

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

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74021; File No. SR-FINRA-2014-030]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change Relating to Quotation Requirements for Unlisted Equity Securities and Deletion of the Rules Related to the OTC Bulletin Board Service

January 9, 2015.

On June 27, 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 ("Exchange Act" or "Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to adopt rules relating to quotation requirements for over-the-counter ("OTC") equity securities and to delete the rules relating to the OTC Bulletin Board Service ("OTCBB") and thus cease its operation. The proposed rule change was published for comment in the *Federal Register* on July 15, 2014.³ On August 8, 2014, FINRA consented to extending the time period for the Commission to either approve or disapprove the proposed rule change, or to institute proceedings to determine whether to approve or disapprove the proposed rule change, to October 10, 2014. The Commission received one comment letter on the proposed rule change.⁴

On October 7, 2014, the Commission instituted proceedings⁵ to determine whether to approve or disapprove the proposed rule change under Section 19(b)(2)(B) of the Act.⁶ The Commission

thereafter received three comment letters in response to the Order Instituting Proceedings.⁷

Section 19(b)(2) of the Act⁸ provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of the filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for comment in the *Federal Register* on July 15, 2014. January 11, 2015 is 180 days from that date, and March 12, 2015 is an additional 60 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider the proposed rule change and the issues raised in the comment letters that have been submitted in connection with the proposal. As the Commission noted in the Order Instituting Proceedings, the proposal raises questions as to whether FINRA's proposed rule change is consistent with the requirements of Sections 15A(b)(6),⁹ 15A(b)(11),¹⁰ and 17B¹¹ of the Act. Specifically, FINRA's proposal to delete the rules governing the OTCBB, and thus cease operation of the only self-regulatory organization ("SRO") facility that collects, publishes and distributes quotations in OTC equity securities, raises questions as to whether the proposal is consistent with the requirements of the Act, particularly under circumstances where non-SRO quotation systems are experiencing operational difficulties. In such an event, reliable and accurate quotation information for OTC equity securities may not be widely available to investors through such non-SRO systems. Extending the time within which to approve or disapprove the proposed rule change will enable the Commission to more fully consider these issues and

the other issues raised in the comment letters.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹² designates March 12, 2015, as the date by which the Commission should either approve or disapprove the proposed rule change (File No. SR-FINRA-2014-030).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74024; File No. SR-EDGX-2014-37]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Related to Fees for Use of EDGX Exchange, Inc.

January 9, 2015.

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 December 30, 2014, EDGX Exchange, Inc. (the "Exchange" or "EDGX") 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 the Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b4(f)(2) thereunder,⁴ which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested person.

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

The Exchange filed a proposal to amend its fees and rebates applicable to Members⁵ of the Exchange pursuant to

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. 72575 (July 9, 2014), 79 FR 41339 ("Notice").

⁴ See Letter from Daniel Zinn, General Counsel, OTC Markets Group Inc., dated August 5, 2014 ("OTC Markets Letter").

⁵ See Securities Exchange Act Release No. 73313, 79 FR 61677 (October 14, 2014) ("Order Instituting Proceedings").

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Letter from Dr. Lee Jackson, PAHCII, dated October 8, 2014 ("PAHCII Letter"); Letter from Barry Scadden, Vice President, ATS Trade Support and Operations, Global OTC, dated October 10, 2014 ("Global OTC Letter"); and Letter from Michael R. Trocchio, Sidley Austin LLP, on behalf of OTC Markets Group Inc., dated November 4, 2014 ("Sidley Letter").

⁸ 15 U.S.C. 78s(b)(2).

⁹ 15 U.S.C. 78o-3(b)(6).

¹⁰ 15 U.S.C. 78o-3(b)(11).

¹¹ 15 U.S.C. 78q-2.

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ The term "Member" is defined as "any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange. A

EDGX Rule 15.1(a) and (c) (“Fee Schedule”) to amend: (i) The definitions of Average Daily Trading Volume (“ADV”) and Total Consolidated Volume (“TCV”) to exclude shares on each day from January 12, 2015 up to and including January 16, 2015; (ii) increase the annual Membership fee from \$2,000 to \$2,500; (iii) eliminate the Trading Rights Fee and Market Participant Identifier (“MPID”) Fee; and (iv) make a number of non-substantive amendments and clarifications.

