

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-NYSEMKT-2014-54. 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 publicly available. All submissions should refer to File Number SR-NYSEMKT-2014-54 and should be submitted on or before August 5, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014-16499 Filed 7-14-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72582; File No. SR-ICEEU-2014-11]

Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Filing of Proposed Rule Change Relating to EMIR Requirements

July 10, 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 July 7, 2014, ICE Clear Europe Limited (“ICE Clear Europe”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by ICE Clear Europe. 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 principal purpose of the proposed changes is to amend the ICE Clear Europe Procedures in order to comply with requirements under the European Market Infrastructure Regulation (including regulations and implementing technical standards thereunder, “EMIR”)³ that will apply to ICE Clear Europe as an authorized central counterparty. ICE Clear Europe has separately filed with the Commission proposed changes to its Clearing Rules (the “Rules”) relating to EMIR implementation and certain other matters (the “Rule Submission”).⁴

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, ICE Clear Europe 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. ICE Clear Europe has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of these statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

ICE Clear Europe submitted proposed amendments to its Procedures in order to comply with requirements under EMIR that will apply to ICE Clear Europe upon its authorization as a

central counterparty and to further implement the related changes made to its Rules pursuant to the Rule Submission. As described in more detail in the Rule Submission, in order to comply with EMIR, ICE Clear Europe is adopting changes to the structure of customer accounts for cleared transactions to enhance segregation options for customers of Clearing Members. This includes the adoption of an individual client segregation framework (through Individually Segregated Sponsored Accounts and Individually Segregated Margin-flow Co-mingled Accounts) for Non-FCM/BD Clearing Members as well as certain modifications relating to the existing, omnibus client segregation model. The amendments to the Procedures described herein are intended to further implement these changes, as well as various other consolidating, conforming and clarifying changes and drafting improvements to the existing Procedures.

As described in the Rule Submission, the amendments to the Rules would establish two new types of individually segregated accounts, Individually Segregated Margin-flow Co-mingled Accounts and Individually Segregated Sponsored Accounts. The proposed Rules will also establish multiple new types of omnibus accounts, Segregated Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) and Segregated TTFCFA Customer Omnibus Accounts (separately for each product: FX, F&O and CDS) as well as Omnibus Margin-flow Co-mingled Accounts. These new individually segregated and omnibus accounts will be available only to Non-FCM/BD Clearing Members and their customers. For FCM/BD Clearing Members and their customers, individual client segregation is not being offered at this time, and the existing account types and segregation framework (which are required under applicable law) would be maintained.

ICE Clear Europe proposes to make amendments to the following Procedures: the Clearing Procedures, Finance Procedures, Membership Procedures, Business Continuity Procedures, Complaint Resolution Procedures, General Contract Terms, CDS Procedures, FX Procedures, OTC FX Product Guide and Published Terms for FX Contracts, Auction Terms for FX Default Auctions, Auction Terms for F&O Default Auctions and Delivery Procedures. The CDS Operational Procedures are being eliminated as they are no longer applicable.

The proposed Procedure amendments are described in detail as follows.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, as well as various implementing regulations and technical standards.

⁴ Securities Exchange Act Release No. 34-72540 (July 3, 2014), 79 FR 39429 (July 10, 2014) (SR-ICEEU-2014-09).

¹⁵ 17 CFR 200.30-3(a)(12).

Certain common changes are being made to all relevant sections of the Procedures. In each such section of the Procedures, ICE Clear Europe has added provisions addressing governing law, arbitration and submission to jurisdiction that are substantially the same as those set forth in the Rules (specifically, Rules 117 and 1608). In addition, various references to Sponsored Principals are added throughout, as well as conforming changes to reflect changes in defined terms in the Rules, such as the use of "Buying Counterparty" and "Selling Counterparty".

