

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 or 10:00 a.m. and 3:00 p.m. Copies of such filing also will 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-2015-002 and should be submitted on or before February 26, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2015-02251 Filed 2-4-15; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74184; File No. SR-NYSE-2014-65]

Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Amending Its Continued Listing Requirements in Relation to the Late Filing of a Company's Annual Report With the Securities and Exchange Commission as Set Forth in Section 802.01E of the Exchange's Listed Company Manual

January 30, 2015.

On December 4, 2014, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 amend its continued listing requirements in relation to the late filing of a company's annual report with the Commission as set forth in Section 802.01E of the Exchange's Listed Company Manual ("Late Filer Rule"). The proposed rule change was

published for comment in the **Federal Register** on December 17, 2014.³ The Commission received no comment letters regarding the proposed rule change.

Section 19(b)(2) of the Act⁴ 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 these proposed rule changes should be disapproved. The 45th day for this filing is January 31, 2015.

The Commission is extending the 45-day time period for Commission action on the proposed rule change. The Commission finds that it is 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.

Accordingly, pursuant to Section 19(b)(2) of the Act⁵ and for the reasons stated above, the Commission designates March 17, 2015, as the date by which the Commission should either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶

Jill M. Peterson,
Assistant Secretary.

[FR Doc. 2015-02267 Filed 2-4-15; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74178; File No. SR-BOX-2015-06]

Self-Regulatory Organizations; BOX Options Exchange LLC; Notice of Filing of Proposed Rule Change To Amend Its Rules for the Listing and Trading on the Exchange of Options Settling to the RealVol™ SPY Index ("Index")

January 30, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

³ See Securities Exchange Act Release No. 73821 (December 11, 2014), 79 FR 75217 ("Notice").

⁴ 15 U.S.C. 78s(b)(2).

⁵ 15 U.S.C. 78s(b)(2).

⁶ 17 CFR 200.30-3(a)(31).

("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 21, 2015, BOX Options Exchange LLC (the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to amend Rules 6010, 6040, 6090, and 10120 to allow for the listing and trading on the Exchange of options settling to the RealVol™ SPY Index ("Index"). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's Internet Web site at <http://boxexchange.com>.

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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 amend its rules to provide for the listing and trading on the Exchange of options settling to the RealVol™ SPY Index ("Index"). The Index measures the realized volatility of the SPDR® S&P 500® Exchange Traded Fund (ETF) (this security is known by its symbol "SPY"). At settlement, the Index is based on the daily closing values of SPY, over the previous 21 trading days, as calculated by the RealVol Daily Formula, and promulgated by The VolX Group Corporation ("VolX®"). Options on the Index (proposed symbol "VOLS") will be P.M. cash-settled and will have

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

European-style exercise provisions. In addition to standard expiration contracts, Short Term Option (“STO” or “weekly”) Series³ and long-term option series⁴ in VOLS may also be traded.

Index Design and Composition

The calculation of the Index is based on the methodology developed by VolX, a company that develops propriety [sic] indices based on realized volatility of the underlying asset. The Exchange is only proposing to list options that settle to the Index at this time; however, the methodology can be used to create

indices based on the realized volatility of any underlying asset. SPY, historically, has been the largest and most actively traded ETF in the United States as measured by its assets under management and the value of shares traded.

The Index will be calculated and maintained by a third-party calculation agent acting on behalf of VolX. The Index measures the daily (*i.e.*, close-to-close) realized volatility of SPY. The Index is based on a 21-trading-day rolling realized volatility of the daily closing price of the SPY. Realized

volatility is the “actual volatility,” “statistical volatility,” or “asset volatility” that the underlying asset has displayed over a specific period. The term “realized volatility” is very closely related to “standard deviation.” Realized volatility is a specific form of standard deviation. If one were to use daily returns of an underlying (instead of actual prices) and annualize the results, standard deviation becomes realized volatility. The Index uses a modified version of the standard deviation formula.