The text of the proposed rule change is available at the Exchange’s Web site at <http://www.directedge.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 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 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 Fee Schedule to amend: (i) The definitions of ADV and TCV to exclude shares on each day from January 12, 2015 up to and including January 16, 2015; (ii) increase the annual Membership fee from \$2,000 to \$2,500; (iii) eliminate the Trading Rights Fee and MPID Fee; and (iv) make a number of non-substantive amendments and clarifications.

ADV and TCV Definitions

Earlier this year, the Exchange and its affiliate, EDGA Exchange, Inc. (“EDGA”) received approval to effect a merger (the “Merger”) of the Exchange’s parent company, Direct Edge Holdings LLC, with BATS Global Markets, Inc., the parent of BATS (together with BATS, EDGA and EDGX, the “BGM

Affiliated Exchanges”).⁶ In the context of the Merger, the BGM Affiliated Exchanges are working to migrate EDGX and EDGA onto the BATS technology platform, and align certain system functionality, retaining only intended differences between the BGM Affiliated Exchanges. The migration is currently scheduled for the week of January 12, 2015.

Currently, the Exchange determines the liquidity adding rebate that it will provide to Members based on the Exchange’s tiered pricing structure based on the calculation of ADV,⁷ and/or average daily TCV.⁸ The Exchange currently excludes from its calculation of ADV and TCV days where its system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours,⁹ days with a scheduled early market close, and the last Friday in June (the “Russell Reconstitution Day”). The Exchange proposes to modify the definitions of ADV and TCV to also exclude shares on each day from January 12, 2015 up to and including January 16, 2015. The Exchange notes that it is not proposing to modify any of the existing rebates or the percentage thresholds at which a Member may qualify for certain rebates pursuant to the tiered pricing structure.

The Exchange believes that this modification is reasonable because it avoids penalizing Members that might otherwise qualify for certain tiered pricing but that, because of the technology migration scheduled to occur during the week of January 12, 2015, did not participate on the Exchange during that week to the extent that they might have otherwise participated. Therefore, the Exchange is proposing to modify its Fee Schedule to exclude trading activity occurring on

⁶ See Securities Exchange Act Release No. 71449 (January 30, 2014), 79 FR 6961 (February 5, 2014) (SR-EDGX-2013-43; SR-EDGA-2013-34).

⁷ As provided in the Fee Schedule, “ADV” is currently defined as “the average daily volume of shares that a Member executed on the Exchange for the month in which the fees are calculated. ADV is calculated on a monthly basis, excluding shares on any day that the Exchange’s system experiences a disruption that lasts for more than 60 minutes during Regular Trading Hours (“Exchange System Disruption”), days with a scheduled early market close, and on the last Friday in June (the “Russell Reconstitution Day”).”

⁸ As provided in the Fee Schedule, “TCV” is currently defined as “the volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month in which the fees are calculated, excluding volume on any day that the Exchange experiences an Exchange System Disruption”, days with a scheduled early market close, or the Russell Reconstitution Day.”

⁹ “Regular Trading Hours” is defined as “the time between 9:30 a.m. and 4:00 p.m. Eastern Time.” See Exchange Rule 1.5(y).

each day from January 12, 2015 up to and including January 16, 2015. The proposal to exclude these trading days from the calculation of ADV and TCV is designed to provide Members additional time to monitor the migration of the Exchange onto BATS technology.

Membership Fees

The Exchange’s current Membership Fees include an annual Membership Fee, a Trading Rights Fee, and an MPID Fee. The annual Membership Fee is currently \$2,000 per Member and is assessed in January of each year. For any month in which a firm is approved for membership with the Exchange after the January renewal period, the Firm Membership Fee will continue to be pro-rated beginning on the date on which membership is approved. The pro-rated fee is calculated based on the remaining trading days in that year, and assessed in the month following membership approval. The fee will continue to be non-refundable in the event that the firm ceases to be a Member following the date on which fees are assessed. However, if a Member is pending a voluntary termination of rights as a Member pursuant to Exchange Rule 2.8 prior to the date any Membership Fee for a given year will be assessed, and the Member does not utilize the facilities of Exchange during such time, then the Member is not obligated to pay the annual Membership Fee.

