

with industry practice. As such, the proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions, derivatives agreements, contracts, and transactions within the meaning of Section 17A(b)(3)(F) <sup>6</sup> of the Act.

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

The proposed change to the ICC Rules in order to incorporate references to the 2014 ISDA Definitions will apply consistently across all Participants and Non-Participant Parties and facilitates changes sought to be made by the industry throughout the CDS market. ICC does not expect that the proposed change will affect access to clearing for Participants or their customers, or materially affect the cost of clearing. As a result, ICC does not believe the proposed rule change would have any impact, or 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*

Written comments relating to the proposed rule change have not been solicited by ICC. ICC will notify the Commission of any written comments received by ICC.

### **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 such 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](mailto:rule-comments@sec.gov). Please include File Number SR-ICC-2014-11 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-ICC-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 ICC and on ICC's Web site at <https://www.theice.com/clear-credit/regulation>.

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-ICC-2014-11 and should be submitted on or before August 26, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-18377 Filed 8-4-14; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72711; File No. SR-CHX-2014-10]

### **Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Concerning the Use of Market Data Feeds by the Exchange**

July 29, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that, on July 16, 2014, the Chicago Stock Exchange, Inc. ("CHX" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the 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**

CHX proposes to adopt Article 1, Rule 4, to provide that the consolidated market data feed disseminated by the securities information processors shall be the only market data feed utilized by the Exchange for all operational and regulatory compliance purposes. The Exchange has designated this proposal as non-controversial and provided the Commission with the notice required by Rule 19b-4(f)(6)(iii) under the Act.<sup>3</sup>

The text of this proposed rule change is available on the Exchange's Web site at ([www.chx.com](http://www.chx.com)) and in 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 CHX included statements concerning the purpose of and basis for the proposed rule changes 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 CHX has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 17 CFR 200.30-3(a)(12).

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

1. Purpose

The Exchange proposes to adopt Article 1, Rule 4 to provide that the consolidated market data disseminated by the securities information processors ("SIPs")<sup>4</sup> ("SIP data feeds") shall be the only market data feed utilized by the Exchange for all operational and regulatory compliance purposes. The SIP data feeds are the only data feeds the Exchange currently utilizes for all operational and regulatory compliance purposes. Thus, the Exchange does not utilize any direct proprietary market data feeds from any external market for such purposes.<sup>5</sup>

For example, the Exchange only utilizes the SIP data feeds to calculate the National Best Bid and Offer ("NBBO") for the purposes of compliance with Regulation NMS and Regulation SHO. The Exchange does not ignore or modify SIP quote data for the purposes of establishing the NBBO under any circumstances where the SIP data feed shows an uncrossed market.<sup>6</sup> Similarly, the Exchange utilizes the SIP data feeds in its surveillance of order and trade activity on the Exchange, when applicable.

The Exchange notes that it does not currently offer outbound order routing from the Exchange. If the Exchange implements outbound routing in the future, the Exchange intends for its routing facilities to only utilize the SIP data feeds.<sup>7</sup> The Exchange also notes that it does not currently offer pegged orders, which are orders that have a limit price that tracks the NBBO, such as the midpoint of the NBBO.

2. Statutory Basis

The Exchange believes that its proposal is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>8</sup>

In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>9</sup> because it would promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system. Specifically, the Exchange believes that the proposed rule concerning the Exchange's use of the SIP market data feeds will enhance transparency concerning the operation of the Exchange. This will, in turn, promote the public confidence and strengthen the national market system.

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

The Exchange does not believe that the proposed rule change implicates any competitive issues. To the contrary, the Exchange anticipates that other national securities exchanges will also adopt similar rules outlining their respective use of data feeds and this proposed rule will ensure consistent treatment of this subject matter in the respective rulebooks.

*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 Exchange has designated this rule filing as non-controversial under Section 19(b)(3)(A) of the Act<sup>10</sup> and paragraph (f)(6) of Rule 19b-4 thereunder.<sup>11</sup> Because the foregoing 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>12</sup> and Rule 19b-4(f)(6) thereunder.<sup>13</sup>

<sup>9</sup> 15 U.S.C. 78f(b)(5).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4.

<sup>12</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>13</sup> 17 CFR 240.19b-4(f)(6). In addition, 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.

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 will institute proceedings to determine whether the proposed rule change 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](mailto:rule-comments@sec.gov). Please include File Number SR-CHX-2014-10 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-CHX-2014-10. 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

<sup>4</sup> See 15 U.S.C. 78c(a)(22)(A).

<sup>5</sup> In addition to the SIP data feeds, the Exchange utilizes its own internal data regarding its own market for operational and regulatory compliance purposes.

<sup>6</sup> Pursuant to Paragraph .01(d) of CHX Article 20, Rule 5, the Exchange's NBBO calculation protocol will ignore crossing quotes and shall execute orders up to the first uncrossed NBBO. In doing so, the Exchange will only utilize the SIP data feeds to establish the first uncrossed NBBO.

<sup>7</sup> Adoption of an outbound order routing functionality is subject to Commission approval pursuant to Rule 19b-4 under the Act.

<sup>8</sup> 15 U.S.C. 78f(b).

identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CHX-2014-10 and should be submitted on or before August 26, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

**Kevin M. O'Neill,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-72708; File No. SR-NYSEArca-2014-82]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Clarifying the Exchange's Use of Certain Data Feeds for Order Handling and Execution, Order Routing, and Regulatory Compliance

July 29, 2014.

