investor confusion that could result from a temporary interruption in the pilot program. For this reason, the Commission designates the proposed rule change to be operative upon filing. 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–BYX–2014–003 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–BYX–2014–003. 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. These comments will be made available to the public and can be inspected and copied at the principal office of the Commission or at the principal office of the Exchange. All comments should refer to File Number SR–BYX–2014–003, and should be submitted on or before April 21, 2014.

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

Kevin M. O’Neill, Deputy Secretary.

[FR Doc. 2014–07014 Filed 3–28–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ’s DOT, DOTI, and LIST Routing Strategies

March 25, 2014.

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 March 11, 2014, The NASDAQ Stock Market LLC (“NASDAQ” 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

NASDAQ proposes to modify Rule 4758 with respect to its DOT, DOTI, and LIST routing strategies. The text of the proposed rule change is available on the Exchange’s Web site at http://nasdaq.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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ offers its members optional routing functionality that allows them to use NASDAQ’s facilities to access liquidity available on other trading venues. The functionality includes a range of defined routing algorithms—known as strategies—that determine the destinations and pattern of routing. The particular pattern of routing to other venues associated with a particular strategy is referred to in Rule 4758 as the “System routing table” for that strategy. All routing is designed to be conducted in a manner consistent with the requirements of Regulation NMS.

NASDAQ currently offers a set of strategies designed to allow market participants to route orders to the primary market on which a security is listed. NASDAQ is proposing minor changes to these strategies to improve their functioning and the clarity of the rule that describes them in certain situations. First, NASDAQ offers the DOT strategy (which includes several variations) as a means of designating an order for routing to the New York Stock Exchange (“NYSE”) or NYSE MKT 3 for participation in their respective opening or closing processes. DOT orders are routed directly to NYSE or NYSE MKT, as appropriate. After attempting to execute in the opening or closing process, if any shares remain unexecuted, DOT orders thereafter check the NASDAQ Market Center System for available shares and are converted into SCAN or STGY orders, depending on the designation of the entering firm.4

I. Purpose

NASDAQ proposes to modify Rule 4758 with respect to its DOT, DOTI, and LIST routing strategies. The text of the proposed rule change is available on the Exchange’s Web site at http://nasdaq.cchwallstreet.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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2. Notice of Filing of the Proposed Rule Change

The text of the proposed rule change and other related materials are available for Web site viewing and public inspection in the Commission’s Public Reference Room. All written comments or other written material associated with a comment submitted on or before April 21, 2014, will be available for Web site viewing and public inspection in the Commission’s Public Reference Room. Copies of all written comments received, designating the person or firm submitting the comment, will be available for inspection and copying and 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–BYX–2014–003, and should be submitted on or before April 21, 2014.

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

Kevin M. O’Neill, Deputy Secretary.

[FR Doc. 2014–07014 Filed 3–28–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ’s DOT, DOTI, and LIST Routing Strategies

March 25, 2014.

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 March 11, 2014, The NASDAQ Stock Market LLC (“NASDAQ” 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

NASDAQ proposes to modify Rule 4758 with respect to its DOT, DOTI, and LIST routing strategies. The text of the proposed rule change is available on the Exchange’s Web site at http://nasdaq.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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ offers its members optional routing functionality that allows them to use NASDAQ’s facilities to access liquidity available on other trading venues. The functionality includes a range of defined routing algorithms—known as strategies—that determine the destinations and pattern of routing. The particular pattern of routing to other venues associated with a particular strategy is referred to in Rule 4758 as the “System routing table” for that strategy. All routing is designed to be conducted in a manner consistent with the requirements of Regulation NMS.

NASDAQ currently offers a set of strategies designed to allow market participants to route orders to the primary market on which a security is listed. NASDAQ is proposing minor changes to these strategies to improve their functioning and the clarity of the rule that describes them in certain situations. First, NASDAQ offers the DOT strategy (which includes several variations) as a means of designating an order for routing to the New York Stock Exchange (“NYSE”) or NYSE MKT for participation in their respective opening or closing processes. DOT orders are routed directly to NYSE or NYSE MKT, as appropriate. After attempting to execute in the opening or closing process, if any shares remain unexecuted, DOT orders thereafter check the NASDAQ Market Center System for available shares and are converted into SCAN or STGY orders, depending on the designation of the entering firm.

1 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.


