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

[2] 17 CFR 240.19b–4.

[3] See CBOE Rule 24.19(a)(2).