Pursuant to Section 19(b)(1) <sup>1</sup> of the Securities Exchange Act of 1934 (the "Act") <sup>2</sup> and Rule 19b-4 thereunder, <sup>3</sup> notice is hereby given that, on July 18, 2014, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to clarify the Exchange's use of certain data feeds for order handling and execution, order routing, and regulatory compliance. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included

statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

##### 1. Purpose

On June 5, 2014, in a speech entitled "Enhancing Our Market Equity Structure," [sic] Mary Jo White, Chair of the Securities and Exchange Commission ("SEC" or the "Commission") requested the equity exchanges to file with the Commission the data feeds used for purposes of (1) order handling and execution (e.g., with pegged or midpoint orders); (2) order routing, and (3) regulatory compliance, if applicable.<sup>4</sup> Subsequent to the Chair's speech, the Division of Trading and Markets stated that it "believes there is a need for clarity regarding whether (1) the SIP data feeds, (2) proprietary data feeds, or (3) a combination thereof," are used for these purposes and requested that proposed rule changes be filed that disclose such information.<sup>5</sup> The stated goal of disclosing this information is to provide broker-dealers and investors with enhanced transparency to better assess the quality of an exchange's execution and routing services.

The data feeds available for the purposes of order handling and execution, order routing, and regulatory compliance include the exclusive securities information processor ("SIP") data feeds <sup>6</sup> or proprietary data feeds from individual market centers.

<sup>4</sup> See Mary Jo White, Chair, Securities and Exchange Commission, Speech at the Sandler, O'Neill & Partners, L.P. Global Exchange and Brokerage Conference (June 5, 2014) (available at [www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmwjiw](http://www.sec.gov/News/Speech/Detail/Speech/1370542004312#.U5HI-fmwjiw)).

<sup>5</sup> See Letter from James Burns, Deputy Director, Division of Trading and Markets, Securities and Exchange Commission, to Jeffrey C. Sprecher, Chief Executive Officer, Intercontinental Exchange, Inc., dated June 20, 2014.

<sup>6</sup> The SIP feeds are disseminated pursuant to effective joint-industry plans as required by Rule 603(b) of Regulation NMS. 17 CFR 242.603(b). The three joint-industry plans are: (1) The CTA Plan, which is operated by the Consolidated Tape Association and disseminates transaction information for securities with the primary listing market on exchanges other than NASDAQ Stock Market LLC ("Nasdaq"); (2) The CQ Plan, which disseminates consolidated quotation information for securities with their primary listing on exchanges other than Nasdaq; and (3) the Nasdaq UTP Plan, which disseminates consolidated

(i) Overview of Exchange Rules Governing Order Handling, Execution, and Routing

The Exchange adopted its order execution and order routing rules to comply with Regulation NMS.<sup>7</sup> As such, before executing any arriving or resting interest, the Exchange evaluates whether the execution would trade through a protected quotation <sup>8</sup> in violation of Rule 611 of Regulation NMS ("Rule 611"),<sup>9</sup> and if so, whether it is eligible for an exception to Rule 611. The Exchange also evaluates whether displaying a bid or offer would result in locking or crossing a protected quotation in violation of Rule 610(d) of Regulation NMS ("Rule 610(d)"),<sup>10</sup> or if it is eligible for an exception to Rule 610(d).

If any protected quotation is superior to the Exchange's best bid or offer, the Exchange may route a marketable order as an Intermarket Sweep Order ("ISO") <sup>11</sup> (if consistent with the order's instructions), unless a trade-through exception applies under Rule 611(b). Likewise, if the display of an order would lock or cross a protected quotation, the Exchange may route such interest to one or more protected quotations, if consistent with the order's instructions. In addition, if consistent with an order's instructions, the Exchange may also route an order to other available quotes in the Exchange's routing determination.<sup>12</sup> The Exchange further notes that its routing brokers do

transaction and quotation information for securities with their primary listing on Nasdaq.

<sup>7</sup> See Securities Exchange Act Release No. 54549 (Sept. 29, 2006), 71 FR 59179 (Oct. 6, 2006) (SR-NYSEArca-2006-59) (Order approving the Exchange's rule proposal to bring its rules into conformity with Regulation NMS).

<sup>8</sup> A "protected bid" or "protected offer" means a quotation in an NMS stock that (i) is displayed by an automated trading center; (ii) is disseminated pursuant to an effective national market system plan; and (iii) is an automated quotation that is the best bid or best offer of a national securities exchange, the best bid or best offer of The Nasdaq Stock Market, Inc., or the best bid or best offer of a national securities association other than the best bid or best offer of The Nasdaq Stock Market, Inc. 17 CFR 242.600(b)(57). A "protected quotation" means a protected bid or a protected offer. See 17 CFR 242.600(b)(58). The PBBO is the best-priced protected bid and the best-priced protected offer.

<sup>9</sup> 17 CFR 242.611.

<sup>10</sup> 17 CFR 242.610(d).

<sup>11</sup> An ISO is defined as a limit order for a NMS Stock that (i) when routed to a trading center, is identified as an ISO; and (ii) simultaneously with the routing of the ISO, one or more additional limit orders, as necessary, are routed to execute against the full displayed size of any protected bid, in the case of a limit order to sell, or the full displayed size of any protected offer, in the case of a limit order to buy, for the MNMS [sic] stock with a price that is superior to the limit price of the ISO. See also Rule 7.37(d)(2)(B)(i).

<sup>12</sup> See NYSE Arca Equities Rules 7.37(d)(2)(A) and 7.37(d)(4).

<sup>14</sup> 17 CFR 200.30-3(a)(12).

<sup>15</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.