

reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide additional comment on the proposed rule change.

As discussed above, the Exchange proposes to amend ISE Gemini Rule 804, which would expand the current risk management offerings by ISE Gemini and provide for cross-exchange risk management functionality. The Commission believes that the proposal, which seeks to allow removal of a market maker's quotes in all classes on both ISE Gemini and ISE once an aggregated pre-set number of curtailment events on both exchanges is reached, raises important issues that warrant further public comment and Commission consideration. Namely, the Commission believes that proceedings are appropriate to consider, among other matters, whether the proposal is unfairly discriminatory to any member of the Exchange and the impact of the proposal on competition among exchanges.

Pursuant to Section 19(b)(2)(B) of the Act,¹³ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(5) of the Act, which requires, among other things, that the rules of a national securities exchange be "designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to perfect the mechanism of a free and open market and a national market systems; and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers."¹⁴ The Commission is also instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(8) of the Act, which requires that rules of a national securities exchange "do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of" the Act.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the concerns identified above, as well as any other concerns they may have with the proposal. In particular, the Commission

invites the written views of interested persons concerning whether the proposal is consistent with Sections 6(b)(5) and 6(b)(8) or any other provision of the Act, or the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval which would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.¹⁵

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by July 21, 2014. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by August 4, 2014.

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-ISEGemini-2014-09 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-ISEGemini-2014-09. 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

¹⁵ Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Public Law 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

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 filings also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISEGemini-2014-09 and should be submitted on or before July 21, 2014. Rebuttal comments should be submitted by August 4, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72459; File No. SR-FINRA-2014-010]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Withdrawal of Proposed Rule Change To Adopt FINRA Rule 2243 (Disclosure and Reporting Obligations Related to Recruitment Practices)

June 24, 2014.

On March 10, 2014, 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 1934¹ and Rule 19b-4 thereunder,² a proposed rule change to adopt FINRA Rule 2243, which would establish disclosure and reporting obligations related to member recruitment practices. The proposed rule change was published for comment in the **Federal Register** on March 28, 2014.³ To date, the Commission has received 189 comments on the proposal.⁴

On May 1, 2014, FINRA voluntarily extended the date for Commission

¹⁶ 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 71786 (Mar. 24, 2014), 79 FR 17592 (Mar. 28, 2014).

⁴ See <http://www.sec.gov/comments/sr-finra-2014-010/finra2014010.shtml>.

¹³ *Id.*

¹⁴ 15 U.S.C. 78f(b)(5).

action on the proposed rule change to June 26, 2014. On June 20, 2014, FINRA withdrew the proposed rule change (SR-FINRA-2014-010).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72457; File No. SR-FICC-2014-02]

Self-Regulatory Organizations; Fixed Income Clearing Corporation; Order Approving Proposal To Extend the Pilot Program for Certain Government Securities Division Rules Relating to the GCF Repo[®] Service

June 24, 2014.

On May 5, 2014, the Fixed Income Clearing Corporation ("FICC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-FICC-2014-02 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the **Federal Register** on May 23, 2014.³ The Commission received no comments on the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

I. Description of the Proposed Rule Change

FICC seeks the Commission's approval to extend the pilot program that is currently in effect for the GCF Repo[®] service ("2013 Pilot Program").⁴ FICC requests that the 2013 Pilot Program be extended for one year following the Commission's approval of this filing. FICC represents that, during this extension period, the final phase of tri-party reform will be implemented.⁵

⁵ 17 CFR 200.30-3(a)(31).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 72184 (May 19, 2014), 79 FR 29828 (May 23, 2014) (SR-FICC-2014-02).

⁴ See Securities Exchange Act Release No. 70068 (July 30, 2013), 78 FR 47453 (August 5, 2013) (SR-FICC-2013-06) (order approving the 2013 Pilot Program).

⁵ The final phase of tri-party reform includes the development of an interactive messaging system to facilitate the substitution of collateral between settlement banks. FICC has represented that, if it determines to change the parameters of the GCF Repo[®] service during the one-year extension period,

A. The GCF Repo[®] Service

The GCF Repo[®] service allows dealer members of FICC's Government Services Division to trade general collateral finance repos ("GCF Repos")⁶ throughout the day without requiring intraday, trade-for-trade settlement on a delivery-versus-payment ("DVP")⁷ basis. The service allows dealers to trade GCF Repos, based on rate and term, with inter-dealer broker netting members on a blind basis. Standardized, generic CUSIP numbers have been established exclusively for GCF Repo processing, and are used to specify the type of underlying security that is eligible to serve as collateral for GCF Repos. Only Fedwire eligible, book-entry securities may serve as collateral for GCF Repos. Acceptable collateral for GCF Repos include most U.S. Treasury securities, non-mortgage-backed federal agency securities, fixed and adjustable rate mortgage-backed securities, Treasury Inflation-Protected Securities ("TIPS") and separate trading of registered interest and principal securities ("STRIPS").⁸

B. Background of the Pilot Program

Because FICC's GCF Repo[®] service operates as a tri-party mechanism, FICC was asked to alter the service to align it with the recommendations of the Tri-Party Repo Infrastructure Reform Task Force ("TPR").⁹ FICC consequently developed a pilot program ("2013 Pilot Program") to address the TPR's recommendations,¹⁰ and sought

it will file a proposed rule change with the Commission. FICC has further warranted that, if it seeks to extend the 2013 Pilot Program beyond the one-year extension period or proposes to make the program permanent, it will also file a proposed rule change with the Commission.

