

Finally, the Exchange believes that it is equitable and not unfairly discriminatory to continue to provide a higher rebate for PIP Orders than COPIP Orders. The rebate is intended to incentivize Participants to submit PIP and COPIP Orders to the Exchange and the Exchange believes that COPIP Orders do not need the same level of incentivization. The Exchange believes the lower COPIP rebate will still provide greater liquidity and trading opportunities for all market participants.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes the proposed fee changes are reasonably designed to enhance competition in BOX transactions, particularly auction transactions.

The proposed rule change modifies the contract threshold and tiered rebates awarded to Participants based on their monthly ADV in PIP and COPIP. BOX notes that its market model and fees are generally intended to benefit retail customers by providing incentives for Participants to submit their customer order flow to BOX, and to the PIP and COPIP in particular. The Exchange does not believe that the proposed fee change burdens competition and will instead help promote competition by continuing to providing [sic] incentives for market participants to submit customer order flow to BOX and thus, create a greater opportunity for retail customers to receive additional price improvement.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Exchange Act<sup>10</sup> and Rule 19b-4(f)(2) thereunder,<sup>11</sup> because it establishes or changes a due, or fee.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend the rule change if

it appears to the Commission that the action is necessary or appropriate in the public interest, for the protection of investors, or would otherwise further 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](mailto:rule-comments@sec.gov). Please include File Number SR-BOX-2015-11 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-BOX-2015-11. 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 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-BOX-

2015-11, and should be submitted on or before March 5, 2015.

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

**Brent J. Fields,**

*Secretary.*

[FR Doc. 2015-02894 Filed 2-18-15; 8:45 am]

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-74222; File No. SR-NYSE-2015-05]

### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Include Internet Protocol Network Connections and Fiber Cross Connects Between a User's Cabinet and Non-User's Equipment as Co-Location Services**

February 6, 2015.

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 January 26, 2015, New York Stock Exchange LLC ("NYSE" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as 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.

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

The Exchange proposes to amend its rules to provide that the co-location services offered by the Exchange include 1 Gigabit ("Gb") and 10 Gb Internet Protocol ("IP") network connections in the Exchange's data center and fiber cross connects ("cross connects") between a Users' [sic] cabinet and non-User's equipment. In addition, the proposed rule change reflects changes to the Exchange's Price List related to these co-location services. 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.

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

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

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

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

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

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

## 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 the Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The Exchange proposes to change its rules to provide that the co-location<sup>4</sup> services offered by the Exchange include 1 Gb and 10 Gb IP network connections in the Exchange's data

center and cross connects between a User's cabinet and non-User's equipment. In addition, this proposed rule change reflects changes to the Exchange's Price List related to these co-location services.<sup>5</sup>

#### IP Network Connections

The Exchange offers Users access to the Exchange's Liquidity Center Network ("LCN"), a local area network available in the data center.<sup>6</sup> The LCN provides Users with access to the Exchange's trading and execution systems and to the Exchange's proprietary market data products.

This proposed rule change would provide that Users may also purchase access to the IP network, a second local area network available in the Exchange's data center. Like the LCN, the IP network provides Users with access to the Exchange's trading and execution systems and to the Exchange's proprietary market data products. The IP network also provides Users with access to away market data products. There is greater latency in the

transmission of data between Users and the Exchange for the IP Network than for the LCN.

A User is currently able to select from two "bundled" connectivity options, at 1 Gb and 10 Gb, when connecting to the data center.<sup>7</sup> Both options include two connections referred to as "SFTI" connections. These bundled "SFTI" connections are IP network connections; the reference to "SFTI" is a reflection of the fact that the IP network is sometimes referred to as the "SFTI IP" network. To conform the references to the IP network in the Price List, the Exchange proposes to revise the description of the bundled connectivity options to remove the reference to "SFTI" and update it to "IP network."

