

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6)(iii) thereunder.¹⁰

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange stated that waiver of this requirement would enable the Exchange to implement immediately the approved price protection risk mechanisms for which the associated Exchange technology is currently available or is in the process of becoming finalized, consistent with the proposed implementation schedule. The Commission believes the waiver of the operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the operative delay and designates the proposal operative upon filing.¹¹

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. If the Commission takes such action, the Commission shall institute proceedings

to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2015-45 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-2015-45. 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 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-NYSEArca-2015-45, and should be submitted on or before July 8, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Robert W. Errett,
Deputy Secretary.

[FR Doc. 2015-14830 Filed 6-16-15; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75145; File No. SR-BX-2015-033]

Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fee Schedule Under Exchange Rule 7018 With Respect to Transactions in Securities Priced at \$1 or More per Share and the Exchange's Retail Price Improvement Program

June 11, 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 June 1, 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 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 BX Rule 7018 with respect to transactions in securities priced at \$1 or more per share and the Exchange's Retail Price Improvement Program.

The text of the proposed rule change is also available on the Exchange's Web site at <http://nasdaqomxbx.cchwallstreet.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

⁹ 15 U.S.C. 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii). As required under Rule 19b-4(f)(6)(iii), the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

¹¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹² 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 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 is proposing to amend the fee schedule under Rule 7018(a), relating to fees and credits provided for orders in securities priced and \$1 or more per share that execute on BX, and is proposing to increase a credit provided by the Retail Price Improvement program under Rule 7018(e).

Under Rule 7018(a), the Exchange provides credits to member firms that access certain levels of liquidity on BX per month. The Exchange is proposing to add two new credit tiers of \$0.0017 and \$0.0012 per share executed, which will be provided for orders that access liquidity, excluding orders with Midpoint pegging³ and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that accesses liquidity equal to or exceeding 0.20% and 0.05% of total Consolidated Volume⁴ during a month, respectively.

In a related change, the Exchange is amending existing credit tiers that provide a credit to members with orders that access liquidity, excluding orders with Midpoint pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that accesses liquidity equal to or exceeding 0.1% and 0.015% of total Consolidated Volume during a month, which currently provide credits of \$0.0010 and

\$0.0008 per share executed, respectively. The Exchange is proposing to increase the credit provided under the 0.1% Consolidated Volume tier from \$0.0010 per share executed to \$0.0015 per share executed. The Exchange is also proposing to increase the total Consolidated Volume required to receive the \$0.0008 per share executed credit from 0.015% to 0.02%.

The Exchange is proposing to increase the credit it provides for all other orders that remove liquidity from BX and that do not qualify under another higher credit from \$0.0004 per share executed to \$0.0006 per share executed. In related changes, the Exchange is eliminating two credit tiers, which currently provide credits of \$0.0006 per share executed and both of which are rendered moot in light of the increased credit the Exchange is provided for all other orders that remove liquidity from BX. Specifically, the Exchange is proposing to eliminate a \$0.0006 per share executed credit provided to a member firm for an order that accesses liquidity, excluding orders with Midpoint pegging and orders that receive price improvement and execute against an order with Midpoint pegging, entered by a member that provides an average daily volume of at least 25,000 shares of liquidity during the month. The Exchange is also proposing to eliminate the \$0.0006 per share executed credit provided to members with a BSTG,⁵ BSCN,⁶ BMOP,⁷ BTFY,⁸ BCRT,⁹ BDRK¹⁰ or BCST¹¹ order that accesses liquidity in the NASDAQ OMX BX Equities System, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging.

The Exchange is also proposing to modify and eliminate certain charges it assesses under Rule 7018(a). Specifically, the Exchange is proposing to increase the charge assessed for a Displayed order entered by a Qualified Market Maker¹² ("QMM") from \$0.0009

per share executed to \$0.0014 per share executed. The Exchange is also proposing to adopt a new charge tier of \$0.0014 per share executed assessed a member that (i) adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month, and (ii) adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month.