⁶ A GCF Repo is one in which the lender of funds is willing to accept any of a class of U.S. Treasuries, U.S. government agency securities, and certain mortgage-backed securities as collateral for the repurchase obligation. This is in contrast to a specific collateral repo.

⁷ Delivery-versus-payment is a settlement procedure in which the buyer's cash payment for the securities it has purchased is due at the time the securities are delivered.

⁸ See Securities Exchange Act Release No. 58696 (September 30, 2008), 73 FR 58698, 58699 (October 7, 2008) (SR-FICC-2008-04).

⁹ The TPR was an industry group formed and sponsored in 2009 by the Federal Reserve Bank of New York to address weaknesses that emerged in the tri-party repo market during the financial crisis. The TPR's chief goal was to develop recommendations to address the risks presented by the reversal of tri-party repo transactions, and to develop procedures to ensure that tri-party repos would be collateralized throughout the day, rather than at the end of the day.

¹⁰ The TPR issued preliminary and final reports setting forth its recommendations for the reform of the tri-party repo market. See Tri-Party Repo Infrastructure Reform Task Force Report of May 17, 2000, available at http://www.newyorkfed.org/prcl/files/report_100517.pdf; see also Tri-Party Repo

Commission approval to institute that program.¹¹ The Commission approved the 2011 Pilot Program on August 29, 2011 for a period of one year.¹² When the expiration date for the 2011 Pilot Program approached, FICC sought Commission approval to implement the 2012 Pilot Program, which continued the 2011 Pilot Program in some aspects, and modified it in others.¹³ On August 8, 2012, the Commission approved the 2012 Pilot Program for a period of one year.¹⁴

C. The 2013 Pilot Program

The 2013 Pilot Program and its predecessor, the 2012 Pilot Program, have been the subject of a number of notices and approval orders published by the Commission.¹⁵ These notices and orders provide extensive detail on both the GCF Repo[®] service and the pilot program itself. Under this proposed rule change, FICC is not proposing to alter the current pilot program in any way; rather, it proposes only to extend that program, as approved in 2012 and in 2013, for one additional year.¹⁶

II. Discussion

Section 19(b)(2)(C) of the Act¹⁷ directs the Commission to approve a proposed rule change of a self-

Infrastructure Reform Task Force Final Report (February 15, 2012), available at http://www.newyorkfed.org/tripartyrepo/pdf/report_120215.pdf.

¹¹ Securities Exchange Act Release No. 64955 (July 25, 2011), 76 FR 45638 (July 29, 2011) (SR-FICC-2011-05).

¹² Securities Exchange Act Release No. 65213 (August 29, 2011), 76 FR 54824 (September 2, 2011) (SR-FICC-2011-05).

¹³ The 2012 Pilot Program implemented several changes which, although described in the rule filing that accompanied the 2011 Pilot Program, were not implemented during the 2011 Pilot Program's period of effectiveness. They include: (i) Moving the time for unwinding repos from 7:30 a.m. to 3:30 p.m.; (ii) moving the net-free-equity process from morning to the evening; and (iii) establishing rules for intraday GCF Repo collateral substitutions. See Securities Exchange Act Release No. 67227 (June 20, 2012), 77 FR 38108, 38111-12 (June 26, 2012) (SR-FICC-2012-05).

¹⁴ Securities Exchange Release No. 67621 (August 8, 2012), 77 FR 48572 (August 14, 2012) (SR-FICC-2012-05).

¹⁵ See Securities Exchange Act Release Nos. 67227 (June 20, 2012), 77 FR 38108, 38109-12 (June 26, 2012) (SR-FICC-2012-05); 67621 (August 8, 2012), 77 FR 48572, 48572-76 (August 14, 2012) (SR-FICC-2012-05); 69774 (June 17, 2013), 78 FR 37631, 37632-35 (June 21, 2013) (SR-FICC-2013-06); and 70068 (July 30, 2013), 78 FR 47453, 47453-54 (August 5, 2013) (SR-FICC-2013-06).

¹⁶ FICC would be required to file a proposed rule change with the Commission pursuant to Section 19(b) of the Act if were to do any of the following: (i) Change the parameters of the GCF Repo[®] service during the one-year extension period, (ii) extend the Pilot Program beyond the one-year period extension period, or (iii) establish the 2013 Pilot Program as a permanent program.

¹⁷ 15 U.S.C. 78s(b)(2)(C).