Currently, the Exchange charges Members a monthly Trading Rights Fee of \$300 for the ability to trade on the Exchange, regardless of the volume of shares traded. The Exchange also currently charges no fee for a Member’s first five MPIDs approved for use on the Exchange and \$250 per month to Members who have more than 5 MPIDs approved for use on the Exchange.

The Exchange proposes to increase the annual Membership Fee from \$2,000 to \$2,500 and eliminate the Trading Rights Fee and MPID Fee. Therefore, as of January 2, 2015, Members will only be subject to the increased annual Membership Fee as part of their Membership Fee obligations.

Non-Substantive Clarifying Changes

The Exchange also proposes to make a number of clarifying, non-substantive changes to its Fee Schedule to provide greater clarity to Members on how the Exchange assesses fees and calculates rebates. The Exchange notes that none of these changes amend any fee or rebate, nor alter the manner in which it assesses fees or calculates rebates. First, the Exchange proposes to remove a reference to the EdgeBook Cloud Pricing

Member will have the status of a “member” of the Exchange as that term is defined in Section 3(a)(3) of the Act.” See Exchange Rule 1.5(n).

as it was recently replaced by EDGX Historical Depth Data.¹⁰ Second, the Exchange proposes to correct a typographical error under pricing for ConnectEdge. Lastly, the Exchange propose to remove a reference to the effective date for Licensing and Continuing Education pricing as those fees effective [sic] have been effective since September 2013.

Implementation Date

The Exchange proposes to implement these amendments to its Fee Schedule on January 2, 2015.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(4),¹² in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also notes that it operates in a highly-competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

ADV and TCV Definitions

The Exchange believes that its proposed amendments to the definitions of ADV and TCV to exclude shares during the week the Exchange is migrated onto BATS technology is reasonable because, as explained above, it will avoid penalizing Members that might otherwise qualify for certain tiered pricing but that, because of the technology migration, did not participate on the Exchange to the extent that they might have otherwise participated. The Exchange is not proposing to amend the thresholds a Member must achieve to become eligible for, or the dollar value

associated with, the tiered rebates or fees. The proposal to exclude these trading days from the calculation of ADV and TCV is reasonable in that it is designed to provide Members additional time to monitor the migration of the Exchange onto BATS technology. In addition, the Exchange believes that the proposed changes to its Fee Schedule are equitably allocated among Exchange constituents and not unfairly discriminatory as the methodology for calculating ADV and TCV will apply equally to all Members.

Membership Fees

The Exchange believes that increasing the annual Membership Fee and removing the Trading Rights Fee and MPID Fee provides an equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities. The Exchange also believes these changes will not permit unfair discrimination because the proposed fee changes will apply to all Members equally. Any firm that is granted membership to the Exchange will be charged the same fee, subject only to it being pro-rated based on the date upon which they become a Member, as described above. The Exchange also believes that increasing the annual Membership Fee from \$2,000 [sic] \$2,500 is an equitable allocation of reasonable dues, fees, and other charges because the cost of Exchange membership will continue to be lower than the cost of membership on other exchanges.¹³ The Exchange notes that it has not increased the annual Membership Fee since its inception in September 2011. The Exchange believes eliminating the Trading Rights Fee and MPID Fee is reasonable because it would help simplify and streamline the Exchange's membership fees and ease Members' overall membership fee related obligations.

In addition, the increase in the annual Membership Fee, coupled with the elimination of the Trading Rights and MPID fees, amounts to a fee reduction in a Member's annual fee costs. Currently, Members are charged an annual Membership Fee of \$2,000 and an additional Trading Rights Fee of \$300 per month, resulting in a total charge of \$5,600 for a full calendar year. That Member may be charged an additional \$250 per month where it has more than 5 MPIDs approved for trading

on the Exchange. As proposed, Members would only be subject to the proposed annual Membership Fee of \$2,500. These reduced overall fees may attract additional firms to become Members on the Exchange, thereby, potentially increasing liquidity on the Exchange. Such increased liquidity benefits all investors by deepening the Exchange's liquidity pool and offers additional flexibility for all investors to enjoy cost savings and improving investor protection. Furthermore, such increased volume would increase potential revenue to the Exchange and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, potentially leading to lower per share costs. Therefore, the Exchange believes that the proposed rule change provides for an equitable allocation of reasonable dues, fees and other charges among its members and other persons using its facilities.