The Exchange is proposing to increase the charges assessed under two tiers for a displayed order that adds liquidity equal to or exceeding 0.25% and 0.04% of total Consolidated Volume during a month, respectively, which are currently set a \$0.0012 per share executed and \$0.0014 per share executed, respectively. The Exchange is proposing to increase the charge under the 0.25% tier to \$0.0018 per share executed, while also decreasing the minimum liquidity needed to be provided to qualify under the tier from 0.25% of total Consolidated Volume during a month to 0.20% of total Consolidated Volume during a month. The Exchange is proposing to increase the charge under the 0.04% tier to \$0.0019 per share executed and is additionally proposing to increase the total Consolidated Volume required to receive the charge from 0.04% to 0.10%.

The Exchange is also proposing to amend charges it assesses for providing liquidity in orders with Midpoint pegging. Specifically, it is proposing to eliminate the \$0.0002 per share executed charge assessed for an order with Midpoint pegging entered by a member that adds 0.03% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the charge assessed for an order with Midpoint pegging entered by a member that adds 0.015% of total Consolidated Volume of non-displayed liquidity from \$0.0004 per share executed to \$0.0005 per share executed and is additionally increasing the total Consolidated Volume requirement from 0.015% to 0.02%. The Exchange is proposing to increase the \$0.0010 per share executed charge for an order with Midpoint pegging entered by a member that does not qualify for a lower charge for such an order to \$0.0015 per share executed.

The Exchange is proposing to amend certain charges relating to non-displayed orders. Specifically, the Exchange is proposing to eliminate the \$0.0014 per share executed charge assessed for a non-displayed order, other than orders with Midpoint

member must also provide an average daily volume of 1.5 million shares or more using orders with Midpoint pegging during the month.

³ A Midpoint Peg order has its priced [sic] based upon the national best bid and offer, excluding the effect that the Midpoint Peg Order itself has on the inside bid or inside offer. Primary Pegged Orders with an offset amount and Midpoint Pegged Orders will never be displayed. A Midpoint Pegged Order may be executed in sub-pennies if necessary to obtain a midpoint price. A new timestamp is created for the order each time it is automatically adjusted.

⁴ Consolidated Volume is defined as the total consolidated volume reported to all consolidated transaction reporting plans by all exchanges and trade reporting facilities during a month in equity securities, excluding executed orders with a size of less than one round lot. For purposes of calculating Consolidated Volume and the extent of a member's trading activity, expressed as a percentage of or ratio to Consolidated Volume, the date of the annual reconstitution of the Russell Investments Indexes shall be excluded from both total Consolidated Volume and the member's trading activity. See Rule 7018(a).

⁵ See BX Rule 4758(a)(1)(A)(iii).

⁶ See BX Rule 4758(a)(1)(A)(iv).

⁷ See BX Rule 4758(a)(1)(A)(vi).

⁸ See BX Rule 4758(a)(1)(A)(v).

⁹ See BX Rule 4758(a)(1)(A)(vii).

¹⁰ See BX Rule 4758(a)(1)(A)(viii).

¹¹ See BX Rule 4758(a)(1)(A)(ix).

¹² A member firm may become a QMM by providing through one or more of its NASDAQ OMX BX Equities System market maker participant identifier ("MPIDs") more than 0.30% of Consolidated Volume during the month. For a member qualifying under this method, the member must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The

pegging, entered by a member that adds 0.075% of total Consolidated Volume of non-displayed liquidity. The Exchange is also proposing to increase the \$0.0019 per share executed charge assessed for a non-displayed order, other than orders with Midpoint pegging, entered by a member that adds 0.055% of total Consolidated Volume of non-displayed liquidity to \$0.0024 per share executed and is additionally increasing the total Consolidated Volume requirement to 0.06%. The Exchange is proposing to increase the charge assessed for all other non-displayed orders from \$0.0028 per share executed to \$0.0030 per share executed.

The Exchange is proposing to reduce the level of Consolidated Volume required to qualify as a QMM. Currently, to be considered a QMM a member firm must provide through one or more of its NASDAQ OMX BX Equities System MPIDs more than 0.30% of Consolidated Volume during the month. To qualify under this method, the member firm must have at least one Qualified MPID, that is, an MPID through which, for at least 200 securities, the QMM quotes at the NBBO an average of at least 50% of the time during regular market hours (9:30 a.m. through 4:00 p.m.) during the month. The member firm must also provide an average daily volume of 1.5M shares or more using orders with Midpoint pegging during the month. The Exchange is proposing to reduce the level of Consolidated Volume under the rule from 0.30% to 0.15%.

