

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸⁰

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72332 ; File No. SR-FINRA-2014-020]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Designation of a Longer Period for Commission Action on Proposed Rule Change To Adopt FINRA Rule 2081, Prohibited Conditions Relating to Expungement of Customer Dispute Information

June 5, 2014.

On April 14, 2014, the Financial Industry Regulatory Authority, Inc. ("FINRA") 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 adopt FINRA Rule 2081 to prohibit member firms and associated persons from conditioning or seeking to condition settlement of a dispute with a customer on, or to otherwise compensate the customer for, the customer's agreement to consent to, or not to oppose, the firm's or associated person's request to expunge the customer dispute information which was the subject of the settlement from the Central Registration Depository (CRD®). The proposal was published for comment in the *Federal Register* on April 23, 2014.³ The Commission received 15 comments on the proposal.⁴

Section 19(b)(2) of the Act⁵ provides that, within 45 days of the publication of notice of the filing of a proposed rule change, or within such longer period up to 90 days as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or as to which the self-regulatory organization consents, the Commission shall either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether the proposed rule change should be disapproved. The 45th day for this filing is June 7, 2014. The Commission is extending this 45-day time period.

The Commission finds it appropriate to designate a longer period within which to take action on the proposed rule change so that it has sufficient time to consider the proposed rule change and the comment letters received.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,⁶ designates July 22, 2014 as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-FINRA-2014-020).

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

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72327; File No. SR-NYSE-2014-27]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE BBO Market Data Product Offering

June 5, 2014.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that on May 23, 2014, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 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 the NYSE BBO market data product offering. 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 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 the NYSE BBO market data product

⁸⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 71959 (April 17, 2014), 79 FR 22734 (SR-FINRA-2014-020).

⁴ See Letter from Steven B. Caruso, Maddox Hargett Caruso, P.C., dated April 21, 2014; Letter from Nicole G. Iannarone, Assistant Clinical Professor, Tim Guilmette, Student Intern, and Nataliya Obikhod, Student Intern, Georgia State University College of Law, dated May 1, 2014; Letter from Ryan K. Bakhtiari, Aidikoff, Uhl and Bakhtiari, dated May 5, 2014; Letter from Richard P. Ryder, dated May 5, 2014; Letter from Barry D. Estell, dated May 7, 2014; Letter from Leonard Steiner, Steiner & Libo, PC, dated May 7, 2014; Letter from Philip M. Aidikoff, Aidikoff, Uhl and Bakhtiari, dated May 1, 2014; Letter from George H. Friedman, George H. Friedman Consulting, LLC, dated May 13, 2014; Letter from Jason Doss, President, Public Investors Arbitration Bar Association, dated May 13, 2014; Letter from David T. Bellaire, Executive Vice President and General Counsel, Financial Services Institute, dated May 14, 2014; Letter from Andrea Seidt, Ohio Securities

Commissioner and North American Securities Administrators Association ("NASAA") President, NASAA, dated May 14, 2014; Letter from Jill Gross, Director, Elissa Germaine, Supervising Attorney, and Michelle Robinson, Student Intern, John Jay Legal Services, Inc., Pace University School of Law, dated May 14, 2014; Letter from Kevin M. Carroll, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association Small Firms Committee, dated May 14, 2014; Letter from Ronald M. Amato, Amato Law Firm, LLC, dated May 15, 2014; and Letter from Harry A. Jacobowitz, Database Manager, Securities Arbitration Commentator, Inc., dated May 16, 2014.

⁵ 15 U.S.C. 78s(b)(2).

⁶ 15 U.S.C. 78s(b)(2).

⁷ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

offering. In 2010, the Securities and Exchange Commission (“Commission”) approved the NYSE BBO data feed and certain fees for it.⁴ NYSE BBO is an NYSE-only market data feed that distributes on a real-time basis the same best-bid-and-offer information that the Exchange reports under the Consolidated Quotation (“CQ”) Plan for inclusion in the CQ Plan’s consolidated quotation information data stream. The data feed includes the best bids and offers for all securities that are traded on the Exchange and for which NYSE reports quotes under the CQ Plan.