4 STGY is a routing option under which orders are routed directly to NYSE or NYSE MKT, as appropriate. After attempting to execute in the opening or closing process, if any shares remain unexecuted, DOT orders thereafter check the NASDAQ Market Center System for available shares and are converted into SCAN or STGY orders, depending on the designation of the entering firm.

Formerly, NYSE Amex. NASDAQ is amending Rule 4758 to reflect the change in this exchange’s name.

STGY is a routing option under which orders check the System for available shares and

Continued
NASDAQ is proposing to modify the language of the rule to make it clear that a DOT order may be designated to participate in the opening only or in the closing only (as provided by the specifications of the destination market) or to remain in force after the opening or closing, as applicable. An order entered before the open (or close) that is designated as opening only (or closing only) will likely be cancelled by the destination market after the open (or close) in accordance with its terms and therefore will not return to NASDAQ, even if not executed in full. Similarly, if NASDAQ receives a DOT order after the security has opened (or closed) and the order has been designated to participate in the opening only (or closing only), the order will nevertheless be routed to NYSE or NYSE MKT, but rather are immediately converted to SCAN or STGY orders. The modifications make it clear that this processing logic would be applied to an order that is intended to participate in the close but that is entered after the close. The modifications also make it clear that the processing logic would not be applied if the order was designated as opening only or closing only, since, as described above, the order would be routed and would be expected to be rejected. Finally, NASDAQ is modifying the rule to provide that DOT orders that are designated to participate in an opening process and that are received by NASDAQ before the destination market can receive them will be held until such time as the destination market can receive them. Currently, such orders are routed to the destination market and may be rejected.

NASDAQ is proposing similar changes to the DOTI routing strategy. DOTI is a routing option for orders that are received after the market open (but not executed after routing, they are posted on the NASDAQ book. Once the order is on the book, if the order is subsequently locked or crossed by another accessible market center, the System routes the order to the locking or crossing market center. SCAN behaves similarly, but once the order is on the NASDAQ book, the System will route the order to a locking or crossing market center. Although both options are described in Rule 4758 as variations of the DOT strategy, NASDAQ’s system specifications refer to the SCAN option as either “DOTA” or “DOTD” and refer to the STGY option as “DOTM.” In the event that an opening or closing only order was returned to NASDAQ after the time of the open or close on the destination market, NASDAQ would cancel the order.

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6 NASDAQ is also proposing to modify the rule to make it clear that a DOT order may be designated to participate in the opening only or in the closing only (as provided by the specifications of the destination market) or to remain in force after the opening or closing, as applicable. An order entered before the open (or close) that is designated as opening only (or closing only) will likely be cancelled by the destination market after the open (or close) in accordance with its terms and therefore will not return to NASDAQ, even if not executed in full. Similarly, if NASDAQ receives a DOT order after the security has opened (or closed) and the order has been designated to participate in the opening only (or closing only), the order will nevertheless be routed to NYSE or NYSE MKT, but rather are immediately converted to SCAN or STGY orders. The modifications make it clear that this processing logic would be applied to an order that is intended to participate in the close but that is entered after the close. The modifications also make it clear that the processing logic would not be applied if the order was designated as opening only or closing only, since, as described above, the order would be routed and would be expected to be rejected. Finally, NASDAQ is modifying the rule to provide that DOT orders that are designated to participate in an opening process and that are received by NASDAQ before the destination market can receive them will be held until such time as the destination market can receive them.

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9 In the event that an opening only order was returned to NASDAQ after the time of the open or close on the destination market, NASDAQ would cancel the order.
the System for available shares and simultaneously route the remaining shares to destinations on the System routing table, with remaining shares posted on the book. Once on the book, if the order is subsequently locked or crossed by another market center, the System will not route the order to the locking or crossing market center.13

Two minutes before market close, all LIST orders on the book will route to the security’s primary listing market for participation in its closing process.14

Similarly, if a LIST order is received at or after a time that is two minutes before market close but before market close, NASDAQ will check the System for available shares and simultaneously route the remaining shares to destinations on the System routing table; remaining shares will be routed to the security’s primary listing market to participate in its closing process.15 After the security has closed on the primary listing market, a LIST order that has not been designated as closing only and that has not been fully executed, rejected or cancelled by the destination market will be returned to NASDAQ and unexecuted shares will be posted to the NASDAQ book.16

NASDAQ is also modifying the language of the rule governing LIST orders to make it clear that a LIST order may be designated to participate in the closing only, as provided by the specifications of the destination market. Accordingly, an order entered before the open and close, and the periodic occurrence of days when the markets are planned to close early (e.g., the day after Thanksgiving).