In addition, the Exchange proposes to change its rules to provide that the co-location services offered by the Exchange include 1 Gb and 10 Gb IP network connections in the Exchange's data center.<sup>8</sup> The Exchange also proposes to revise its Price List to reflect fees related to these IP network connections as follows:

Type of service	Description	Amount of charge
IP Network Access .....	1 Gb Circuit .....	\$2,500 per connection initial charge plus \$2,500 monthly per connection.
IP Network Access .....	10 Gb Circuit .....	\$10,000 per connection initial charge plus \$10,000 monthly per connection.

By comparison, the 1 Gb LCN circuit costs \$6,000 per connection initial charge plus \$5,000 monthly per connection. The 10 Gb LCN circuit costs \$10,000 per connection initial charge plus \$12,000 monthly per connection, while the LCN 10 Gb LX, a second LCN option that has a lower latency than the 10 Gb LCN circuit, costs \$15,000 per connection initial charge plus \$20,000 monthly per connection.<sup>9</sup>

The IP network provides Users that do not need the lower latency of the LCN with a less costly data center network option. Having another data center network also provides Users with the option to create redundancy in their infrastructure. The offering of either a 1

Gb or 10 Gb IP network connection provides Users more choices regarding the bandwidth of their network connections.

#### Cross Connects

Cross connects are fiber connections used to connect cabinets within the data center. Cross connects may be used between a User's own cabinets or between its cabinet(s) and those of another User.<sup>10</sup> A cross connect may be used to connect cabinets of separate Users when, for example, a User receives technical support, order routing and/or market data delivery services from another User in the data center. A User is able to purchase cross connects

individually or in bundles (*i.e.*, multiple cross connects within a single sheath) of six, 12, 18 or 24 cross connects.

The Exchange proposes to amend the Price List for individual and bundled cross connects to include cross-connects between a User's cabinet and a non-User's equipment within the data center. Non-Users with equipment in the data center include the Exchange and third-party carriers. For example, a User may utilize a cross connect with a non-User to connect to a carrier's equipment in order to access the carrier's network outside the data center. Such cross connects do not provide direct access to the Exchange's trading and execution systems and do

<sup>4</sup> The Exchange initially filed rule changes relating to its co-location services with the Securities and Exchange Commission ("Commission") in 2010. See Securities Exchange Act Release No. 62960 (September 21, 2010), 75 FR 59310 (September 27, 2010) (SR-NYSE-2010-56) (the "Original Co-location Filing"). The Exchange operates a data center in Mahwah, New Jersey (the "data center") from which it provides co-location services to Users.

<sup>5</sup> For purposes of the Exchange's co-location services, the term "User" includes (i) member organizations, as that term is defined in NYSE Rule 2(b); (ii) Sponsored Participants, as that term is defined in NYSE Rule 123B.30(a)(ii)(B); and (iii) non-member organization broker-dealers and vendors that request to receive co-location services directly from the Exchange. See, e.g., Securities

Exchange Act Release No. 65973 (December 15, 2011), 76 FR 79232 (December 21, 2011) (SR-NYSE-2011-53). As specified in the Price List, a User that incurs co-location fees for a particular co-location service pursuant thereto would not be subject to co-location fees for the same co-location service charged by the Exchange's affiliates NYSE MKT LLC and NYSE Arca, Inc. See Securities Exchange Act Release No. 70206 (August 15, 2013), 78 FR 51765 (August 21, 2013) (SR-NYSE-2013-59).

<sup>6</sup> See Original Co-location Filing, at 59311. See also Securities Exchange Act Release No. 67666 (August 15, 2012), 77 FR 50742 (August 22, 2012) (SR-NYSE-2012-18) ("August 2012 Rule Change").

<sup>7</sup> See Securities Exchange Act Release No. 72721 (July 30, 2014), 79 FR 45562 (August 5, 2014) (SR-NYSE-2014-37).

<sup>8</sup> The Exchange makes an IP network circuit available to Users for testing and certification purposes at no charge. Such circuit can only be used for testing and certification and is limited to three months. The Exchange proposes to add language to the Price List to include this practice.