In the Clearing Procedures, paragraphs 2.3 and 2.4 (which relate to position keeping and recording of contract positions) have been revised to reflect the additional categories of customer accounts. Similarly, paragraph 3.1, which addresses margining of accounts, has been revised to reflect the new customer accounts and the manner in which the new customer accounts are margined in accordance with the Rules. In addition, the Summary of Account Codes in Table A of the Clearing Procedures has been updated with the new account classes. Paragraph 4 has also been updated to incorporate relevant defined terms for margin for the relevant product categories (F&O, CDS and FX), as well as clarify that certain terms only apply to the F&O product category, consistent with current practice. Paragraph 5 is amended to clarify that it applies only to options that are F&O contracts, as well as make certain other drafting clarifications. Existing paragraph 6, which related to ICE OTC transactions, has been removed, consistent with the removal of related provisions in the Rules, as such provisions are no longer used. A new paragraph 6 has been added addressing customer clearing. Paragraph 6.1 provides a procedure for a Clearing Member to close out or transfer customer positions to its proprietary account in the event of termination of the related Customer-CM Transaction (including as a result of a customer default). Paragraph 6.2 provides for transfer of customer positions at the request of a customer (this provision is substantially similar to existing paragraph 13.2 of the CDS Procedures, but has been revised to apply to all product categories and to apply to Sponsored Principals as well). New Paragraph 6.3 addresses certain matters with respect to Customer-CM Collateral provided to Non-FCM/BD Clearing Members, including the treatment of such collateral that is not in the form of Permitted Cover and the treatment of

excess collateral provided to the Clearing Member beyond the clearing house requirement. New Paragraph 6.4 establishes certain recordkeeping requirements for Clearing Members with respect to Customers (including as to the identity and default portability preferences thereof) and requirements to provide such information to the clearing house. New Paragraph 7 adopts certain additional defined terms and procedures relating to position transfers made under Rule 408(a)(i) and Part 12 of the Rules, as well as paragraph 6 of the Clearing Procedures.

The Finance Procedures have been revised in paragraph 2 to incorporate relevant defined terms for margin for the relevant product categories as well as references to Sponsored Principals. Paragraph 3, which addresses the use of triparty collateral arrangements with Euroclear Bank, has been revised to apply to Sponsored Principals in addition to Clearing Members. The revisions also accommodate the use of pledged collateral arrangements as well as title transfer collateral and make certain drafting clarifications. Paragraph 4, which addresses ICE Clear Europe's assured payment system, has been amended to include references to FX Clearing Members and Sponsored Principal arrangements, as well as clarifications for the new account categories. Paragraph 5 contains additional procedures for the assured payment system in connection with the Sponsored Principal model. Paragraph 6 has been revised to address the requirements for payments in respect of each proprietary or customer account of a Clearing Member (including the new account categories), as well as changes to apply to Sponsored Principals the requirements applicable to Clearing Members. Certain provisions relating to margin for various product categories are also clarified and consolidated in this section. In particular, for drafting clarity, provisions relating to variation or mark-to-market margin for the F&O, CDS and FX product categories have been consolidated in Paragraph 6(i)(i) and provisions relating to original or initial margin for those product categories have been consolidated in Paragraph 6(i)(ii). Certain conforming references to such margin categories have also been added. In connection with the removal of the CDS Operational Procedures, references in paragraph 6 to making of CDS contract coupon payments thereunder have also been removed (with the effect that such payments will be made as provided under Paragraph 6). Paragraph 7, which applies to custody accounts for non-

cash margin, has been revised to apply to Sponsored Principals as well as Clearing Members. The revised paragraph also specifies the requirements for each customer and proprietary account and clarifies certain tax form requirements. Paragraphs 8–11, which address permitted cover in the form of securities, emissions allowances, gold bullion and transfer procedures, respectively, have been revised to apply to Sponsored Principals as well as Clearing Members. New Paragraph 8.4 prohibits the use by a Clearing Member, Sponsor or Sponsored Principal of securities that are otherwise eligible as permitted cover where such securities are issued by such person or one of its affiliates (except in the case of a covered bond otherwise eligible as permitted cover⁵ and only where the assets backing that bond are appropriately segregated within a robust legal framework that the clearing house determines to satisfy applicable legal requirements).

