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

The Exchange proposes to amend the Exchange’s transaction fees at chapter XV, section 2 entitled “NASDAQ Options Market—Fees and Rebates,” which governs pricing for NASDAQ members using the NASDAQ Options Market (“NOM”). NASDAQ’s facility for executing and routing standardized equity and index options.

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on July 1, 2015. 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend the Non-Penny Pilot Options Fees for Removing Liquidity 4 for all market participants, except Customers.5 The Exchange is also proposing to remove all fees for options overlying the PHLX Semiconductor IndexSM (SOXSM).

2. Non-Penny Pilot Options Fees for Removing Liquidity

The Exchange proposes to amend the Non-Penny Pilot Options Fees for Removing Liquidity (including NDX) for Professionals,6 Firms,7 Non-NOM Market Makers,8 NOM Market Makers9 and Broker-Dealers 10 from $0.89 to $0.94 per contract. Customers will continue to be assessed a Non-Penny Pilot Options Fee for Removing Liquidity of $0.85 per contract. The Exchange believes that despite this fee increase, Fees for Removing Liquidity in Non-Penny Pilot Options remain competitive.

SOX

The Exchange is proposing to remove all fees related to SOX from chapter XV, section 2 of the NOM Rules. Currently, chapter XV, section 2 specifies the following fees related to SOX:

Customer range at The Options Clearing Corporation (“OCC”) which is not for the account of a broker or dealer or for the account of a “Professional” (as that term is defined in chapter I, section 1(a)(48)).

The term “Professional” means any person or entity that (i) is not a broker or dealer in securities, and (ii) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s) pursuant to chapter I, section 1(a)(48). All Professional orders shall be appropriately marked by Participants.

The term “Firm” or (“F”) applies to any transaction that is identified by a Participant for clearing in the Firm range at OCC.

The term “Non-NOM Market Maker” or (“O”) is a registered market maker on another options exchange that is not a NOM Market Maker. A Non-NOM Market Maker must append the proper Non-NOM Market Maker designation to orders routed to NOM.

The term “NOM Market Maker” means a Participant that has registered as a Market Maker on NOM pursuant to chapter VII, section 2, and must also remain in good standing pursuant to chapter VII, section 4. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security.

The term “Broker-Dealer” or (“B”) applies to any transaction which is not subject to any of the other transaction fees applicable within a particular category.
The Exchange is proposing to remove the above-referenced fees as will delist SOX from NOM as of July 1, 2015.

2. Statutory Basis

NASDAQ believes that the proposed rule change is consistent with the provisions of section 6 of the Act,13 in general, and with section 6(b)(4) and 6(b)(5) of the Act.12 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 NASDAQ operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Non-Penny Pilot Options Fees for Removing Liquidity

The Exchange’s proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker and Broker-Dealer Non-Penny Pilot Options Fees for Removing Liquidity from $0.89 to $0.94 per contract is reasonable because this fee remains competitive with fees at other exchanges.13 Further, these fees are designed to attract and compete for order flow to the Exchange, which provides a greater opportunity for trading by all market participants.14 In addition, the increased Non-Penny Pilot Options Fees for Removing Liquidity are reasonable because the fees generate revenue that would support the various rebates which NOM pays for adding liquidity, which attracts order flow to the Exchange.

The Exchange’s proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker and Broker-Dealer Non-Penny Pilot Options Fee for Removing Liquidity from $0.89 to $0.94 per contract is equitable and not unfairly discriminatory because the Exchange would uniformly assess all non-Customers a Non-Penny Pilot Options Fee for Removing Liquidity of $0.94 per contract. Customers would be assessed the lowest Non-Penny Pilot Options Fee for Removing Liquidity of $0.85 per contract. Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. An increase in the activity of these market participants in turn facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants.

SOX

The Exchange’s proposal to remove the Fees for Adding and Removing Liquidity in options overlying SOX is reasonable because the Exchange is delisting SOX from NOM on July 1, 2015.