13 If trading in the security is stopped across all markets, LIST orders will be sent to the primary listing market to participate in its re-opening process. When normal trading resumes, unexecuted shares will be removed from the primary listing market and posted on the NASDAQ book. LIST orders may not be assigned a time-in-force of [sic] good-till-cancelled. NASDAQ is proposing to modify the rule language governing this behavior to improve its clarity by replacing the words “cancelled off of the primary” with the words “removed from the primary listing market.”

14 NASDAQ is proposing to delete language stating that the routed order “will be cancelled by the System”. The language was intended to reflect the fact that the routed shares would no longer be on the NASDAQ book, but the reference to the order being “cancelled” may be confusing and therefore is being deleted.

15 NASDAQ notes, however, the certain trading venues have established cut-off times for participation in their opening and closing processes. Orders received by NASDAQ before the time of the opening or closing processes will be routed to the primary market; however, if a market receives such orders after its applicable cut-off time, the order may be rejected by the destination market.

16 NASDAQ is proposing to add language to the existing sentence regarding shares posting to the NASDAQ book to make it clear that it applies after the security has closed on the primary market and applies only if the order has not been designated as closing only and has not been fully executed, rejected, or cancelled by the destination market.

17 In the event that a closing only order was returned to NASDAQ after the time of the close on the destination market, NASDAQ would cancel the order.

18 As described above, this logic would not apply if the order was designated as closing only.

19 NASDAQ is proposing to add language to make it clear that the routing of orders entered after market close would not apply if the order was designated as closing only.


22 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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. The Exchange has satisfied this requirement.
furthermore 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–NASDAQ–2014–025 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–NASDAQ–2014–025. 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 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–NASDAQ–2014–025, and should be submitted on or before April 21, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.23

Kevin M. O’Neill.

Deputy Secretary.

[FR Doc. 2014–07019 Filed 3–28–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

March 25, 2014.

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 March 12, 2014, Chicago Board Options Exchange, Incorporated (the “Exchange” or “CBOE”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change. The text of these statements may be examined at the Commission’s Office of the Secretary, Washington, DC 20549–1090. 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–NASDAQ–2014–025, and should be submitted on or before April 21, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.23

Kevin M. O’Neill.

Deputy Secretary.

[FR Doc. 2014–07019 Filed 3–28–14; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

March 25, 2014.

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

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange’s Web site (http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx), at the Exchange’s Office of the Secretary, 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 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 Fees Schedule, specifically regarding the CBOE Command Connectivity Charges. Currently, for every 15 Trading Permits that a Trading Permit Holder (“TPH”) that access CBOE Command via CMIs holds, TPH receives one CAS Server (plus one total backup CAS Server regardless of the number of Trading Permits that the TPH holds).

The effect of this change would be to increase the number of CAS Servers that many TPHs receive (for example, a TPH that has 29 permits would now receive two CAS Servers (plus a backup) before having to pay for an extra CAS Server (which costs $10,000 per month), so 29 TPHs may be able to save $10,000.

The Exchange also proposes to change its calculation of the volume thresholds for its Liquidity Provider Sliding Scale, which provides for reduced transaction fees for Market-Makers that reach certain volume thresholds.4 Currently, the volume thresholds are based on total national Market-Maker multiply-listed options volume. However, this does not account for products traded solely on

<table>
<thead>
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<th>Trading Permits</th>
<th>CAS Servers</th>
<th>Total CAS Servers</th>
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</thead>
<tbody>
<tr>
<td>1–15</td>
<td>1 + 1 backup</td>
<td>2</td>
</tr>
<tr>
<td>16–30</td>
<td>2 + 1 backup</td>
<td>3</td>
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<tr>
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<td>3 + 1 backup</td>
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<td>46–60</td>
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<td>7</td>
</tr>
<tr>
<td>91+</td>
<td>7 + 1 backup</td>
<td>8</td>
</tr>
</tbody>
</table>

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The Exchange also proposes to change its calculation of the volume thresholds for its Liquidity Provider Sliding Scale, which provides for reduced transaction fees for Market-Makers that reach certain volume thresholds.4 Currently, the volume thresholds are based on total national Market-Maker multiply-listed options volume. However, this does not account for products traded solely on