Revised Paragraphs 9.2 and 9.3 limit, for risk management purposes, the use of emissions allowances to satisfy margin requirements to contracts in respect of which such allowances are deliverable. Paragraph 10 also includes certain updates to defined terms and allows use of gold bullion as FX original margin. Paragraph 11 has also been revised to reflect the use by the clearing house of direct accounts at securities settlement systems. The provisions of Paragraph 12 of the Finance Procedures, which address use of letters of credit as margin for F&O contracts, have been revised to address use by Sponsored Principals. Certain other drafting clarifications are also made, including to clarify the right of the clearing house to reject a letter of credit, to make explicit requirements as to irrevocability and lack of defenses and to limit acceptance of letters of credit from issuing banks otherwise providing critical services to the clearing house. New provisions have been added to address collateralization of letters of credit consistent with certain EU regulations.

In paragraph 13, various conforming changes have been made to include references to Sponsors and Sponsored Principals, as well as appropriate references to original margin for the relevant product categories. Paragraph 14 has been revised to incorporate certain parameters for the FX guaranty fund, and to allow the clearing house to allow different currencies to be used for the guaranty fund contributions for any

⁵ Covered bonds are not currently eligible as permitted cover.

product category. Revised paragraph 15 of the Finance Procedures specifies additional parameters for the Clearing House contributions to the three guaranty funds. Paragraph 15.1 specifies a minimum initial contribution of ICE Clear Europe's own resources (including retained earnings and reserves), equal to 25% of the minimum capital required to be maintained in accordance with article 16 of EMIR, to be divided among the three product category guaranty funds in proportion to the size of those guaranty funds. Paragraph 15.2 further specifies the minimum requirements for the Clearing House Initial CDS Contribution and Clearing House CDS GF Contribution. In the case of the Clearing House Initial CDS Contribution, the required amount will be the higher of the amount currently required under the CDS Procedures (as discussed below) and the minimum amount determined under paragraph 15.1 as discussed above. (Accordingly, the amendments will not reduce the current level of the Clearing House Initial CDS Contribution.) The provisions of Paragraph 15.2 addressing the Clearing House CDS GF Contribution substantially codify the existing requirements under the CDS Procedures. Paragraph 15.3 further specifies the minimum requirements for the Clearing House FX Initial Contribution and Clearing House FX GF Contribution, which substantially codify existing requirements under the FX Procedures, but in the case of the Clearing House FX Initial Contribution are now also subject to the minimum required under paragraph 15.1. Paragraph 15.4 addresses substitution of assets constituting Clearing House contributions, and clarifies that the clearing house is not obligated to make additional Clearing House contributions in certain situations in which clearing is being terminated in accordance with the Rules. Various drafting clarifications have also been made throughout the Finance Procedures.

The Membership Procedures, which set out various aspects of the clearing membership application process, have been modified to also cover Sponsors and Sponsored Principals, in substantially the same manner as for Clearing Members. Other revisions include various updates to defined terms and drafting clarifications.

The CDS Procedures contain changes to implement the Sponsored Principal model as well as various updates to defined terms (and conforming references to terms) and drafting improvements for clarity, as discussed herein. Paragraph 1 contains various conforming updates to defined terms,