The Exchange has determined to add information about security status, such as whether a security is in a short sale restriction or retail price improvement indications pursuant to NYSE Rule 107C(j), to the NYSE BBO data feed. There will be no change to the fees for the NYSE BBO feed in connection with this change.⁵

The Exchange expects to offer the current NYSE BBO data product and the proposed NYSE BBO data product with the added security status information at the same time for a limited transition period. After the transition period, the Exchange will offer only the proposed NYSE BBO with the added security status information. The Exchange will announce the transition dates in advance.

2. Statutory Basis

The proposed rule change is consistent with Section 6(b)⁶ of the Act, in general, and furthers the objectives of Section 6(b)(5)⁷ of the Act, 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, 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, and it is not designed to permit unfair discrimination among customers, brokers, or dealers.

The Exchange believes that including the additional information in NYSE BBO will provide vendors and subscribers with a more comprehensive

and higher quality market data product. The NYSE BBO data feed will help to protect a free and open market by providing vendors and subscribers with additional choices in receiving proprietary market data, thus promoting competition and innovation. The Exchange believes that NYSE BBO offers an alternative to consolidated data products and proprietary data products offered by other exchanges.⁸ In addition, the proposal would not permit unfair discrimination because the product will be available to all of the Exchange’s market data vendors and customers on an equivalent basis.

In adopting Regulation NMS, the Commission granted self-regulatory organizations (“SROs”) and broker-dealers increased authority and flexibility to offer new and unique market data to consumers of such data. It was believed that this authority would expand the amount of data available to users and consumers of such data and also spur innovation and competition for the provision of market data. The Exchange believes that the data products proposed herein are precisely the sort of market data products that the Commission envisioned when it adopted Regulation NMS. The Commission concluded that Regulation NMS—by lessening regulation of the market in proprietary data—would itself further the Act’s goals of facilitating efficiency and competition:

[E]fficiency is promoted when broker-dealers who do not need the data beyond the prices, sizes, market center identifications of the NBBO and consolidated last sale information are not required to receive (and pay for) such data. The Commission also believes that efficiency is promoted when broker-dealers may choose to receive (and pay for) additional market data based on their own internal analysis of the need for such data.⁹

By removing “unnecessary regulatory restrictions” on the ability of exchanges to sell their own data, Regulation NMS advanced the goals of the Act and the principles reflected in its legislative history. The Exchange believes that offering NYSE BBO with the additional information reflects innovation in its product offerings and promotes competition for the provision of market data. The existence of alternatives to the

Exchange’s products, including real-time consolidated data and proprietary data from other exchanges, ensures that the Exchange is not unreasonably discriminatory because vendors and subscribers can elect these alternatives.

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 market for proprietary data products is currently competitive and inherently contestable because there is fierce competition for the inputs necessary to the creation of proprietary data. Numerous exchanges compete with each other for listings, trades, and market data itself, providing virtually limitless opportunities for entrepreneurs who wish to produce and distribute their own market data. This proprietary data is produced by each individual exchange, as well as other entities (such as internalizing broker-dealers and various forms of alternative trading systems, including dark pools and electronic communication networks), in a vigorously competitive market. NYSE BBO offers an alternative to similar products offered by other exchanges,¹⁰ thus promoting competition. The existence of numerous alternatives to the Exchange’s products, including real-time consolidated data and proprietary data from other sources, subjects the Exchange to vigorous competition. Vendors and subscribers are free to elect these alternatives, purchase some or all of the underlying data feeds, or choose not to purchase a specific proprietary data product at all.

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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹² Because the proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

⁴ See Securities Exchange Act Release No. 62181 (May 26, 2010), 75 FR 31488 (June 3, 2010) (SR-NYSE-2010-30).

⁵ When the security status information is added, NYSE BBO also will be distributed in a new format, Exchange Data Protocol (“XDP”). The feed will also include a symbol index mapping message that will be sent once a day. These two changes do not affect the real-time data content that is distributed.