<sup>9</sup> See Securities Exchange Act Release No. 70888 (November 15, 2013), 78 FR 69907 (November 21, 2013) (SR-NYSE-2013-73).

<sup>10</sup> The Commission approved the fee for cross connects between a single User's cabinets within the data center in the Original Co-Location Filing. See Original Co-Location Filing, at 59311. The use of cross connects was subsequently revised to allow each User to purchase cross connects between its cabinet(s) and the cabinets of separate Users. See August 2012 Rule Change, at 50742.

not change the fact that only Users that are authorized to obtain access to the Exchange trading and execution systems can do so.

The Exchange proposes to amend the existing cross connect fee in the Price List accordingly. Specifically, the existing Price List text that describes cross connects as being “between cabinets within the data center” would be removed. The existing pricing for individual and bundled cross connects would not change.

#### General

As is the case with all Exchange co-location arrangements, (i) neither a User nor any of the User’s customers would be permitted to submit orders directly to the Exchange unless such User or customer is a member organization, a Sponsored Participant or an agent thereof (e.g., a service bureau providing order entry services); (ii) use of the co-location services proposed herein would be completely voluntary and available to all Users on a non-discriminatory basis;<sup>11</sup> and (iii) a User would only incur one charge for the particular co-location service described herein, regardless of whether the User connects only to the Exchange or to the Exchange and one or both of its affiliates.<sup>12</sup>

The proposed change is not otherwise intended to address any other issues relating to co-location services and/or related fees, and the Exchange is not aware of any problems that Users would have in complying with the proposed change.

#### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>13</sup> in general, and furthers the objectives of Sections 6(b)(5) of the Act,<sup>14</sup> in particular, because it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation

and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to, and perfect the mechanisms of, a free and open market and a national market system and, in general, to protect investors and the public interest and because it is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the IP network connections are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because the IP network connections provide an alternative to Users that do not require the lower latency levels of the LCN for all of their business operations. Users that do require lower latency levels for all of their business operations may utilize only LCN connections. The Exchange believes that this removes impediments to, and perfects the mechanisms of, a free and open market and a national market system and, in general, protects investors and the public interest because it provides Users with additional choices with respect to both the optimal latency and, by including 1 Gb and 10 Gb IP network connection options, the optimal bandwidth option for their network connections. Having data center networks to choose from also provides Users with the option to create redundancy in their infrastructure. In addition, the Exchange believes that the proposed revision of the description of the bundled connectivity options to remove the reference to “SFTT” and update it to “IP network” removes impediments to, and perfects the mechanisms of, a free and open market and a national market system and, in general, protects investors and the public interest because conforming the references to the IP network will add clarity to the Price List. The Exchange believes that providing Users with an IP network circuit solely for testing and certification purposes for three months at no charge protects investors and the public interest because it encourages Users to conduct testing and certification.

The Exchange believes that the cross connects between Users and non-Users are not designed to permit unfair discrimination between customers, issuers, brokers, or dealers because the proposed change makes a third use for cross connections available to Users, but Users that do not require such connections may continue to utilize existing cross connects as they need. The Exchange believes that this removes

impediments to, and perfects the mechanisms of, a free and open market and a national market system and, in general, protects investors and the public interest because cross connects between Users’ cabinets and non-Users’ equipment assist Users in meeting the growing needs of their business operations by facilitating connections with non-Users.

The Exchange also believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>15</sup> in particular, because it provides for the equitable allocation of reasonable dues, fees, and other charges among its members, issuers and other persons using its facilities and does not unfairly discriminate between customers, issuers, brokers or dealers.

Overall, the Exchange believes that the proposed change is reasonable because the Exchange proposes to offer the co-location services described herein (i.e., the IP network connections and additional cross connects) as a convenience to Users, but in doing so will incur certain costs, including costs related to the data center facility, hardware and equipment and costs related to personnel required for initial installation and monitoring, support and maintenance of such services. In addition, the Exchange believes that the proposed revision of the description of the bundled connectivity options to remove the reference to “SFTT” and update it to “IP network” is reasonable because conforming the references to the IP network will add clarity to the Price List.