including the removal of unnecessary cross-references to certain provisions of the ISDA Credit Derivatives Definitions, the addition of references to Sponsored Principals and uses of the defined terms Matched CDS Buyers and Matched CDS Sellers in connection with procedures relating to restructuring credit events (as well as the updates to governing law and similar provisions discussed above). As noted in the Rule Submission, various membership requirements in Paragraph 2 have been moved to Part 2 of the Rules. Cross-references in Paragraph 3 to other Procedures sections have been updated. Paragraph 4 has been updated to include references to Sponsored Principals as well as Clearing Members, and to reflect the use of CDS Trade Execution/Processing Platforms for execution and the additional categories of customer accounts. In paragraph 5, various cross-references have been updated, along with changes reflecting the Sponsored Principal model. Paragraph 6, which addresses the Clearing House's contributions to the CDS guaranty fund, has been removed and moved to the Finance Procedures, as discussed above. Former paragraph 7 (now renumbered as paragraph 6) has been revised to incorporate the Sponsored Principal model as well as update the use of certain defined terms (such as CDS Buyer, CDS Seller, Matched CDS Buyer, Matched CDS Seller and Manual Notifier). Paragraph 8 (formerly paragraph 9) of the CDS Procedures has similarly been revised to reflect the Sponsored Principal model, as well as other conforming changes. In addition, new paragraph 8.1(e) amends the definition of Repudiation/Moratorium Credit Event in Section 4.6 of the ISDA Credit Derivatives Definitions for sovereign CDS to eliminate manual notification of that credit event (consistent with the approach used for other credit events). Paragraph 8.2(e) has been modified to provide for transfer of CDS contracts in the case of a "Merger Without Assumption" (a merger of a Clearing Member or Sponsored Principal where the successor entity fails to assume the obligations thereof), in the same manner as is currently provided for Tax Events and Tax Events Upon Merger. Paragraph 9 (formerly paragraph 10) is similarly revised to reflect the Sponsored Principal model, update cross-references and make other conforming changes.

In paragraph 10 (formerly paragraph 11) of the CDS Procedures, which addresses single-name European corporate CDS contracts, the definitions

of "Eligible SNEC Reference Obligation" and "SNEC Contract Reference Obligation" have been revised to clarify the treatment of CDS contracts for which market practice is to trade without a specified reference obligation.⁶ The existing limitations in paragraph 10.4 on self-referencing CDS involving Clearing Members or their affiliates have been updated to apply also to Sponsors and Sponsored Principals. Various other conforming changes are made in paragraph 10. Substantially similar changes to those made in paragraph 10 have been made in paragraph 11 of the CDS Procedures (formerly paragraph 12), which addresses sovereign CDS contracts. Paragraph 13, which addresses certain aspects of customer transactions, including transfer of customer positions, has been moved to paragraph 6 of the Clearing Procedures (and generalized to apply all product categories, not just CDS).

The FX Procedures have been revised to update various definitions, conform to new defined terms (including use of the defined term FX Trade Particulars in place of FX Transaction) and other provisions of the updated Rules, and incorporate the Sponsored Principal model. In Paragraph 2 of the FX Procedures, which addresses membership requirements, certain changes have been made to conform to the membership standards for CDS Clearing Members, including minimum requirements for US-based Clearing Members consistent with CFTC requirements. Paragraph 4, which addresses submission and acceptance of FX contracts, has been revised to incorporate the Sponsored Principal model. References to Sponsored Principals have also been added to paragraphs 5–7. Certain conforming changes have been made in paragraph 9. Paragraph 10, which addressed the Clearing House contribution to the FX guaranty fund, has been moved to the Finance Procedures, as discussed above. Conforming changes have also been made in paragraph 11, which has been renumbered paragraph 10.

The section of the Procedures titled "General Contract Terms and ICE OTC Contract Standard Contract Terms and Eligibility Criteria" has been renamed "General Contract Terms." Consistent with changes made to the Rules, references to ICE OTC Contracts have been removed as such contracts are no longer cleared by the Clearing House.

⁶ This change is not specifically required by EMIR, but reflects a clarification to trading terms that reflects existing market practice for CDS involving certain reference entities.

Accordingly, paragraph 3.2 of the General Contract Terms has been deleted.

The Auction Terms for F&O Default Auctions have been revised to incorporate participation by Sponsored Principals. Paragraph 2 has also been revised to clarify the minimum bid requirement for Clearing Members as well as the ability of a Clearing Member to outsource its minimum bid obligations to an affiliate. In paragraph 3, the order of application of F&O guaranty fund contributions has been revised, such that guaranty fund contributions of Clearing Members that are not winning bidders are used first, starting with the contributions of those with the least competitive bids. After application of guaranty fund contributions of losing bidders, guaranty fund contributions of winning bidders may be applied on a pro rata basis. ICE Clear Europe believes that this approach strengthens the incentive for Clearing Members to participate in the auction. The same order of priority applies to the use of F&O assessment contributions. Paragraph 3.7 has also been revised to address the correction of erroneous bids. Paragraph 4.4 has been amended to clarify that invalid bids do not count toward the minimum bid requirement. Paragraph 5.4 has been revised to limit the Clearing House's ability to change the normal pro rata procedure for allocating contracts to multiple winning bidders. Paragraph 6 has been revised to clarify the treatment of certain customer positions arising from an F&O auction. Paragraph 7 has been revised to update references to certain legal requirements in connection with auctions. Substantially similar changes have been made in the Auction Terms for FX Default Auctions as well.