The Exchange’s proposal to remove the Fees for Adding and Removing Liquidity in options overlying SOX is equitable and not unfairly discriminatory because the Exchange is delisting SOX from NOM on July 1, 2015 and therefore no market participant will be subject to these fees.

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

NASDAQ 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’s proposal to increase the Professional, Firm, Non-NOM Market Maker, NOM Market Maker and Broker-Dealer Non-Penny Pilot Options Fee for Removing Liquidity from $0.89 to $0.94 per contract does not create an undue burden on competition. All market participants, other than Customers, will be assessed a Non-Penny Pilot Options Fee for Removing Liquidity of $0.94 per contract. Customers are assessed a lower Non-Penny Pilot Options Fee for Removing Liquidity because Customer order flow enhances liquidity on the Exchange for the benefit of all market participants.

The Exchange’s proposal to remove the Fees for Adding and Removing Liquidity in options overlying SOX does not create an undue burden on competition because no market participant will be subject to these fees.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to section 19(b)(3)(A)(ii) of the Act.15 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: (i) Necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in the 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).
- Send an email to rule-comments@sec.gov. Please include File Number SR–NASDAQ–2015–070 on the subject line.

14 15 U.S.C. 78f(b)(4) and (5).
I. Introduction

On May 1, 2015, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR–OCC–2015–010 pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act") and Rule 19b–4 thereunder. The proposed rule change was published for comment in the Federal Register on May 22, 2015. The Commission received no comment submissions. You should submit only comments 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–2015–070 and should be submitted on or before August 6, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\(^\text{16}\)

Jill M. Peterson, Assistant Secretary.

[FR Doc. 2015–17396 Filed 7–15–15; 8:45 am]  
BILLING CODE 8011–01–P


\(^{17}\) The exercise settlement amount for Current Index Flex Options is determined based entirely on the strike price of a given option and the current underlying interest value on the day of exercise, in the case of American style Current Index Flex Options, or final day of trading, in the case of European style Current Index Flex Options.

\(^{18}\) The Commission is granting approval of the proposed rule change.

\(^{19}\) By-Laws Article 1, section 1(F)(5). For example, options with an underlying index had negative returns during the option’s tenor; and, (ii) the difference between the aggregate exercise price and the aggregate current underlying interest value, which is based on the sum of the Capped Returns of the underlying index on 12 predetermined “observation dates” \(^{10}\) (each an “Observation Date,” and the computed value an “Observation”).


\(^{21}\) OCC provides that, since Expiration dates must be within 50 to 53 calendar weeks from the date of listing, all Asian Options that it will clear will have a term of approximately one year. OCC explains that if the expiration date precedes the observation date in the final month, then the final “observation” will be the current underlying interest value on expiration date and not the observation date, and if one of the observation dates falls on a weekend or holiday, the value used will be from the previous business day.

\(^{22}\) Ibid.

\(^{23}\) OCC clears Current Index Flex Options on the S&P 500 Index, S&P 100 Index, Nasdaq 100 Index clearing member positions (i.e., computes margin requirements) through its STANS methodology.\(^{7}\)

\(^{24}\) Asian Options use an “Asian-style” methodology for determining the exercise settlement amount of an option, which is the difference between the aggregate exercise price and the aggregate current underlying interest value, which is based on the average of twelve monthly price “observations.” OCC states that traders of Asian Options will select an observation date as well as an expiration date.\(^{8}\)

\(^{25}\) Asian Options use a cliquet method for determining the exercise settlement amount of the option, which is the greater of: (i) Zero (i.e., the underlying index had negative returns during the option’s tenor); and, (ii) the difference between the aggregate exercise price and the aggregate current underlying interest value, which is based on the sum of the Capped Returns of the underlying index on 12 predetermined “observation dates” \(^{10}\) (each an “Observation Date,” and the computed value an “Observation”).\(^{11}\)

\(^{26}\) Russell 2000 Index, among other underlying indexes.