The Exchange believes that the proposed pricing for IP network connections is reasonable because IP network connections are a more economical option for certain Users that do not require the lower latency levels of the LCN for all of their business operations. The proposed pricing for IP network connections is also reasonable because it allows Users to select network options that are better suited for their needs. Some Users do not need lower latency levels for all of their business operations, and IP network connections provide them the option to utilize network connections with higher latency levels but lower fees than the LCN. The availability of 1 Gb and 10 Gb options allow Users to select the bandwidth option that suits their needs. In addition, the Exchange believes that the proposed revision of the description of the bundled connectivity options to remove the reference to “SFTT” and update it to “IP network” is reasonable because it will conform the references to

<sup>11</sup> As is currently the case, Users that receive co-location services from the Exchange will not receive any means of access to the Exchange’s trading and execution systems that is separate from, or superior to, that of other Users. In this regard, all orders sent to the Exchange enter the Exchange’s trading and execution systems through the same order gateway, regardless of whether the sender is co-located in the data center or not. In addition, co-located Users do not receive any market data or data service product that is not available to all Users, although Users that receive co-location services normally would expect reduced latencies in sending orders to, and receiving market data from, the Exchange.

<sup>12</sup> See SR-NYSE-2013-59, *supra* note 5 at 51766. The Exchange’s affiliates have also submitted the same proposed rule change to propose the changes described herein. See SR-NYSEMKT-2015-08 and SR-NYSEArca-2015-03.

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>14</sup> 15 U.S.C. 78f(b)(5).

<sup>15</sup> 15 U.S.C. 78f(b)(4).

the IP network in the Price List The Exchange believes that providing Users with an IP network circuit solely for testing and certification purposes for three months at no charge is reasonable because providing the IP network circuit at no charge encourages Users to conduct testing and certification.

The Exchange believes that it is reasonable to charge the same amount for cross connects regardless of whether the cross connects are between the cabinets of a single User, between the cabinets of separate Users or between a User and non-User, because the cross connect hardware and costs the Exchange incurs are substantially the same in each case.

The Exchange believes that the proposed change is equitable and not unfairly discriminatory because it will result in fees being charged only to Users that voluntarily select to receive the corresponding services and because those services will be available to all Users. Furthermore, the Exchange believes that the services and fees proposed herein are not unfairly discriminatory and are equitably allocated because, in addition to the services being completely voluntary, they are available to all Users on an equal basis (*i.e.*, the same products and services are available to all Users).

For the reasons above, the proposed changes do not unfairly discriminate between or among market participants that are otherwise capable of satisfying any applicable co-location fees, requirements, terms and conditions established from time to time by the Exchange.

Finally, the Exchange believes that it is subject to significant competitive forces, as described below in the Exchange's statement regarding the burden on competition.

For these reasons, the Exchange believes that the proposal is consistent with the Act.

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

In accordance with Section 6(b)(8) of the Act,<sup>16</sup> the Exchange believes that the proposed rule change will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because, in addition to the proposed services being completely voluntary, they are available to all Users on an equal basis (*i.e.* the same products and services are available to all Users).

The Exchange believes that allowing Users to purchase access to the IP network will not impose any burden on

competition that is not necessary or appropriate in furtherance of the purposes of the Act because such access will satisfy User demand for more cost-effective, higher latency connections. The proposed changes also enhance competition by helping Users tailor their data center network connections to the growing needs of their business operations and by adding clarity to the Price List by conforming the references to the IP network. The Exchange also believes that the cross connects between Users' cabinets and non-Users' equipment will not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act because the cross connects will satisfy User demand for more flexibility in the Users' use of cross connects. The proposed change also enhances competition by helping Users tailor their co-located systems to the varying needs of their business operations.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, the Exchange must continually review, and consider adjusting, its services and related fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>17</sup> and Rule 19b-4(f)(6) thereunder.<sup>18</sup> Because the 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 prior to 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, the proposed rule change has become

effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>19</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>20</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

At any time within 60 days of the filing of such 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 under Section 19(b)(2)(B)<sup>21</sup> of the Act 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-NYSE-2015-05 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-2015-05. 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

<sup>19</sup> 17 CFR 240.19b-4(f)(6).