Various amendments have also been made to the Delivery Procedures. In many cases these do not strictly relate to EMIR implementation but reflect other general updates and conforming changes. In paragraph 5, provisions allowing buyers and sellers to nominate transferors and transferees to make or take delivery on their behalf have been extended to additional power and gas contracts. In addition, under revised paragraph 9, these same additional contracts are not eligible for alternative delivery procedures.

Part C of the Delivery Procedures has been expanded to apply to ICE Futures UK Base Electricity Futures (Gregorian) and ICE Futures UK Peak Electricity Futures (Gregorian) as well as the existing EFA contracts. Various drafting clarifications have been made to the procedures for ICE UK Electricity Futures Contracts. Part D of the Delivery

Procedures has been expanded to apply also to ICE Futures UK Natural Gas (EUR/MWh) Futures Contracts and ICE Futures UK Natural Gas Daily Futures Contracts, and various related conforming changes have been made, including relevant contract and delivery specifications for such contracts. A new delivery timetable has been added for the ICE Futures UK Natural Gas Daily Futures Contract, as well as new documentation requirements and procedures for invoicing for such contracts.

Various non-substantive conforming changes and drafting clarifications are also made to the Business Continuity Procedures and Complaint Resolution Procedures.

(2) Statutory Basis

ICE Clear Europe believes that the proposed amendments to the Procedures are consistent with the requirements of Section 17A of the Act⁷ and the regulations thereunder applicable to it, including the standards under Rule 17Ad-22.⁸ Section 17A(b)(3)(F) of the Act⁹ requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions. The proposed amendments are principally intended to further implement the rule amendments described in the Rule Submission, which in turn are intended principally to ensure compliance by the clearing house with the requirements of EMIR and implement new, strengthened options for the segregation and safeguarding of customer funds and property for customers of Non-FCM/BD Clearing Members.¹⁰ As such, the proposed amendments to the Procedures are part of a set of amendments that will enhance, and not reduce, the level of customer protection available under the current ICE Clear Europe rules for those Clearing Members and their customers. As a result, ICE Clear Europe believes that the proposed changes to the Procedures, like the amendments to the Rules discussed in the Rule Submission, will contribute to the safeguarding of funds

and securities associated with derivative transactions that are in the custody or control of the clearing house or for which it is responsible, as set forth herein, within the meaning of Section 17(A)(b)(3)(F).¹¹

As discussed above, a key aspect of the amendments to the Procedures is the incorporation of the new ICE Clear Europe Sponsored Principal model. EMIR requires that the clearing house offer an individual segregation model that Clearing Members may in turn offer to their customers. Under such a model, the clearing house is required to separately account for, and track, the portfolio of positions of a customer of a Clearing Member and specific assets provided to margin such contracts. ICE Clear Europe has developed its Individually Segregated Sponsored Account model to satisfy this requirement of EMIR. The Individually Segregated Sponsored Account provides a separate account for the positions, and margin, of a particular customer, and accordingly should be protected in the event of a default of the sponsoring Clearing Member or other customers of the Clearing Member. It also facilitates the transition to a new Sponsor in the event of a default of the current Sponsor. For market participants that elect to use the Individually Segregated Sponsored Account model, the approach will thus provide a higher degree of protection for customer assets than is currently available.