Lastly, the Exchange is proposing to amend a charge assessed under the Retail Price Improvement Program of Rule 7018(e). The Exchange's Retail Price Improvement ("RPI") program provides incentives to member firms (or a division thereof) approved by the Exchange to participate in the program (a "Retail Member Organization") to submit designated "Retail Orders"¹³ for the purpose of seeking price improvement. The Exchange is proposing to increase the \$0.0012 per share executed credit provided for a Retail Order that accesses other liquidity on the Exchange book to \$0.0017 per share executed. The credit applies to Retail Orders not covered by

¹³ A Retail Order is defined in BX Rule 4780(a)(2), in part, as "an agency or riskless principal order that satisfies the criteria of FINRA Rule 5320.03, that originates from a natural person and is submitted to the Exchange by a Retail Member Organization, provided that no change is made to the terms of the order with respect to price (except in the case that a market order is changed to a marketable limit order) or side of market and the order does not originate from a trading algorithm or any other computerized methodology."

other credit tiers available for accessing liquidity under the rule.

2. Statutory Basis

BX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,¹⁴ in general, and with Sections 6(b)(4) and 6(b)(5) of the Act,¹⁵ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls, and is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest; and are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed two new credit tiers based on Consolidated Volume together with the proposed changes to existing credit tiers based on Consolidated Volume under BX Rule 7018(a) are reasonable because they provide additional opportunities for market participants to receive credits for participation on BX. The Exchange also believes that the proposed changes to the credit tiers based on the level Consolidated Volume are reasonable because the credits tiers are directly tied to the level of Consolidated Volume a member firm accesses in a given month, with the highest credit provided for the greatest level of Consolidated Volume, and the lowest credit provided to the lowest level of Consolidated Volume. Specifically, the Exchange is proposing a new \$0.0017 per share executed credit tier, which will require the highest level of Consolidated Volume in liquidity removal from the Exchange. The Exchange is proposing to increase the credit provided for the next lower tier, which requires liquidity accessed of 0.1% or more of Consolidated Volume, to \$0.0015 per share executed. The Exchange is proposing to adopt a new \$0.0012 per share executed credit tier, which will require adding liquidity equal to or exceeding 0.05% of total Consolidated Volume during the month. Lastly, the Exchange is modifying an existing credit tier by increasing the

minimum total Consolidated Volume required from 0.015% to 0.02%. As such, the Exchange is generally providing increased credits to provide incentive to member firms to remove liquidity, excluding orders with Midpoint pegging and excluding orders that receive price improvement and execute against an order with Midpoint pegging, from the Exchange. With respect to the increased Consolidated Volume required to receive the \$0.0008 credit, the Exchange notes that member firms are being required to provide increased Consolidated Volume to receive the credit, which will improve market quality for all participants. The Exchange believes that the proposed credits noted above are both equitably allocated and are not unfairly discriminatory as they are provided to all member firms that achieve the minimum level of Consolidated Volume required by the tier, with the member firms that provide the greatest level of Consolidated Volume receiving the greatest credit.

The Exchange believes that elimination of the two \$0.0006 per share executed credit tiers is reasonable because the Exchange has increased the credit it provides for all orders that do not otherwise receive a higher credit, which the Exchange is increasing to \$0.0006 per share executed. This increased "default" credit is reasonable because the Exchange desires to further incentivize member firms to participate in the Exchange by removing liquidity, generally. The Exchange believes that the proposed elimination of the two \$0.0006 per share executed credit tiers, and the proposed increase in the "default" credit to \$0.0006 per share executed are both an equitable allocation and are not unfairly discriminatory because more member firms will have the opportunity to qualify for a higher credit based on their participation in BX by removing liquidity.