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ For example, NASDAQ Basic includes market status information including Stock Directory, Emergency Market Condition event messages, System Status and Trading Halt information for NASDAQ, NYSE, NYSE MKT, NYSE Arca and other regional exchange listed issues. See NASDAQ Rule 7047 and <http://www.nasdaqtrader.com/Trader.aspx?id=NASDAQBasic>.

⁹ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496 (June 29, 2005) (File No. S7-10-04).

¹⁰ See *supra* note 8.

¹¹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹² 17 CFR 240.19b-4(f)(6).

competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, provided that the self-regulatory organization has given the Commission written notice of its intent to file 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,¹³ the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

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)¹⁴ 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-NYSE-2014-27 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-NYSE-2014-27. 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 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-NYSE-2014-27 and should be submitted on or before July 2, 2014.

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

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72329; File No. SR-CBOE-2014-017]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment 1, To Amend Its Rules Related to Complex Orders

June 5, 2014.

I. Introduction

On February 19, 2014, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") filed with the Securities and Exchange Commission (the "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 relating to complex orders. On March 3, 2014, the

Exchange filed Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1 thereto, was published for comment in the **Federal Register** on March 10, 2014.³ The Commission received no comments on the proposed rule change. On April 23, 2014, the Commission extended the time period in which to either approve the proposal, disapprove the proposal, or to institute proceedings to determine whether to approve or disapprove the proposal, to June 6, 2014.⁴ This order institutes proceedings under Section 19(b)(2)(B) of the Act⁵ to determine whether to approve or disapprove the proposal.

II. Description of Proposed Rule Change

Under current CBOE Rule 6.53C(d)(ii), a Trading Permit Holder representing a COA-eligible order may request that the Exchange initiate a complex order auction ("COA") for the COA-eligible order before such order enters the complex order book ("COB").⁶ In this proposed rule change, the Exchange proposes to require all complex orders with three or more legs to be subject to a COA prior to entering the COB.⁷ Specifically, the Exchange proposes to amend Rule 6.53C(d)(ii) to provide that CBOE's Hybrid Trading System⁸ (the "System") will initiate a COA on receipt of: (1) A COA-eligible order with two

³ See Securities Exchange Act Release No. 71648 (March 5, 2014), 79 FR 13359 ("Notice").

⁴ See Securities Exchange Act Release No. 72008, 79 FR 24032 (April 29, 2014).

⁵ 15 U.S.C. 78s(b)(2)(B).

⁶ Under current CBOE Rule 6.53C(d)(i)(2), the Exchange may determine on a class-by-class basis which complex orders are eligible for a COA, including by complex order type and origin type. The Exchange notes that currently, in all Hybrid classes, customer, firm and broker-dealer complex orders are eligible for a COA, and all complex order types except for immediate-or-cancel ("IOC") orders are eligible for a COA in all Hybrid classes. See Notice, *supra* note 3, n.8. Additionally, only marketable orders and "tweener" (limit orders bettering the same side of the derived net market) are eligible for a COA. For Hybrid 3.0 classes (*i.e.* SPX), all complex order types (including IOC orders) are eligible for a COA, but only customer complex orders are eligible for a COA. See *id.* (citing CBOE Regulatory Circulars RG06-73, RG08-38, and RG08-97).

⁷ The Exchange explains that this proposed change applies to Hybrid classes only, and not Hybrid 3.0 classes. See Notice, *supra* note 3, n.7. In this regard, the proposed rule change proposes to amend CBOE Rule 6.53C, Interpretation and Policy .10 to indicate that complex orders in Hybrid 3.0 classes, regardless of the number of legs, will initiate a COA in the same manner they currently do. See *id.*

⁸ The proposed rule change proposes to amend CBOE Rule 6.53C(d)(ii) to say that the System, rather than the Exchange, will send the RFR message. See *id.* at n.9. Because the System will automatically send the RFR message when the conditions set forth in CBOE Rule 6.53C(d)(ii) are met, the Exchange believes using the term "System" in the rule text is appropriate. See *id.*

¹³ The Exchange has satisfied this requirement.

¹⁴ 15 U.S.C. 78s(b)(2)(B).

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.