The generalized formula for the Index is:

$$\text{Vol} = 100 \cdot \sqrt{\frac{252}{n} \sum_{t=1}^n R_t^2}$$

Where:

- Vol = realized volatility
- n = number of trading days in a period
- R_t = continuously compounded daily returns as calculated by the formula:

$$R_t = \ln \frac{P_t}{P_{t-1}}$$

Where:

- \ln = natural logarithm
- P_t = Underlying Reference Price at time t
- P_{t-1} = Underlying Reference Price at the time period immediately preceding time t

Compared to the normal standard deviation formula, the standard deviation formula used to calculate the Index sets the mean return to zero in order to provide a measure of movement regardless of direction, instead of movement about a trend. Doing so makes hedging easier for options traders and corresponds to the formula used for variance swaps and volatility swaps in the over-the-counter market. In addition, the formula for the Index sets the annualization factor to a constant. A constant annualization value of 252 represents the number of trading days in a typical year in the U.S. Because of the vagaries of the calendar in any particular year and/or the holiday schedules in any particular country, the actual number of trading days may be slightly higher or lower than 252. However, it is preferable to have one

approximate constant than to have a variety of exact values. “Degrees of freedom” is a term in statistics used to extrapolate from a sample of data to the entire dataset. Since the intent is to provide the exact realized volatility over a specific period and not to extrapolate that sample dataset to the entire history of trading, the formula sets the degrees of freedom to zero. Finally, the result is typically a value less than 1.00. The result is then multiplied by 100 in order to bring the values to a more intuitive “dollars and cents” construct. For example, the realized volatility of an equity index may be 0.20. Often, traders will quote this number as 20%, and the formula would disseminate the index value as 20.00.

The SPDR® S&P 500® ETF is the largest and most actively traded ETF in the U.S.⁵ According to State Street Global Advisor, the Trustee of SPY, as of January 16, 2015 the total net assets of SPY were approximately \$194.8 billion; the weighted average market capitalization of the portfolio components was approximately \$129 billion; and the largest market capitalization was approximately \$630 billion (Apple Inc., ticker: AAPL).⁶ For the three months ending January 16, 2015, the average daily volume in SPY shares was 125 million, and the average value of shares traded was \$25.3 billion.⁷ For the same period, the average daily volume in SPY options was approximately 2.7 million contracts.⁸

Index Calculation and Maintenance

As noted above, the Index will be maintained and calculated by a calculation agent acting on behalf of VolX. The level of the Index will reflect the current 21-day realized volatility of SPY. The Index will be updated on each trading day after the close of trading of SPY. If the current published value of SPY is not available, because of a market disruption event where the market cannot open and there is no closing price for SPY, for example, the Index will continue to be calculated and disseminated. The calculation of the Index will compensate for the missing day’s returns by lowering the value of “n” in the formula by the number of days that there is no closing price for SPY.

As mentioned above, the Index that VOLS will settle to is based only on *daily* closing values of SPY. However, a real-time version based on the current SPY price will also be calculated and disseminated during the trading day. The real-time version will generally be disseminated at least every 15 seconds to market data vendors during the trading day. The real-time version will provide an estimate of the Index at the close. The real-time version is calculated by taking the current day’s closing price for SPY before the close of trading (day 22) and weighting it by the proportion of time through the current trading day, then using the remaining weight for the first closing price of SPY (day 1). In essence, the first day of the

³ After an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire on the Friday of the following business

week that is a business day. See IM-6090-2 to Rule 6090.

⁴ See Rule 6090(b)(1). Long term options series have up to 180 months to expiration.

⁵ The SPDR® S&P 500® ETF holds up to 500 securities listed on U.S. securities exchanges.

⁶ See <https://www.spdrs.com/product/fund.seam?ticker=SPY>.

⁷ Calculated using data from Yahoo as of January 16, 2015.