The Exchange believes that the proposed change to increase the charge assessed a QMM for entering a displayed order is reasonable because the exchange must balance the cost of credits provided for orders removing liquidity and the desire to provide QMMs with incentives to provide displayed orders. The Exchange notes that the proposed charge continues to be lower than the default charge assessed for all other displayed orders that do not otherwise qualify for a lower charge, and as such continues to act as an incentive to market participants to provide such liquidity. Moreover, the Exchange will continue to provide a reduced charge in return for the

¹⁴ 15 U.S.C. 78f.

¹⁵ 15 U.S.C. 78f(b)(4) and (5).

provision of market improving order activity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that previously had qualified to receive such a credit.

The Exchange believes that the proposed new \$0.0014 per share executed charge available to a member firm that adds liquidity equal to or exceeding 0.25% of total Consolidated Volume during a month and adds and accesses liquidity equal to or exceeding 0.50% of total Consolidated Volume during a month, is reasonable because it provides a new means by which a member firm may qualify for a lower charge than the default charge applied to liquidity-providing displayed orders. The Exchange provides incentives to member firms to enter displayed orders on BX and, in the present case, it is providing a reduced charge to a member that enters such an order, but also provides market improving liquidity in the form of significant levels of Consolidated Volume of adding and accessing liquidity during the month. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because the new charge applies uniformly to all member firms that qualify under the tier's requirements, which requires beneficial market activity by the member firm in return for the lower charge.

The Exchange believes that the proposed increase to the \$0.0012 per share executed and \$0.0014 per share executed charge tiers assessed for Displayed orders entered by a member firm that adds liquidity equal to or exceeding 0.25% and 0.04% of total Consolidated Volume during a month, respectively, is reasonable because it reflects a small increase to the charges assessed for such orders by qualifying members, while each continue to remain lower than the default charge assessed for providing liquidity in displayed orders. As such, the proposed charges will continue [sic] act as an incentive to market participants to provide displayed orders. The Exchange also believes that decreasing the level of Consolidated Volume required to receive the proposed \$0.0018 per share executed charge from 0.025% to 0.020% is reasonable because it lowers the total Consolidated Volume requirement, which the Exchange has observed was set too high to effectively provide incentive to market participants to improve the market. The Exchange also believes that it is reasonable to increase the level of Consolidated Volume

required to receive the \$0.0019 per share executed charge from 0.04% to 0.10% because the Exchange believes that increasing the level may result in improved market quality in the form of additional total Consolidated Volume in return for the reduced charge. The Exchange believes that the proposed changes to the \$0.0012 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier's revised, lower Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders. The Exchange also believes that the proposed changes to the \$0.0014 charge tier is both an equitable allocation and is not unfairly discriminatory because the increased charge applies uniformly to all member firms that qualify under the tier's revised, higher Consolidated Volume requirement, which will continue to provide a charge lower than the default charge assessed for displayed orders.

The Exchange believes that elimination of the \$0.0002 per share executed charge provided for an order with Midpoint pegging entered by a member firm that adds 0.03% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to provide opportunity for member firms to receive a reduced charge for such non-displayed liquidity based on a certain level of total Consolidated Volume. Specifically, the Exchange will provide a member firm with a reduced charge for non-displayed liquidity if it achieves 0.02% of total Consolidated Volume during a month. The Exchange believes that the 0.03% total Consolidated Volume tier is no longer needed to provide incentive to market participant [sic] to provide such Midpoint pegging orders. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge.

The Exchange believes that the proposed increase to the charge assessed for an order with Midpoint pegging entered by a member firm that adds 0.015% of total Consolidated Volume from \$0.0004 per share executed to \$0.0005 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for

other non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue [sic] act as an incentive to market participants to provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that meet the criteria of the tier will be assessed the proposed charge.

The Exchange believes that the increase the [sic] charge for Midpoint pegging orders that do not otherwise qualify for a lower charge from \$0.0010 per share executed to \$0.0015 per share executed is reasonable because it represents a modest increase to the charge assessed for such orders, while remaining lower than the default charge assessed for non-displayed orders. Moreover, the Exchange believes that the proposed increased charge will continue [sic] act as an incentive to market participants provide orders with Midpoint pegging. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders in return for providing beneficial liquidity in the form of Midpoint pegging orders, albeit at an increased charge. The Exchange also believes that the proposed increase to the charge is equitably allocated and not unfairly discriminatory because all members entering orders with Midpoint pegging that do not otherwise qualify for a lower charge under another tier will be assessed the proposed charge.

