

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)<sup>13</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSEARCA-2014-118 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-NYSEARCA-2014-118. 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 Section, 100 F Street NE., Washington, DC 20549-1090. Copies of the filing will also be available for

inspection and copying at the NYSE's principal office and on its Internet Web site at [www.nyse.com](http://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-NYSEARCA-2014-118 and should be submitted on or before November 24, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73445; File No. SR-CME-2014-46]

### Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make Changes to Settlement Procedures Regarding Seven CME Cleared OTC FX Spot, Forward and Swap Contracts

October 28, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that, on October 20, 2014, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. 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

CME is proposing rule changes that are limited to its business as a derivatives clearing organization

("DCO"). More specifically, the proposed rule change contains amendments to certain aspects of CME's settlement procedures for seven of CME's Cleared Over-the-Counter ("OTC") Foreign Exchange ("FX") Spot, Forward and Swap Contracts.

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

In its filing with the Commission, CME 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. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

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

CME is registered as a DCO with the Commodity Futures Trading Commission ("CFTC") and offers clearing services for many different futures and swaps products. The proposed rule changes that are the subject of this filing are limited to CME's business as a DCO offering clearing services for CFTC-regulated swaps products. CME currently offers clearing services for cleared-only OTC FX contracts on a number of different currency pairs. These CME Cleared OTC FX Spot, Forward and Swap Contracts are non-deliverable foreign currency forward contracts and, as such, are considered to be "swaps" under applicable regulatory definitions.<sup>5</sup> CME proposes to make amendments to five of these contracts.

The amendments would impact the following CME contracts and associated rules:

- Rule 270H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/Chinese Renminbi (USD/RMB) Spot, Forwards and Swaps (Rulebook Chapter 270H: Commodity Code: USDCNY);
- Rule 270H.02.B.—Procedures if No Cash Settlement Price is Available for the USD/RMB Cleared OTC Spot, Forwards and Swaps Contracts;
- Rule 271H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/

<sup>5</sup> See Commodity Futures Trading Commission and Securities and Exchange Commission Joint Final Rule Defining "Swap," "Security-Based Swap," and "Security-Based Swap Agreement;" Mixed Swaps; Security-Based Swap Agreement Recordkeeping, 77 FR 48207, 48255 (August 13, 2012).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

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

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

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

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

<sup>13</sup> 15 U.S.C. 78s(b)(2)(B).

Korean Won (USD/KRW) Spot, Forwards and Swaps (Rulebook Chapter 271H: Commodity Code: USDKRW); Rule 271H.02.B.—Procedures if No Cash Settlement Price is Available for the USD/KRW Cleared OTC Spot, Forwards and Swaps Contracts;

- Rule 279H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/ Indian Rupee (USD/INR) Spot, Forwards and Swaps (Rulebook Chapter 279H: Commodity Code: USDINR);

- Rule 280H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/ Malaysian Ringgit (USD/MYR) Spot, Forwards and Swaps (Rulebook Chapter 280H: Commodity Code: USDMYR);

- Rule 281H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/ Indonesian Rupiah (USD/IDR) Spot, Forwards and Swaps (Rulebook Chapter 281H: Commodity Code: USDIDR);

- Rule 282H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/ Taiwan Dollar (USD/TWD) Spot, Forwards and Swaps (Rulebook Chapter 282H: Commodity Code: USDTWD); and

- Rule 283H.02.A. Day of Cash Settlement of Cleared OTC U.S. Dollar/ Philippines Peso (USD/PHP) Spot, Forwards and Swaps (Rulebook Chapter 283H: Commodity Code: USDPHP).

More specifically, CME is proposing to amend Rule 270H.02.B. and 271H.02.B. to remove an outdated interpretation reference regarding fallback procedures. CME will work with EMTA, a trade group focused on the global emerging markets trading and investment community, and other OTC organizations, to make sure CME is aligned in the event a rate is not determined or published. Further, CME is proposing rule changes to Rules 270H.02.A., 271H.02.A., 279H.02.A., Rule 280H.02.A., Rule 281H.02.A., Rule 282H.02.A. and Rule 283H.02.A. that would specify that in the event that a “Final Settlement Price” is not able to be determined for the applicable contracts, then the Final Settlement Price would be determined pursuant to existing CME Rule 812.<sup>6</sup> CME Rule 812 allows CME to establish a final settlement price in the event the final settlement price cannot be determined and alternative settlement procedures are not otherwise specified in the relevant product chapter.

The changes that are described in this filing are limited to CME’s business as a DCO clearing products under the exclusive jurisdiction of the CFTC and

do not materially impact CME’s security-based swap clearing business in any way. The changes will be effective on filing. CME notes that it has also certified the proposed rule changes that are the subject of this filing to its primary regulator, the CFTC, in a separate filing, CME Submission No. 14–409.