⁸ Calculated using data from The Options Clearing Corp. as of January 16, 2015.

period (22 trading days prior to the current day) and the last day of the period (the current trading day) will have a weight of 100% in total, while the days in between will have a weight of 100% each. In this way, the 22 returns will be weighted as if there are only 21 returns and the Index will, therefore, be updating throughout the day as the current SPY price changes. The Exchange notes that after the market close the real-time formula and the formula used to calculate the Index will have exactly the same value.

Values of the Index will also be disseminated to market information vendors such as Bloomberg and ThomsonReuters [sic]. In the event the Index ceases to be maintained or calculated, the Exchange will not list any additional series for trading and will limit all transactions in such options to closing transactions only for the purpose of maintaining a fair and orderly market and protecting investors.

Exercise and Settlement Value

Standard options on the Index will expire on the third Friday of each month.⁹ Trading in expiring options on the Index will normally cease at 4:15 p.m. (Eastern time) on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration. The exercise and settlement value will be calculated based on the Index value at the close of the last business day of trading, which is ultimately based on the closing price of SPY on the last business day of trading, for its final input value. The exercise-settlement amount is equal to the difference between the settlement value and the exercise price of the option, multiplied by \$100. Exercise will result in the delivery of cash on the business day following expiration.

The following are certain value characteristics of the Index: (i) The initial index value was 12.91 on March 2, 1993 (21 trading days after the SPY security was listed for trading); (ii) the index value on September 30, 2014 was 9.16; (iii) the lowest index value since inception was 5.14 and occurred on August 31, 1995; and (iv) the highest index value since inception was 91.25 and occurred on October 28, 2008.¹⁰

⁹ Standard options expiring prior to February 1, 2015 will expire on the Saturday immediately following the third Friday of the expiration month of such option contract. See Securities Exchange Act Release No. 70488 (September 24, 2013), 78 FR 59998 (September 30, 2013) (Notice of Filing SR-BOX-2013-45).

¹⁰ Calculated using data from Yahoo.com as of October 1, 2014.

Contract Specifications

The contract specifications for VOLS are set forth in Exhibit 3-1. The Index is a broad-based index, as defined in Rule 6010(j). VOLS are European-style and P.M. cash-settled. The Exchange's standard trading hours for index options (9:30 a.m. to 4:15 p.m., Eastern time) will apply to VOLS. With respect to margin requirements¹¹ for VOLS, the Exchange proposes to apply margin requirements for the purchase and sale of VOLS that are identical to the margin requirements adopted by the CBOE for the CBOE Volatility Index. In order to avoid confusion, the Exchange is proposing to amend Rule 10120 to make clear that the margin requirements for VOLS will be identical to those adopted by CBOE for the CBOE Volatility Index.¹²

The trading of VOLS will be subject to the trading halt procedures applicable to other index options traded on the Exchange.¹³ VOLS will be quoted and traded in U.S. dollars.¹⁴ Accordingly, all Exchange and Options Clearing Corporation members shall be able to accommodate trading, clearance, and settlement of VOLS without alteration.

The Exchange is proposing to establish a strike price setting regime for VOLS similar to what is permitted for CBOE Volatility Index ("VIX") options.¹⁵ The Exchange proposes to permit \$0.50 strike price (or greater) intervals for VOLS where the strike price is less than \$75. Fifty cent strike price (or greater) intervals are currently permitted for VIX options where the strike price is less than \$75.¹⁶ Next, the Exchange proposes to permit \$1 strike price (or greater) intervals for VOLS where the strike price is \$200 or less. The Exchange notes that \$1 strike price (or greater) intervals where the strike price is \$200 or less are permitted for VIX options pursuant to CBOE Rule 24.9.01(l). Finally, the Exchange proposes to permit \$5 strike price (or greater) intervals for VOLS when the strike price is greater than \$200. The Exchange notes that \$5 strike price (or greater) intervals where the strike price

¹¹ Options Participants and associated persons are bound by the initial and maintenance margin requirements of either the Chicago Board Options Exchange, Incorporated ("CBOE") or the New York Stock Exchange. See Rule 10120.