As such, ICE Clear Europe believes that the proposed Procedure changes, together with the related Rule changes described in the Rule Submission will enhance the safeguarding of securities and funds associated with securities and derivative transactions that are in the custody or control of ICE Clear Europe or for which it is responsible. ICE Clear Europe also believes that the proposed rule changes will enhance the stability of the clearing system, by reducing the risk to market participants of a default by a Clearing Member or other customer. As a result, the proposed changes are, in the clearing house's view, consistent with the requirements of Section 17A(b)(3)(F) of the Act. For the reasons set forth in the Rule Submission, ICE Clear Europe also believes that the amendments are consistent with relevant requirements of Rule 17Ad-22.¹²

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

ICE Clear Europe does not believe the proposed changes to the Procedures

⁷ 15 U.S.C. 78q-1.

⁸ 17 CFR 240.17Ad-22.

⁹ 15 U.S.C. 78q-1(b)(3)(F).

¹⁰ As discussed herein, certain additional amendments are in the nature of clarifications and drafting improvements to various provisions of the Procedures, and as such ICE Clear Europe believes that they also promote the prompt and accurate clearance and settlement of securities and derivatives transactions cleared by the clearing house.

¹¹ 15 U.S.C. 78q-1(b)(3)(F).

¹² 17 CFR 240.17Ad-22.

would have any adverse impact, or impose any burden, on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposed amendments are principally intended to implement the new segregation models and account classes adopted pursuant to the Rule Submission.

As discussed in more detail in the Rule Submission, ICE Clear Europe is not proposing to materially change its standards for Clearing Membership or financial requirements for Clearing Membership. ICE Clear Europe is permitting a new form of access to the clearing house, for Sponsored Principals, and ICE Clear Europe believes that this development should facilitate, rather than limit, access to the clearing house. Although cost models remain to be developed, use of these accounts may be more expensive than use of omnibus accounts, reflecting the additional operational complexity and segregation available. It is possible that these additional costs may deter some market participants for using the Individually Segregated Sponsored Account. The clearing house retains other, omnibus segregation models, however, that are based on existing models and will be available to market participants that do not elect individual segregation. The clearing house also recognizes that the new segregation models may impose certain additional costs on Clearing Members, including potentially additional guaranty fund contributions, which could raise the cost of customer clearing. However, ICE Clear Europe believes that this is the result of the requirement under EMIR to offer such models and in any event is justified by the benefits provided by such models for those who use them.

ICE Clear Europe also does not believe the proposed amendments to the Procedures are likely to adversely affect competition among Clearing Members. The new segregation models are (and are required to be) made available to all Non-FCM/BD Clearing Members. (As described in the Rule Submission, the new models are not being offered to FCM/BD Clearing Members, which will continue to use the account and segregation framework provided under applicable U.S. law. The ability for FCM/BD Clearing Members to continue using the existing framework should mitigate any competitive impact of the new models for such Clearing Members.) ICE Clear Europe believes that the new options will facilitate competition among Clearing Members as they seek to offer the segregation models to clients, consistent with the commercial requirements of the

Clearing Member and their customers and the competitive environment as well as background regulatory requirements. To the extent that the new segregation models impose additional costs and operational complexity, those will fall on all Clearing Members that seek to use the models, and are not designed to favor one type of Clearing Member over another.

In terms of the impact on customers of Clearing Members, the proposed amendments are intended to provide those customers a greater range of choices and protections for margin assets provided by those customers, as required under EMIR. Certain models, such as the individually segregated model, may impose higher costs on customers. ICE Clear Europe believes that such costs are accompanied by the higher protection to customer assets afforded by those models and required under EMIR. In addition, other models, including omnibus segregation models, remain available for customers that prefer such models. As a result, ICE Clear Europe does not believe that the proposed amendments will impose a significant burden on customers seeking access to clearing.

For similar reasons, ICE Clear Europe does not believe that the rule amendments will adversely affect the ability of market participants to continue to clear transactions, or otherwise limit market participants' choices for clearing derivatives. The rule changes implement a range of different models, each with different costs and benefits to customers. ICE Clear Europe is also maintaining a segregation framework analogous to that available today for customers of Clearing Members. Furthermore, the amendments are intended to implement requirements that will apply to European clearing houses generally under EMIR, including the requirement to offer an individual segregation model. As a result, ICE Clear Europe expects that other clearing house will offer a similar range of clearing segregation options, and the changes are not expected to reduce access to clearing or clearing services.