CME believes the proposed rule change is consistent with the requirements of the Act including Section 17A of the Act.<sup>7</sup> CME is proposing the amendments to clarify that CME would be allowed to establish a final settlement price for certain OTC FX contracts in the event a final settlement price cannot be determined and alternative settlement procedures are not otherwise specified in the relevant product chapter. These amendments to CME’s fallback procedures are designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, and, in general, to protect investors and the public interest consistent with Section 17A(b)(3)(F) of the Act.<sup>8</sup>

Furthermore, the proposed changes are limited in their effect to products offered under CME’s authority to act as a DCO. The products that are the subject of this filing are under the exclusive jurisdiction of the CFTC. As such, the proposed CME changes are limited to CME’s activities as a DCO clearing swaps that are not security-based swaps, futures that are not security futures and forwards that are not security forwards. CME notes that the policies of the CFTC with respect to administering the Commodity Exchange Act are comparable to a number of the policies underlying the Act, such as promoting market transparency for over-the-counter derivatives markets, promoting the prompt and accurate clearance of transactions and protecting investors and the public interest.

Because the proposed changes are limited in their effect to OTC FX products offered under CME’s authority to act as a DCO, the proposed changes are properly classified as effecting a change in an existing service of CME that:

(a) Primarily affects the clearing operations of CME with respect to products that are not securities, including futures that are not security

futures, swaps that are not security-based swaps or mixed swaps, and forwards that are not security forwards; and

(b) does not significantly affect any securities clearing operations of CME or any rights or obligations of CME with respect to securities clearing or persons using such securities-clearing service.

As such, the changes are therefore consistent with the requirements of Section 17A of the Act<sup>9</sup> and are properly filed under Section 19(b)(3)(A)<sup>10</sup> and Rule 19b–4(f)(4)(ii)<sup>11</sup> thereunder.

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

CME does not believe that the proposed rule change will have any impact, or impose any burden, on competition. The proposed amendments are designed to establish appropriate fallback settlement price procedures for several OTC FX contracts. Further, the changes are limited to CME’s derivatives clearing business and, as such, do not affect the security-based swap clearing activities of CME in any way and therefore would not impose any burden on competition that is inappropriate in furtherance of the purposes of the Act.

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

CME has not solicited, and does not intend to solicit, comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>12</sup> of the Act and Rule 19b–4(f)(4)(ii)<sup>13</sup> thereunder. 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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing,

<sup>6</sup> Pursuant to a teleconference with CME’s counsel on October 23, 2014, staff in the Division of Trading and Markets has revised this sentence by adding Rule 280H.02.A. to the description of the Rules that are being amended as part of the proposed rule change.

<sup>7</sup> 15 U.S.C. 78q–1.

<sup>8</sup> 15 U.S.C. 78q–1(b)(3)(F).

<sup>9</sup> 15 U.S.C. 78q–1.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b–4(f)(4)(ii).

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b–4(f)(4)(ii).

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-CME-2014-46 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-CME-2014-46. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings will also be available for inspection and copying at the principal office of CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-CME-2014-46 and should be submitted on or before November 24, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73449; File No. SR-OCC-2014-19]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change To Permit the Executive Chairman, the President or a Delegate of Such Officer To Approve Requests by a Hedge Clearing Member To Become a Market Loan Clearing Member

October 28, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 24, 2014, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by OCC would amend OCC's By-Laws to permit the Executive Chairman, the President or a delegate of such officer to approve requests by a Hedge Clearing Member to become a Market Loan Clearing Member, provided that such delegate is an officer of the rank of Senior Vice President or higher.

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B),

and (C) below, of the most significant aspects of these statements.

#### (A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The purpose of this proposed rule change is permit the Executive Chairman, the President or their delegate to approve business expansion requests of Hedge Clearing Members<sup>3</sup> to become Market Loan Clearing Members.<sup>4</sup> Delegates of the Executive Chairman and/or the President must be an officer of the rank of Senior Vice President or higher. Currently, OCC's By-Laws require that requests of a Hedge Clearing Member to become a Market Loan Clearing Member be processed through OCC's business expansion process, which involves review and approval by OCC's Risk Committee ("Committee"). As described below, this type of business expansion request is operational and administrative in nature and OCC does not believe review and approval of this type of business expansion request requires the Committee to assess the risk of such designation. Accordingly, OCC proposes to amend its rules to permit the Executive Chairman, the President, or their delegate to approve business expansion requests of Hedge Clearing Members to become Market Loan Clearing Members without further review by the Committee, provided that any delegate be an officer of the rank of Senior Vice President or higher.

By way of background, the Committee is responsible for reviewing and approving clearing member requests to clear a type or a kind of transaction for which it is not currently approved to clear through OCC (i.e., a business expansion request).<sup>5</sup> The Committee has delegated the Executive Chairman, the Management Vice Chairman, the President, or their delegate with authority to review and approve business expansion requests in response to requests by clearing members for expedited review. Such approval is then subject to the Committee's review and ratification at its next regularly scheduled meeting. If a clearing member does not request expedited review of a business expansion request then such request will be reviewed by the Committee at a regularly scheduled

<sup>3</sup> See OCC By-Laws, Article 1.H(1). See also, OCC By-Laws, Article V, Section 1, Interpretation and Policy .07.

<sup>4</sup> See OCC By-Laws, Article 1.M(4). See also, OCC By-Laws, Article V, Section 1, Interpretation and Policy .07A.

<sup>5</sup> See OCC By-Laws, Article V, Section 1, Interpretation and Policy .03(e).

<sup>14</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.