¹² See CBOE Rule 12.3.

¹³ See Rule 6080(c).

¹⁴ See Rule 6090(a)(1).

¹⁵ See proposed Rule 6090(c)(7) permitting the described strike price interval setting regime.

¹⁶ VIX options are used to calculate the CBOE VVIX index (aka "VIX of VIX" index). Because VIX options are used to calculate a volatility index, \$0.50 strike price intervals are permitted for VIX options where the strike price is less than \$75. See CBOE Rule 24.9.12.

is more than \$200 are permitted for VIX options pursuant to CBOE Rule 24.9.01(l). The Exchange believes that these more granular strike price intervals will provide investors with greater flexibility by allowing them to establish positions that are better tailored to meet their investment objectives.

Currently, when new series of index options with a new expiration date are opened for trading, or when additional series of index options in an existing expiration date are opened for trading as the current value of the underlying index moves substantially from the exercise prices of series already opened, the exercise prices of such new or additional series shall be reasonably related to the current value of the underlying index at the time such series are first opened for trading.¹⁷ The Exchange, however, proposes to eliminate this range limitation that will limit the number of strikes that may be listed in VOLS. The Exchange's proposal to set minimum strike price intervals without a range limitation is identical to strike price intervals adopted by CBOE for the VIX.¹⁸

In accordance with Rule 7050, The Exchange also proposes to adopt minimum trading increments for options on the Index to be \$0.05 for series trading below \$3, and \$0.10 for series trading at or above \$3.

The Exchange's rules provide that index option contracts may expire at three (3)-month intervals or in consecutive months.¹⁹ The Exchange may list up to six (6) expiration months at any one time, but will not list index options that expire more than twelve (12) months out. The Exchange proposes to list VOLS in the six consecutive expiration months. For example, six monthly expirations from January through June may be listed.²⁰

The Exchange proposes that there shall be no position or exercise limits for VOLS. As noted above, the Index will settle using published quotes from its corresponding security, specifically SPY. Given that there are currently no position limits for SPY options,²¹ the Exchange believes it is appropriate for

¹⁷ See Rule 6090(c)(3). The term "reasonably related to the current index value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value, as defined in Rule 6090(c)(4).

¹⁸ See Securities Exchange Act Release No. 63155 (October 21, 2010), 75 FR 66402 (October 28, 2010) (SR-CBOE-2010-096).

¹⁹ See Rule 6090(a)(3).

²⁰ *Id.*

²¹ See Securities Exchange Act Release No. 67936 (September 27, 2012), 77 FR 60491 (October 3, 2012) (Notice of Filing and Immediate Effectiveness of SR-BOX-2012-013).

there to be no position or exercise limits for VOLS. Because the size of the market underlying SPY is so large, the Exchange believes that this should dispel any concerns regarding market manipulation. By extension, the Exchange believes that the same reasoning applies to VOLS since the value of VOLS is derived from the realized volatility of SPY. The Exchange notes that options on CBOE's Volatility Index are also not subject to any position or exercise limits.²²

The trading of VOLS shall be subject to the same rules that presently govern the trading of Exchange index options, including sales practice rules, and trading rules. As mentioned above, the margin requirements shall be the same as those adopted by CBOE for the CBOE Volatility Index. Further, pursuant to IM-6090-2 to Rule 6090, the Exchange may also list Short Term Option Series on the Index. After an option class has been approved for listing and trading on the Exchange, the Exchange may open Short Term Option Series for trading on any Thursday or Friday that is a business day and that expire on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire. The interval between strike prices on Short Term Options Series may be \$0.50 or greater where the strike price is less than \$75, and \$1 or greater where the strike price is between \$75 and \$150.²³ During the month prior to expiration of an index option class that is selected for the Short Term Option Series Program, the strike price intervals for the related non-Short Term Option Series shall be the same as the strike price intervals for the Short Term Option.

