

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 offices 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-Phlx-2014-76, and should be submitted on or before December 29, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73714; File No. SR-FINRA-2014-049]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt FINRA Rule 2122 (Charges for Services Performed) in the Consolidated FINRA Rulebook

December 2, 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 November 21, 2014, Financial Industry Regulatory

Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by 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

FINRA is proposing to adopt NASD Rule 2430 (Charges for Services Performed) as FINRA Rule 2122 (Charges for Services Performed) without any substantive changes. FINRA also proposes to update a cross-reference within FINRA Rule 0150 accordingly.

Below is the text of the proposed rule change. Proposed new language is in italics; proposed deletions are in brackets.

* * * * *

FINRA Rules

* * * * *

0150. Application of Rules to Exempted Securities Except Municipal Securities

(a) through (b) No Change.
(c) Unless otherwise indicated within a particular Rule, the following FINRA and NASD rules are applicable to transactions in, and business activities relating to, exempted securities, except municipal securities, conducted by members and associated persons: FINRA Rules 2010, 2020, 2060, 2111, 2122, 2150, 2210, 2212, 2261, 2268, 2269, 2320(g), 3110, 3220, 3270, 4120, 4130, 4210, 4311, 4330, 4360, 4510 Series, 4530, 5160, 5210, 5220, 5230, 5310, 5340, 8110, 8120, 8210, 8310, 8311, 8312, 8320, 8330 and 9552; NASD Rules IM-2210-2, 2340, [2430,] 2510, 3040, 3050 and 3140.

* * * * *

[2430] 2122. Charges for Services Performed

Charges, if any, for services performed, including, *but not limited to*, miscellaneous services such as collection of monie[s] due for principal, dividends, or interest; exchange or transfer of securities; appraisals, safe-keeping or custody of securities, and other services[,] shall be

reasonable and not unfairly discriminatory [between] *among* customers.

* * * * *

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

In its filing with the Commission, FINRA 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. FINRA 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

As part of the process of developing a new consolidated rulebook ("Consolidated FINRA Rulebook"),⁴ FINRA is proposing to transfer NASD Rule 2430 (Charges for Services Performed) into the Consolidated FINRA Rulebook as FINRA Rule 2122 (Charges for Services Performed) without any substantive changes. Proposed FINRA Rule 2122 states that charges, if any, for services performed, including, but not limited to, miscellaneous services such as collection of monies due for principal, dividends, or interest; exchange or transfer of securities; appraisals, safe-keeping or custody of securities, and other services shall be reasonable and not unfairly discriminatory among customers. Proposed FINRA Rule 2122 closely tracks the language of NASD Rule 2430 but makes non-substantive changes to the text of the NASD rule.⁵

⁴ The current FINRA rulebook consists of: (1) FINRA Rules; (2) NASD Rules; and (3) rules incorporated from New York Stock Exchange LLC ("NYSE") ("Incorporated NYSE Rules") (together, the NASD Rules and Incorporated NYSE Rules are referred to as the "Transitional Rulebook"). While the NASD Rules generally apply to all FINRA members, the Incorporated NYSE Rules apply only to those members of FINRA that are also members of the NYSE ("Dual Members"). The FINRA Rules apply to all FINRA members, unless such rules have a more limited application by their terms. For more information about the rulebook consolidation process, see *Information Notice*, March 12, 2008 (Rulebook Consolidation Process).

⁵ FINRA previously solicited comment on a proposal to move NASD Rule 2430 to the Consolidated FINRA Rulebook with substantive changes. See *Regulatory Notice* 11-08 (February 2011); see also *Regulatory Notice* 13-07 (January 2013). Given that FINRA would like to proceed

Continued

¹¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

FINRA also proposes to update a cross-reference within FINRA Rule 0150 to reflect the transfer of NASD Rule 2430 to FINRA Rule 2122.

FINRA has filed the proposed rule change for immediate effectiveness pursuant to Section 19(b)(3) of the Act⁶ and paragraph (f)(6) of Rule 19b-4 thereunder,⁷ in that the proposed rule change does not significantly affect the protection of investors or the public interest; does not impose any significant burden on competition; and does not become operative for 30 days after filing or such shorter time as the Commission may designate. FINRA has requested that the SEC waive the requirement that the proposed rule change not become operative for 30 days after the date of the filing so that FINRA can implement the proposed rule change immediately.

2. Statutory Basis

FINRA believes that the proposed rule change is consistent with the provisions of Section 15A(b)(6) of the Act,⁸ which requires, among other things, that FINRA rules must be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest, and Section 15A(b)(9) of the Act,⁹ which requires that FINRA rules not impose any burden on competition that is not necessary or appropriate in furtherance of the Act. FINRA believes that this proposed rule change, which does not substantively change the rule, is consistent with the Act because it is being undertaken pursuant to the rulebook consolidation process, which is designed to provide additional clarity and regulatory efficiency to FINRA members by consolidating the applicable NASD, Incorporated NYSE, and FINRA rules into one rule set.

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

FINRA does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As noted above, this proposal will not substantively change either the text or application of the rule. FINRA would

with the rulebook consolidation process expeditiously to provide greater clarity and regulatory efficiency to FINRA members, FINRA is proposing in this rule change to move NASD Rule 2430 to the FINRA rules without substantive changes, and will defer proposing any substantive changes to the rule for a future rule proposal.

⁶ 15 U.S.C. 78s(b)(3).

⁷ 17 CFR 240.19b-4(f)(6).

⁸ 15 U.S.C. 78o-3(b)(6).

⁹ 15 U.S.C. 78o-3(b)(9).

like to proceed with the rulebook consolidation process expeditiously, which it believes will provide additional clarity and regulatory efficiency to members.