The Exchange believes that elimination of the \$0.0014 per share executed charge assessed for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.075% of total Consolidated Volume of non-displayed liquidity is reasonable because the Exchange will continue to offer member firms opportunity to receive a reduced charge for such orders, albeit at a higher charge under a separate tier. The Exchange notes that, while the proposed charge under the remaining tier is \$0.0024 per share executed, member firms will only be required to provide a minimum of 0.06% of total

Consolidated Volume of non-displayed liquidity. The Exchange believes that this charge tier will continue [sic] act as an incentive to market participants to provide non-displayed liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the deleted tier in return for providing non-displayed liquidity, albeit at an increased charge under the remaining tier.

The Exchange believes that increasing the charge assessed and total Consolidated Volume required for non-displayed orders, other than orders with Midpoint pegging, entered by a member firm that adds 0.055% of total Consolidated Volume of non-displayed liquidity is reasonable because the charge continues to be lower than the charge assessed for other non-displayed orders, thereby continuing to serve as an incentive to market participants to provide non-displayed liquidity, and the modest increase in required total Consolidated Volume will encourage members to provide additional non-displayed liquidity. The Exchange notes that non-displayed liquidity is not as beneficial to market quality as other forms of displayed liquidity and, accordingly, the Exchange assesses a higher charge for such liquidity. The Exchange believes that the proposed change is both equitably allocated and is not unfairly discriminatory because member firms will continue to receive a charge lower than the default charge assessed for non-displayed orders that qualify under the tier in return for providing non-displayed liquidity at a level slightly higher than is currently required, which will apply to all member firms that qualify under the tier. Additionally, the Exchange believes that the proposed change is equitably allocated and not unfairly discriminatory because all members can add liquidity to BX and the more liquidity a member adds the lower the charge because the member is improving the quality of the market by providing this additional liquidity.

The Exchange believes that the proposed increase to the default charge assessed for non-displayed orders that do not otherwise qualify for a lower charge from \$0.0028 per share executed to \$0.0030 per share executed is reasonable because it is reflective of the Exchange's need to balance the fees assessed with the desire to improve market quality. The Exchange believes that non-displayed liquidity on BX is sufficient that it can support a minor

increase to the charge assessed, thus allowing the Exchange to apply other discounted charges and offer credits designed to further increase participation on the Exchange. The Exchange also believes that the proposed increase to the default charge is equitably allocated and not unfairly discriminatory because all members entering non-displayed orders on BX that do not qualify for a reduced charge will be assessed the proposed charge.

The Exchange believes the proposed reduction in the level of Consolidated Volume required to qualify as a QMM from 0.30% to 0.15% is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market by providing member firms with incentive to participate in the market in return for reduced charge for providing Displayed Orders. The Exchange also believes that the proposed reduction in Consolidated Volume required to qualify as a QMM is equitably allocated and not unfairly discriminatory because all member firms that qualify under the amended QMM eligibility standard will be considered QMMs, and therefore be eligible for the reduced charge. As noted, the proposed change is designed to expand participation in the program, which will benefit all market participants in the form of improved liquidity.

The Exchange believes the proposed increased credit provided for a Retail Order that accesses other liquidity on the Exchange book from \$0.0012 per share executed to \$0.0017 per share executed is reasonable because it will provide a greater incentive to market participants to participate in the program, which is designed to improve the market for retail order flow. The Exchange also believes that the proposed increase to the credit is equitably allocated and not unfairly discriminatory because all members entering a Retail Order that accesses other liquidity on the Exchange book will receive the credit.

Finally, BX notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. The changes reflect this environment because although they reflect both increases in credits and fees, with the price increases

being minor and lower than the default charges assessed under the fee schedule, while the increased credits are designed to incentivize changes in market participant behavior to the benefit of the market overall.