For the foregoing reasons, ICE Clear Europe does not believe that the proposed amendments to the Procedures will impose any burden on competition not appropriate in furtherance of the purposes of the Act.

*C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*¹³

Although written comments have not been specifically solicited with respect to the Procedure changes, comments relating to the related rule changes have been solicited from Clearing Members through extensive discussions with Clearing Members and a public consultation. ICE Clear Europe received various comments during this consultation and took such comments into account in making further modifications to the proposed rules and in developing the Procedures. The rule changes also reflect comments received from the Bank of England in connection with ICE Clear Europe's application for EMIR authorization. ICE Clear Europe will notify the Commission of any additional written comments received by ICE Clear Europe.

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-ICEEU-2014-11 on the subject line.

¹³ ICE Clear Europe included the following statement regarding comments on the proposed rule change received from members, participants or others in its Form 19b-4 filing but omitted the statement from Exhibit 1 to the filing. On a July 9, 2014, telephone call, staff in the Division of Trading and Markets confirmed with ICE Clear Europe's counsel that ICE Clear Europe also intended to include this statement in Exhibit 1.

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-ICEEU-2014-11. 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 filings also will be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe's Web site at https://www.theice.com/publicdocs/regulatory_filings/ICEU_070714_SEC.pdf.

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-ICEEU-2014-11 and should be submitted on or before July 25, 2014.¹⁴

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2014-16542 Filed 7-14-14; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72569; File No. SR-C2-2014-014]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Extending AIM Pilot Program Until July 18, 2015

July 9, 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 July 1, 2014, C2 Options Exchange, Incorporated ("Exchange" or "C2") 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 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 proposed rule change proposes to amend the Exchange's rules related to its Automated Improvement Mechanism ("AIM"). The text of the proposed rule change is provided below.

(additions are underlined; deletions are [bracketed])

* * * * *

C2 Options Exchange, Incorporated Rules

* * * * *

Rule 6.51. Automated Improvement Mechanism ("AIM")

Notwithstanding the provisions of Rule 6.50, a Participant that represents agency orders may electronically execute an order it represents as agent ("Agency Order") against principal interest or against a solicited order provided it submits the Agency Order for execution into the AIM auction ("Auction") pursuant to this Rule.

(a)-(b) No change.

. . . Interpretations and Policies:

.01-.02 No change.

.03 Initially, and for at least a Pilot Period expiring on July 18, 2014⁵, there will be no minimum size requirement for orders to be eligible for the Auction. During this Pilot Period, the Exchange will submit certain data, periodically as required by the

Commission, to provide supporting evidence that, among other things, there is meaningful competition for all size orders and that there is an active and liquid market functioning on the Exchange outside of the Auction mechanism. Any data which is submitted to the Commission will be provided on a confidential basis.

.04-.09 No change.

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The text of the proposed rule change is also 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

In December 2009, the Commission approved adoption of C2's rules, including the AIM auction process.³ AIM exposes certain orders electronically to an auction process to provide these orders with the opportunity to receive an execution at an improved price. The AIM auction is available only for orders that a Trading Permit Holder represents as agent ("Agency Order") and for which a second order of the same size as the Agency Order (and on the opposite side of the market) is also submitted (effectively stopping the Agency Order at a given price).⁴

The Commission approved on a pilot basis the component of AIM that there is no minimum size requirement for orders to be eligible for the auction. In

³ See Securities Exchange Act Release No. 61152 (December 10, 2009), 74 FR 66699 (December 16, 2009) (SR-C2-2011-015).

⁴ The Exchange first activated AIM on October 17, 2011 for P.M.-settled options on the S&P 500 Index (SPXpm), which are no longer listed on the Exchange. Currently, AIM is not activated for any classes on C2.

¹⁴ The Commission believes that a 10-day comment period is reasonable, given the urgency of the matter. It will provide adequate time for comment.

¹⁵ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.