<sup>20</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>21</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>18</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> 15 U.S.C. 78f(b)(8).

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-2015-05, and should be submitted on or before March 5, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**Brent J. Fields,**  
Secretary.

[FR Doc. 2015-02895 Filed 2-11-15; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74224; File No. SR-ISE-2015-05]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Extend the SPY Pilot Program

February 6, 2015.

Pursuant to 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 February 4, 2015, the International Securities Exchange, LLC (the "Exchange" or the "ISE") 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 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 the Substance of the Proposed Rule Change

The ISE proposes to amend its rules to extend the pilot program that eliminated position and exercise limits for physically-settled options on the SPDR S&P ETF Trust ("SPY") ("SPY Pilot Program"). The text of the proposed rule change is available on the Exchange's Web site (<http://www.ise.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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 Supplementary Material .01 to Rule 412 and Supplementary Material .01 to Rule 414 to extend the duration of the SPY Pilot Program through July 12, 2015, consistent with proposed rule changes filed by other options exchanges.<sup>3</sup> This filing does not propose any substantive changes to the SPY Pilot Program. In proposing to extend the SPY Pilot Program, the Exchange reaffirms its consideration of several factors that supported the original proposal of the SPY Pilot Program, including (1) the liquidity of the option and the underlying security, (2) the market capitalization of the underlying security and the related index, (3) the reporting of large positions and requirements surrounding margin, and (4) financial requirements imposed by ISE and the Commission.

With this proposed extension to the SPY Pilot Program, the Exchange has

submitted a report to the Commission reflecting the trading of standardized SPY options without position limits from January through December, 2014. The report was prepared in the manner specified in the filing extending the SPY Pilot Program to the current pilot end date of February 5, 2015. The Exchange notes that it is unaware of any problems created by the SPY Pilot Program and does not foresee any as a result of the proposed extension.

The Exchange represents that it will submit a new pilot report at least thirty (30) days before the end of the extended SPY Pilot Program, which will cover the extended pilot period. The Pilot Report will detail the size and different types of strategies employed with respect to positions established as a result of the elimination of position limits in SPY. In addition, the Pilot Report will note whether any problems resulted due to the no limit approach and any other information that may be useful in evaluating the effectiveness of the SPY Pilot Program. The Pilot Report will compare the impact of the SPY Pilot Program, if any, on the volumes of SPY options and the volatility in the price of the underlying SPY shares, particularly at expiration. In preparing the report the Exchange will utilize various data elements such as volume and open interest. In addition the Exchange will make available to Commission staff data elements relating to the effectiveness of the SPY Pilot Program.

Conditional on the findings in the Pilot Report, the Exchange will file with the Commission a proposal to extend the pilot program, adopt the pilot program on a permanent basis or terminate the pilot. If the SPY Pilot Program is not extended or adopted on a permanent basis by the expiration of the extended pilot, the position limits for SPY would revert to limits in effect at the commencement of the SPY Pilot Program.

###### 2. Statutory Basis

The Exchange believes that the proposed rule change 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>4</sup> In particular, the proposal is consistent with Section 6(b)(5) of the Act,<sup>5</sup> because it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in

<sup>22</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> See Securities Exchange Act Release Nos. 73846 (December 16, 2014), 79 FR 76415 (December 22, 2014) (SR-MIAX-2014-64); 73847 (December 16, 2014), 79 FR 76426 (December 22, 2014) (SR-NYSEMKT-2014-106); 72142 (May 9, 2014), 79 FR 27961 (May 15, 2014) (SR-NASDAQ-2014-052); and 72143 (May 9, 2014), 79 FR 27963 (May 15, 2014) (SR-BX-2014-025).

<sup>4</sup> 15 U.S.C. 78f(b).

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