

### 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 after publication (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](mailto:rule-comments@sec.gov). Please include File Number SR-NYSE-2014-53 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NYSE-2014-53. 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-NYSE-2014-53 and should be submitted on or before November 12, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-25079 Filed 10-21-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73370; File No. SR-CME-2014-41]

### Self-Regulatory Organizations; Chicago Mercantile Exchange Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to CME Rule 816

October 16, 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 October 7, 2014, Chicago Mercantile Exchange Inc. ("CME") 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 CME. CME filed the proposal pursuant to Section 19(b)(3)(A) of the Act,<sup>3</sup> and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder, so that the proposal was effective upon filing with the Commission. 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

CME is proposing to make certain changes to CME Rule 816 which governs guaranty fund deposits. More specifically, the proposed changes would amend CME Rule 816 (Guaranty Fund Deposit) to establish CME risk management staff as responsible for

determining one of the two alternative minimum amounts for clearing members' Base Guaranty Fund deposits. The proposed changes would only impact the CME Base Guaranty Fund and would not impact the CME CDS Guaranty Fund.

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

In its filing with the Commission, CME 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. CME 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

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission ("CFTC") and operates a substantial business clearing futures and swaps contracts subject to the jurisdiction of the CFTC. CME is proposing to make certain changes to CME Rule 816 which governs guaranty fund deposits. The proposed changes would only impact the CME Base Guaranty Fund and would not impact the CME CDS Guaranty Fund.

More specifically, the proposed changes would amend CME Rule 816 (Guaranty Fund Deposit) to establish CME risk management staff as responsible for determining one of the two alternative minimum amounts for clearing members' Base Guaranty Fund deposits. Under current Rule 816, the minimum Base Guaranty Fund deposit of each clearing member is calculated as the greater of (a) a minimum amount specified by the Clearing House Risk Committee ("CHRC") or (b) the clearing member's proportionate share of the "Aggregate Guaranty Fund Deposit," an amount which is also determined by the CHRC.

Revised Rule 816 would empower CME risk management staff rather than the CHRC to determine the Aggregate Guaranty Fund Deposit, thus enabling risk management staff to adjust the minimum Base Guaranty Fund deposit as necessary to remain in compliance with CME's financial resource requirements under applicable Commodity Futures Trading Commission ("CFTC") regulations. The

<sup>18</sup> 17 CFR 200.30-3(a)(12).

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(4)(ii).

'greater of' measure established in Rule 816 will remain unchanged, meaning risk management staff may not establish a clearing member's minimum Base Guaranty Fund deposit lower than the minimum amount specified by the CHRC.

Additionally, a paragraph referencing Kansas City Board of Trade ("KCBT") clearing permit holders is being removed from CME Rule 816 as the permit holders' status has expired pursuant to the terms of the KCBT-Chicago Board of Trade merger agreement.

As highlighted above, the proposed changes in this filing are limited to CME's Base Guaranty Fund and therefore do not impact CME's CDS guaranty fund. The proposed rule change would become effective immediately but would be operationalized on October 17, 2014.

CME believes the proposed rule change is consistent with the requirements of the Exchange Act including Section 17A of the Exchange Act.<sup>5</sup> The proposed changes would enhance CME's ability to manage risks posed by its clearing members by enabling clearing house staff to require a higher minimum Base Guaranty Fund deposit amount as needed. Allowing staff rather than the CHRC to determine the Aggregate Guaranty Fund Deposit amount provides CME with additional risk management flexibility. For these reasons, the proposed changes should be seen to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivatives agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible, and, in general, to protect investors and the public interest consistent with Section 17A(b)(3)(F) of the Exchange Act.<sup>6</sup>

Furthermore, the proposed changes are limited to CME's Base Guaranty Fund, which means the proposed changes are limited in their effect to products that are under the exclusive jurisdiction of the CFTC. As such, the proposed CME changes are limited to CME's activities as a DCO clearing products that are not security-based swaps. CME notes that the policies of the CFTC with respect to administering the Commodity Exchange Act are comparable to a number of the policies underlying the Exchange Act, such as promoting market transparency for over-the-counter derivatives markets,

promoting the prompt and accurate clearance of transactions and protecting investors and the public interest.

Because the proposed changes are limited in their effect to products that are under the exclusive jurisdiction of the CFTC and are therefore offered under CME's authority to act as a DCO, the proposed changes are properly classified as effecting a change in an existing service of CME that:

(a) Primarily affects the clearing operations of CME with respect to products that are not securities, including futures that are not security futures, swaps that are not security-based swaps or mixed swaps, and forwards that are not security forwards; and

(b) does not significantly affect any securities clearing operations of CME or any rights or obligations of CME with respect to securities clearing or persons using such securities-clearing service.

As such, the changes are therefore consistent with the requirements of Section 17A of the Exchange Act<sup>7</sup> and are properly filed under Section 19(b)(3)(A)<sup>8</sup> and Rule 19b-4(f)(4)(ii)<sup>9</sup> thereunder.