Non-Substantive Clarifying Changes

The Exchange believes that the non-substantive clarifying changes to its Fee Schedule are reasonable because they are designed to provide greater transparency to Members with regard to how the Exchange assesses fees and provides rebates. The Exchange notes that none of the proposed non-substantive clarifying changes are designed to amend any fee or rebate, nor alter the manner in which it assesses fees or calculates rebates. The Exchange believes that Members would benefit from clear guidance in its Fee Schedule that describes the manner in which the Exchange would assess fees and calculate rebates. These non-substantive, technical changes to the Fee Schedule as intended to make the Fee Schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

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

The Exchange believes its proposed amendments to its Fee Schedule would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed change represents a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they

¹⁰ See Securities Exchange Act Release Nos. 73759 (December 5, 2014), 79 FR 73677 (December 11, 2014); and 73758 (December 5, 2014), 79 FR 73679 (December 11, 2014) (SR-EDGX-2014-30; SR-EDGA-2014-30).

¹¹ 15 U.S.C. 78f.

¹² 15 U.S.C. 78f(b)(4).

¹³ See, e.g., NASDAQ Rule 7001(a) (assessing a \$3,000 annual membership fee); New York Stock Exchange Price List 2011, at https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf (assessing a \$40,000 annual trading license fee for the first two licenses held by a member organization).

believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

ADV and TCV Definitions

The proposal to exclude shares from January 12, 2015 up to and including January 16, 2015 from the ADV and TCV calculations is intended to allow Members additional time to monitor the migration of the Exchange onto BATS technology. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets. The proposed change will help to promote intramarket competition by avoiding a penalty Members that might otherwise qualify for certain tiered pricing but that, because of the technology migration, did not participate on the Exchange to the extent that they might have otherwise participated. The proposed rule change will not have an impact on intermarket [sic] competition as it will apply to all Members equally.

Membership Fees

The Exchange believes that increasing the annual Membership Fee and removing the Trading Rights Fee and MPID Fee would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's membership fees continue to be lower than the cost of membership on other exchanges,¹⁴ and therefore, may stimulate intramarket [sic] competition by attracting additional firms to become Members on the Exchange. In addition, membership fees are subject to competition from other exchanges. Accordingly, if the changes proposed herein are unattractive to market participants, it is likely the Exchange will see a decline in membership and/or trading activity as a result. The proposed fee change will not impact intermarket [sic] competition because it will apply to all Members equally.

Non-Substantive Clarifying Changes

The Exchange believes that non-substantive, clarifying changes to the Fee Schedule would not affect

¹⁴ See, e.g., NASDAQ Rule 7001(a) (assessing an \$3,000 annual membership fee); New York Stock Exchange Price List 2011, at https://www.nyse.com/publicdocs/nyse/markets/nyse/NYSE_Price_List.pdf (assessing a \$40,000 annual trading license fee for the first two licenses held by a member organization).

intermarket nor intramarket competition because none of these changes are designed to amend any fee or rebate or alter the manner in which the Exchange assesses fees or calculates rebates. These changes are intended to provide greater transparency to Members with regard to how the Exchange access fees and provides rebates.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁵ and paragraph (f) of Rule 19b-4 thereunder.¹⁶ 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, 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-EDGX-2014-37 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-EDGX-2014-37. 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

¹⁵ 15 U.S.C. 78s(b)(3)(A).

¹⁶ 17 CFR 240.19b-4(f).

post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of 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-EDGX-2014-37, and should be submitted on or before February 5, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Brent J. Fields,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74020; File No. SR-BX-2015-002]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Regarding the Extranet Access Fee

January 9, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 2, 2015, NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.