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

Written comments were neither solicited nor received with respect to this proposal to transfer NASD Rule 2430 into the Consolidated FINRA Rulebook without any substantive changes.¹⁰

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

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, it has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6) thereunder.¹²

A proposed rule change filed under Rule 19(b)(3)(A) of the Act¹³ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. FINRA has asked the Commission to waive the 30-day operative delay so that the proposal may become operative upon filing. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Because FINRA is proposing to transfer NASD Rule 2430 (Charges for Services Performed) into the Consolidated FINRA Rulebook as FINRA Rule 2122 (Charges for Services Performed) without any substantive changes, and because the rulebook consolidation process is designed to provide additional clarity and regulatory efficiency to members, the Commission believes that a waiver of the requirement is appropriate so that the rule change may become operative immediately. Therefore, the Commission hereby waives the 30-day

¹⁰ But see note 5 *supra*.

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f)(6).

¹³ *Id.*

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

operative delay and designates the proposal operative upon filing.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 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 shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-FINRA-2014-049 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-FINRA-2014-049. 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

¹⁵ For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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 FINRA. 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-FINRA-2014-049 and should be submitted on or before December 29, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-73715; File No. SR-OC-2014-06]

Self-Regulatory Organizations; OneChicago, LLC; Notice of Filing of Proposed Rule Change Relating to Bilateral Block and Bilateral EFP Reporting Guidance

December 2, 2014.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (the "Act"),¹ notice is hereby given that on November 20, 2014, OneChicago, LLC ("OneChicago," "OCX," or the "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change described in Items I, II, and III 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. OneChicago has also filed this rule change with the Commodity Futures Trading Commission ("CFTC"). OneChicago filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act ("CEA") on November 20, 2014.

I. Self-Regulatory Organization's Description of the Proposed Rule Change

OCX is proposing to issue Notice to Members ("NTM") 2014-33, which provides guidance to market participants regarding bilateral block and bilateral Exchange of Future for Physical ("EFP") reporting. NTM 2014-

33 provides guidance relating to four aspects of bilateral block and bilateral EFP reporting.

First, NTM 2014-33 defines the completion time of certain types of block trades. Specifically, the NTM relates to block trades in which a liquidity provider pre-hedges the customer's futures block order by executing in a related product, such as the underlying equity. OCX is clarifying that those types of block trades must be reported upon completion of the customer's full futures order quantity, and are not required to be reported in partial portions throughout the day.

The second topic on which NTM 2014-33 provides guidance is the order in which market participants may report a block trade. Specifically, for block trades that involve an order originator or customer on one side and a liquidity provider on the other, OCX is clarifying that it is acceptable for the liquidity provider to inform the order originator that the trade is complete, and for the order originator to then post the trade to the Exchange (after which time the liquidity provider would then accept the trade details in the OneChicago System). Previous OCX guidance was silent on this issue.

Furthermore, OneChicago is proposing to update its reporting time requirements to account for the dual-party posting guidance described above. Generally, OCX requires the posting party of a block trade to post the trade within five minutes of execution, and the accepting party to accept the reported trade details within five minutes from the time it was posted. OCX is proposing to modify this requirement for pre-hedged blocks for two reasons. First, OCX has become aware that market participants may be unable to comply with a strict five minute deadline when executing a block that involves a hedge in a related market. Second, OCX is tailoring the reporting requirements imposed on each side of a block trade to allow the side with greater reporting requirements more time to meet those obligations.

Finally, NTM 2014-33 states that block and EFP trades may be reported outside the time parameters described in the NTM only in extenuating circumstances. The NTM then provides a non-exhaustive list of scenarios that OCX may consider to constitute an extenuating circumstance.

Block Trade Completion

Generally, block trades in OCX's products occur with one party (the order originator or customer) seeking directional exposure to a single stock future. The counterparty (the liquidity

provider) hedges in a related product, such as the underlying equity, and then buys/sells the equivalent number of single stock futures from/to the order originator/customer. OCX considers this type of "pre-hedged" block trade to be complete when the liquidity provider hedges in the related market and then calculates the futures price by adding or subtracting the agreed upon basis from the hedge price.

Under this interpretation, a block trade may be considered complete before the customer's entire order quantity is filled. This interpretation has led to concerns among market participants regarding how to appropriately report amounts that meet the block trade minimum quantity threshold, but that do not satisfy the customer's full order quantity. These situations generally arise when a liquidity provider has completed a blockable amount, but can no longer execute the remaining customer order due to the customer's limit price being crossed, or because of a lack of liquidity in the hedge product.

OCX is now clarifying in NTM 2014-33 that market participants are not required to report these "partial fill" amounts throughout the day. Rather, a block trade of this type is considered complete when the liquidity provider has completed the hedge for the customer's full futures block order quantity. The NTM then lists certain requirements relating to the reporting of block trades pursuant to the NTM. First, if the liquidity provider is unable to complete the customer's entire futures order quantity equivalent by the end of the day, the reporting firm should report the amount that the liquidity provider was able to complete, so long as that amount meets the minimum block trade quantity threshold. Second, if the liquidity provider was not able to hedge an amount at least equal to the minimum block trade quantity threshold, a futures block was not created, and thus no block trade may be reported. In such a situation, the liquidity provider may offset or maintain its long or short position in the hedge product. For example, a liquidity provider that bought stock to hedge its sale of futures may sell the stock if it was unable to hedge enough shares of stock to reach the minimum block trade quantity threshold.

The NTM then describes a customer's obligation to accept a pre-hedged amount greater than or equal to the minimum block trade quantity threshold. A customer is required to accept a futures block that the liquidity provider has completed by pre-hedging. In other words, once a liquidity

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(7).