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

CME does not believe that the proposed rule change will have any impact, or impose any burden, on competition. The proposed changes would enhance CME's ability to manage risks posed by its clearing members by enabling clearing house staff to require a higher minimum Base Guaranty Fund deposit amount as needed. Allowing staff rather than the CHRC to determine the Aggregate Guaranty Fund Deposit amount provides CME with additional risk management flexibility. Further, the proposed changes relate only to products that fall under the exclusive jurisdiction of the CFTC. As such, these proposed changes do not affect the security-based swap clearing activities of CME in any way and therefore do not impose any burden on competition that is inappropriate 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*

CME has not solicited, and does not intend to solicit, comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)<sup>10</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>11</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

### **IV. Solicitation of Comments**

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

#### *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-CME-2014-41 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-CME-2014-41. 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

<sup>5</sup> 15 U.S.C. 78q-1.

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

<sup>7</sup> 15 U.S.C. 78q-1.

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(4)(ii).

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

<sup>11</sup> 17 CFR 240.19b-4(f)(4)(ii).

filings will also be available for inspection and copying at the principal office of CME and on CME's Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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-CME-2014-41 and should be submitted on or before November 12, 2014.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2014-25076 Filed 10-21-14; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73382; File No. SR-MIAX-2014-52]

### Self-Regulatory Organizations: Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend MIAx Rule 1107 Concerning Exchange Arbitrations

October 17, 2014.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on October 2, 2014, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("Commission") a proposed rule change as described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. The Exchange has designated the proposed rule change as constituting a "non-controversial" rule change under Rule 19b-4(f)(6) of the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by the Commission.

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

The Exchange proposes to amend its rules to harmonize the language of

MIAX Rule 1107 (Arbitration) with that of another options exchange, the International Securities Exchange, LLC ("ISE"). The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), 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 MIAx Rule 1107 (Arbitration) to harmonize it with the rules of ISE in order to incorporate by reference the arbitration rules of Financial Industry Regulatory Authority, Inc. ("FINRA").<sup>4</sup> The current MIAx Rule 1107 is based on ISE Rule 1800, but incorporates by reference the arbitration rules of the Chicago Board Options Exchange ("CBOE"). This was appropriate when the Exchange maintained a Regulatory Service Agreement ("RSA") with CBOE. The Exchange, however, recently entered into a RSA with FINRA, which became effective on October 1, 2014. The Exchange believes the proposed rule change to reference the arbitration rules of FINRA is consistent with this recent change in regulatory service providers.

###### Proposed Rule Change

The Exchange proposes to replace current references to CBOE arbitration rules in MIAx Rule 1107 with references to the corresponding arbitration rules of FINRA. The proposed rule change would align MIAx's arbitration rule with the arbitration rule of ISE, which also references FINRA's arbitration rules.<sup>5</sup> As proposed, the Rule 12000 Series and

Rule 13000 Series of the FINRA Manual (Code of Arbitration Procedures for Customer Disputes and Code of Arbitration Procedures for Industry Disputes, respectively) (collectively, the "FINRA Code of Arbitration"), as the same may be in effect from time to time, would govern Exchange arbitrations except as may be specified in proposed Rule 1107. Definitions in the FINRA Code of Arbitration would have the same meaning as prescribed therein, and procedures in the FINRA Code of Arbitration would have the same application with respect to Exchange arbitrations.

Under proposed Rule 1107, any dispute, claim, or controversy arising out of or in connection with the business of any member of the Exchange ("Member"), or arising out of the employment or termination of employment of associated person(s) with any Member would be arbitrable, except that: (1) A dispute, claim, or controversy alleging employment discrimination (including a sexual harassment claim) in violation of a statute may only be arbitrated if the parties have agreed to arbitrate it after the dispute arose; and (2) any type of dispute, claim, or controversy that is not permitted to be arbitrated under the FINRA Code of Arbitration (such as class action claims) shall not be eligible for arbitration under proposed Rule 1107. In addition, under the proposal the requirements of FINRA Rule 2268 (Requirements When Using Predispute Arbitration Agreements for Customer Accounts) would apply to predispute arbitration agreements between Members and their customers.

In addition, under proposed Rule 1107, if any matter comes to the attention of an arbitrator during, and in connection with, the arbitrator's participation in a proceeding, either from the record of the proceeding or from material or communications related to the proceeding, that the arbitrator has reason to believe may constitute a violation of the Exchange's rules or the federal securities laws, the arbitrator may initiate a referral of the matter to the Exchange for disciplinary investigation; provided, however, that any such referral could only be initiated by an arbitrator after the matter before her or him has been settled or otherwise disposed of, or after an award finally disposing of the matter has been rendered pursuant to FINRA Rules 12904 or 13904, as applicable.

If the proposal is approved, the principle structure of the Exchange's arbitration rule would remain the same, except that it would reference the applicable FINRA arbitration rules in

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

<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).

<sup>4</sup> See ISE Rule 1800.

<sup>5</sup> See ISE Rule 1800.