Section 4000 of the Exchange's rules is designed to protect public customer trading and shall apply to trading in VOLS. Specifically, Rules 4020(a) and (b) prohibit Order Flow Providers ("OFP")²⁴ from accepting a Public Customer order to purchase or write an option, including VOLS, unless such customer's account has been approved in writing by a designated Options Principal of the OFP. Additionally, Rule 4040 regarding suitability is designed to

ensure that options, including VOLS, are sold only to customers capable of evaluating and bearing the risks associated with trading in this instrument. Further, Rule 4050 permits OFPs to exercise discretionary power with respect to trading options, including VOLS, in a Public Customer's account only if the OFP has received prior written authorization from the customer and the account has been accepted in writing by a designated Options Principal. Finally, Rule 4030, Supervision of Accounts, Rule 4060, Confirmation to Public Customers, and Rule 4100, Delivery of Current Options Disclosure Documents and Prospectus, will also apply to trading in VOLS.

Surveillance and Capacity

The Exchange has an adequate surveillance program in place for VOLS and intends to apply those same program procedures that it applies to the Exchange's other options products. Index products and their respective symbols are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes. This is true for both surveillance system processing and manual processes that support the Exchange's surveillance program. Additionally, the Exchange is also a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement dated June 20, 1994. The members of the ISG include all of the U.S. registered stock and options markets: NYSE MKT LLC, NYSE Arca, Inc., BATS Exchange, Inc., NASDAQ OMX BX, Chicago Board Options Exchange, Inc., Chicago Stock Exchange, Inc., Financial Industry Regulatory Authority, NASDAQ Stock Market LLC, National Stock Exchange, Inc., the New York Stock Exchange LLC, and NASDAQ OMX PHLX, Inc. The ISG members work together to coordinate surveillance and investigative information sharing in the stock and options markets.

Per the proposed rule change, the Index will be settled using a calculation based on the daily closing prices of the SPY. The Exchange believes that manipulating the settlement value will be difficult based on the size of the market for SPY shares. The vast liquidity of SPY shares ensures a multitude of market participants at any given time.²⁵ Due to the high level of participation among market makers that can enter quotes in SPY shares, the

Exchange believes it would be very difficult for a single participant to alter the closing price in any significant way without exposing the would-be manipulator to regulatory scrutiny and financial costs. In addition, since the Index is based on 21 trading days of data, any manipulation in a single closing value of SPY should have a muted impact on the Index.

The Exchange reiterates that it is unlikely that the Index settlement value could be manipulated. Nonetheless, the Exchange, in its normal course of surveillance, will monitor for any potential manipulation of the Index settlement value according to the Exchange's current procedures.

The Exchange believes that the surveillance procedures currently in place will allow the Exchange to adequately surveil for any potential manipulation in the trading of VOLS.

The Exchange represents that it has the necessary system capacity to support additional quotations and messages that will result from the listing and trading of VOLS.

Pilot Program

As proposed, the proposal would become effective on a pilot program basis for a period of twelve months. If the Exchange were to propose an extension of the program or should the Exchange propose to make the program permanent, then the Exchange would submit a filing proposing such amendments to the program. The Exchange notes that any positions established under the pilot would not be impacted by the expiration of the pilot. For example, a position in a VOLS series that expires beyond the conclusion of the pilot period could be established during the 12-month pilot. If the pilot program were not extended, then the position could continue to exist. However, the Exchange notes that any further trading in the series would be restricted to transactions where at least one side of the trade is a closing transaction.