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

The Exchange does not believe that the proposed rule changes will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended.¹⁶ BX notes that it operates in a highly competitive market in which market participants can readily favor dozens of different competing exchanges and alternative trading systems if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, BX must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, BX believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

In this instance, the changes to fees and credits do not impose a burden on competition because participation in the Exchange is optional and is the subject of competition from other exchanges. The proposed changes to the credits and charges are reflective of the Exchange's overall efforts to provide greater incentives to market participants in the form of credits and reduced charges for market participation it believes needs improvement to the benefit of all participants. For these reasons, the Exchange does not believe that any of the proposed changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets. Moreover, because there are numerous competitive alternatives to the use of the Exchange, it is likely that BX will lose market share as a result of the changes if they are unattractive to market participants.

Accordingly, BX does not believe that the proposed rule changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

¹⁶ 15 U.S.C. 78f(b)(8).

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No written comments were either solicited or received.

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

The foregoing change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁷ and paragraph (f) of Rule 19b-4¹⁸ 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, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

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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-BX-2015-033. 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 also will be available for inspection and copying at the principal offices 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-BX-2015-033, and should be submitted on or before July 8, 2015.

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

Robert W. Errett,

Deputy Secretary.

[FR Doc. 2015-14819 Filed 6-16-15; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75152; File No. SR-MIAX-2015-19]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Order Approving a Proposed Rule Change To Amend Exchange Rule 515

June 11, 2015.

I. Introduction

On April 13, 2015, Miami International Securities Exchange LLC ("MIAX" or "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 Exchange Rule 515 regarding the functionality of Customer Cross Order and Qualified Contingent Cross Order types. The proposed rule change was published for comment in the **Federal Register** on April 30, 2015.³ The Commission did not receive any comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes amendments to MIAX Rule 515(h) to provide that trading interest that is subject to an

ongoing timer or auction will maintain priority over a new incoming Customer Cross Order or Qualified Contingent Cross Order. MIAX Rule 515(h)(1) provides that Customer Cross Orders⁴ are automatically executed upon entry provided that the execution (i) is at or between the best bid and offer on the Exchange; (ii) is not at the same price as a Priority Customer Order on the Exchange's Book; and (iii) will not trade at a price inferior to the national best bid or offer ("NBBO"). Customer Cross Orders are automatically canceled if they cannot be executed.⁵ Customer Cross Orders may only be entered in the minimum trading increments applicable to the options class under Rule 510.⁶

MIAX Rule 515(h)(2) provides that Qualified Contingent Cross Orders⁷ are automatically executed upon entry provided that the execution (i) is not at the same price as a Priority Customer Order on the Exchange's Book; and (ii) is at or between the NBBO. Qualified Contingent Cross Orders are automatically canceled if they cannot be executed.⁸ Qualified Contingent Cross Orders may only be entered in the minimum trading increments applicable to the options class under MIAX Rule 510.⁹

Although neither the Customer Cross Order nor the Qualified Contingent Cross Order may be executed at a price inferior to the NBBO, the Exchange notes that there are situations at the Exchange during which trading interest may exist in the Exchange's System that could be executable at prices up to the NBBO but is not automatically executed because the Exchange is either attempting to obtain additional price improvement for the order or additional liquidity to trade against the order on the Exchange. The Exchange states that it employs a variety of timers and auctions to provide market participants with an opportunity to obtain additional price improvement for their order or to access additional liquidity to trade against the order on the Exchange. Specifically, during the liquidity refresh pause or managed interest process

⁴ See MIAX Rules 515(h)(1) and 516(i). The Commission notes that the Customer Cross Order type is currently not available for use on the Exchange. See MIAX Options Regulatory Circular, RC-2015-05.

⁵ See Notice, *supra* note 3, at 24297.

⁶ See MIAX Rule 515(h)(1).

⁷ See MIAX Rules 515(h)(2) and 516(j). See also MIAX Rule 516, Interpretations and Policies .01. The Qualified Contingent Cross Order is currently not deployed; however, the Exchange represents that it intends to make the order type available pending Commission approval of the proposed rule change. See Notice, *supra* note 3, at 24297.

⁸ See Notice, *supra* note 3, at 24297.

⁹ See MIAX Rule 515(h)(2).

¹⁹ 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. 74809 (April 24, 2015), 80 FR 24297 (SR-MIAX-2015-19) ("Notice").

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 17 CFR 240.19b-4(f).