The Exchange proposes to submit a pilot program report to the Securities and Exchange Commission (the "Commission") two months prior to the expiration date of the Pilot Program (the "annual report"). The annual report would contain an analysis of volume, open interest, and trading patterns. The analysis would examine trading in the proposed option product as well as trading in SPY. In addition, for series that exceed certain minimum open interest parameters, the annual report would provide analysis of index price volatility and SPY trading activity. In addition to the annual report, the

²² See Securities Exchange Act Release No. 54019 (June 20, 2006), 71 FR 36569 (June 27, 2006) (SR-CBOE-2006-55). Additionally, the Exchange notes there are currently a number of actively-traded broad-based index options, *i.e.*, DJX, NDX, SPX, that are also not subject to any position or exercise limits.

²³ See IM-6090-2(b)(5) to Rule 6090.

²⁴ See Rule 100(a)(45). The terms "Order Flow Provider" or "OFP" mean those Options Participants representing as agent Customer Orders on BOX and those non-Market Maker Participants conducting proprietary trading.

²⁵ SPY share volume as of June 20, 2013 was approximately 137 million shares per day. See *supra* note 5 [sic].

Exchange would provide the Commission with periodic interim reports while the pilot is in effect that would contain some, but not all, of the information contained in the annual report. The annual report would be provided to the Commission on a confidential basis.

The annual report would contain the following volume and open interest data:

- (1) Monthly volume aggregated for all trades;
- (2) monthly volume aggregated by expiration date;
- (3) monthly volume for each individual series;
- (4) month-end open interest aggregated for all series;
- (5) month-end open interest for all series aggregated by expiration date; and
- (6) month-end open interest for each individual series.

In addition to the annual report, the Exchange would provide the Commission with interim reports of the information listed in Items (1) through (6) above periodically as required by the Commission while the pilot is in effect. These interim reports would also be provided on a confidential basis.

In addition, the annual report would contain the following analysis of trading patterns in VOLS series in the pilot:

- (1) A time series analysis of open interest; and
- (2) an analysis of the distribution of trade sizes.

Also, for series that exceed certain minimum parameters, the annual report would contain the following analysis related to index price changes and SPY trading volume at the close on expiration Fridays:

- (1) A comparison of index price changes at the close of trading on a given expiration Friday with comparable price changes from a control sample. The data would include a calculation of percentage price changes for various time intervals and compare that information to the respective control sample. Raw percentage price change data as well as percentage price change data normalized for prevailing market volatility, as measured by the Chicago Board Options Exchange, Incorporated (“CBOE”) Volatility Index (VIX), would be provided; and

- (2) a calculation of trading volume for a sample set of SPY representing an upper limit on trading that could be attributable to expiring in-the-money series. The data would include a comparison of the calculated volume for SPY in the sample set to the average daily trading volumes of SPY over a sample period.

The minimum open interest parameters, control sample, time intervals, and sample periods would be determined by the Exchange and the Commission.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act²⁶ in general, and furthers the objectives of Section 6(b)(5) of the Act²⁷ in particular, in that it is designed to promote just and equitable principles of trade, 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. In particular in that it will permit options trading in the Index pursuant to rules designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade. The Exchange believes the proposed rule change will further the Exchange’s goal of introducing new and innovative products to the marketplace. The Exchange believes that listing VOLS will provide an opportunity for investors to hedge, or speculate on, the market risk associated with changes in realized volatility.

Volatility-focused products have become more prominent over the past few years, and in a number of different formats and types, including ETFs, exchange-traded notes, exchange-traded options, and exchange-traded futures. Such products offer investors the opportunity to manage their volatility risks associated with an underlying asset class. Currently, most of the products focus on underlying equity indexes or equity-based portfolios. The Exchange proposes to introduce a cash-settled options contract on a new volatility index, which focuses on the volatility of the daily closing price of the SPY. SPY is the largest and most liquid ETF in the United States, and the most actively traded equity option product. The Exchange believes that because the Index is derived from published SPY prices, and given the immense liquidity found in the individual portfolio components of SPY, the concern that the Index will be subject to market manipulation is greatly reduced. In addition, because the Index comprises 21 days of SPY closing prices, the potential for manipulation is reduced even further. Therefore, the Exchange believes that the proposed rule change to list options on the Index is appropriate.

²⁶ 15 U.S.C. 78f(b).

²⁷ 15 U.S.C. 78f(b)(5).

The Exchange further notes that Rules that apply to the trading of other index options currently traded on the Exchange would also apply to the trading of VOLS. Additionally, the trading of VOLS would be subject to, among others, Exchange Rules governing margin requirements and trading halt procedures.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in VOLS. The Exchange also represents that it has the necessary systems capacity to support the new options series. And as stated in the filing, the Exchange has rules in place designed to protect public customer trading.

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 not necessary or appropriate in furtherance of the purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of a novel index option product that will enhance competition among market participants, to the benefit of investors and the marketplace.

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

The Exchange has neither solicited nor received comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) By order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be 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-BOX-2015-06 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-BOX-2015-06. 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 filing will also 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-BOX-2015-06 and should be submitted on or before February 26, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁸

Jill M. Peterson,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74180; File No. SR-NYSEMKT-2015-07]

Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Amex Options Fee Schedule To Make a Change to the Amex Customer Engagement Program in Section I.E. of the Fee Schedule

January 30, 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 January 28, 2015, NYSE MKT LLC (the "Exchange" or "NYSE MKT") 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 Substance of the Proposed Rule Change

The Exchange proposes to amend the NYSE Amex Options Fee Schedule ("Fee Schedule") to make a change to the Amex Customer Engagement ("ACE") Program in section I.E. of the Fee Schedule. The Exchange proposes to implement the change on February 2, 2015. 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 make a change to the ACE Program in section I.E. of the Fee Schedule. The Exchange proposes to implement the change on February 2, 2015.

Section I.E. of the Fee Schedule describes the ACE Program,³ which features four tiers expressed as a percentage of total industry Customer equity and ETF option average daily volume ("ADV").⁴ Specifically, the ACE Program consists of a four-tiered schedule of per contract credits payable to an Order Flow Provider ("OFP") solely for Electronic Customer volume that the OFP, as agent, submits to the Exchange.⁵ The ACE Program offers the following two methods for OFPs to receive credits:

1. By calculating, on a monthly basis, the average daily Customer contract volume an OFP executes Electronically on the Exchange as a percentage of total industry Customer equity and ETF options ADV;⁶ or

2. By calculating, on a monthly basis, the average daily contract volume an OFP executes Electronically in all participant types (*i.e.*, Customer, Firm, Broker-Dealer, NYSE Amex Options Market Maker, Non-NYSE Amex Options Market Maker, and Professional Customer) on the Exchange, as a percentage of total industry Customer equity and ETF options ADV,⁷ of which at least 20% must be Customer volume executed Electronically.

The Exchange has received questions regarding qualification for credits under

³ See NYSE Amex Options Fee Schedule, dated January 14, 2015, available here, https://www.theice.com/publicdocs/nyse/markets/amex-options/NYSE_Amex_Options_Fee_Schedule.pdf.

⁴ In calculating ADV, the Exchange will utilize monthly reports published by the OCC for equity options and ETF options that show cleared volume by account type. See OCC Monthly Statistics Reports, available here, <http://www.theocc.com/webapps/monthly-volume-reports> (including for equity options and ETF options volume, subtotaled by exchange, along with OCC total industry volume). The Exchange will calculate the total OCC volume for equity and ETF options that cleared in the Customer account type and divide this total by the number of trading days for that month (*i.e.*, any day the Exchange is open for business). For example, in a month having 21 trading days where there were 252,000,000 equity option and ETF option contracts that cleared in the Customer account type, the calculated ADV would be 12,000,000 (252,000,000/21 = 12,000,000).

⁵ Electronic Customer volume is volume executed electronically through the Exchange System, on behalf of an individual or organization that is not a Broker-Dealer and who does not meet the definition of a Professional Customer.

⁶ See *supra* n. 4.

⁷ *Id.*

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

²⁸ 17 CFR 200.30-3(a)(12).