

NASD Rule 3170 (Mandatory Electronic Filing Requirements), NASD Rule 1150 (Executive Representative), and NASD Rule 1160 (Contact Information Requirements) into the Consolidated FINRA rulebook as FINRA Rule 4517 (Member Filing and Contact Information Requirements) without any substantive changes, to update cross-references accordingly and reflect current nomenclature, and to thereby clarify FINRA's rules, 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 operative delay and designates the proposal effective upon filing.<sup>14</sup>

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](mailto:rule-comments@sec.gov). Please include File Number SR-FINRA-2015-004 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-2015-004. 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 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-2015-004, and should be submitted on or before March 20, 2015.

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

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2015-04084 Filed 2-26-15; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74352; File No. SR-BATS-2015-13]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

February 23, 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 10, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 by the Exchange. The

Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members<sup>5</sup> and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at [www.batstrading.com](http://www.batstrading.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 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 parts 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 modify its fee schedule in order to: (1) remove the reference to ROLF from fee code BO; (2) make certain changes to Cross-Asset Step-Up Tier 3; and (3) make certain non-substantive clean-up changes to the fee schedule.

###### Deleting Reference to ROLF

The Exchange proposes to amend its fee schedule to remove the reference to

<sup>14</sup> For purposes 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).

<sup>15</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)(ii).

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

<sup>5</sup> The term "Member" is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." See Exchange Rule 1.5(n).

ROLF from fee code BO. Fee code BO currently provides that the Exchange will charge \$0.0030 per share for any order routed using ROLF or Destination Specific routing strategy unless otherwise specified. Under the ROLF routing strategy, an order will check the Exchange for available shares and then will be sent to LavaFlow ECN ("LavaFlow"). This change is being proposed in response to LavaFlow's announcement that it will cease market operations and its last day of trading will be Friday, January 30, 2015. As such, beginning on February 2, 2015, the Exchange will no longer route orders to LavaFlow. As proposed, the Exchange would continue to charge \$0.0030 per share for orders routed using a Destination Specific routing strategy.

#### Step-Up Add TCV Definition

The Exchange is also proposing to make a non-substantive change to the definition of "Step-Up Add TCV" in its fee schedule. Currently, Step-Up Add TCV means ADAV<sup>6</sup> as a percentage of TCV<sup>7</sup> in January 2014 subtracted from current ADAV as a percentage of TCV. In order to add an additional month to use as a baseline for calculating Step-Up Add TCV, as further described below, the Exchange is proposing to amend the fee schedule such that Step-Up Add TCV means ADAV as a percentage of TCV in the relevant baseline month subtracted from current ADAV as a percentage of TCV. The Exchange is also proposing to make a corresponding non-substantive change to footnote 2, titled "Step-Up Tiers," such that the criteria to qualify for the tiers is described as the "Member's Step-Up TCV from January 2014 is equal to or greater than" instead of "Member's Step-Up TCV is equal to or greater than." This change is non-substantive because the Exchange is not proposing to amend any fees, rebates, or the calculation thereof, but rather making the requisite change in order for the rebate and the criteria associated with meeting the tiers to remain the same in conjunction with the proposed changes to the definition of Step-Up Add TCV outlined above.

#### Cross-Asset Step-Up Tiers

The Exchange is also proposing to amend the criteria for meeting Tier 3 in the Cross-Asset Step-Up Tiers. Specifically, the Exchange is proposing

to make two changes: to base the tier calculation on a Member's Step-Up Add TCV from December 2014; and to lower the threshold required to meet Tier 3 from 0.20% to 0.15%. Currently, in order to meet Tier 3 of the Cross-Asset Step-Up Tier and receive a \$0.0032 rebate per share that adds liquidity: (i) a Member's ADAV as a percentage of TCV must be equal to or greater than 0.20%; and (ii) the Member's Options Step-Up Add TCV<sup>8</sup> must be equal to or greater than 0.60%. The Exchange is not proposing to amend requirement (ii). The Exchange is proposing to amend requirement (i) such that a Member must have a Step-Up Add TCV from December 2014 of at least 0.15% instead of an ADAV as a percentage of TCV of at least 0.20%, which will encourage increased participation on the Exchange by requiring that a Member increases its participation on the Exchange as compared to December 2014, rather than maintaining a static ADAV as a percentage of TCV.

The Exchange proposes to implement the amendments to its fee schedule effective February 10, 2015.

#### 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 of the Act.<sup>9</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Sections 6(b)(4) of the Act and 6(b)(5) of the Act,<sup>10</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive.

The Exchange believes that its proposal to eliminate ROLF from fee code BO represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities. The proposed change is in response to LavaFlow's announcement that it will

cease market operations and its last day of trading will be Friday, January 30, 2015. The Exchange notes that the proposed change is not designed to amend any fee or rebate, nor alter the manner in which the Exchange assesses fees and rebates. As of February 2, 2015, the Exchange will no longer route orders to LavaFlow and, therefore, proposes to remove ROLF from the fee schedule, which will make the fee schedule clearer and less confusing for investors as well as help to eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

The Exchange also believes that the proposed non-substantive change to the definition of Step-Up Add TCV and the corresponding non-substantive change to the Step-Up Tiers are reasonable, fair, and equitable because they are designed to make the fee schedule easier to comprehend in light of the decision to add an additional baseline month, as described above. The Exchange notes that neither of the proposed changes are designed to amend any fee or rebate, nor alter the manner in which the Exchange assesses fees and rebates. These non-substantive changes to the fee schedule are intended to make the fee schedule clearer and less confusing for investors and eliminate potential investor confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

The Exchange also believes that the proposed change to measure the Member's Step-Up Add TCV from December 2014 instead of ADAV as a percentage of TCV is reasonable, fair, and equitable because it will incentive Members to increase their participation on the Exchange as compared to December 2014, rather than maintaining a static ADAV as a percentage of TCV. The Exchange further believes that the proposal is reasonable, fair, and equitable because the increased liquidity from incentivizing Members to increase their participation on the Exchange will benefit all investors by deepening the liquidity pool on the Exchange, supporting the quality of price discovery, promoting market transparency, and improving investor protection. The Exchange also believes that lowering the threshold to meet the requirement from 0.20% to 0.15% is reasonable, fair, and equitable because the measurement is changing from a measure of total added volume (ADAV

<sup>6</sup> "ADAV" means average daily volume calculated as the number of shares added per day on a monthly basis.

<sup>7</sup> "TCV" means total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan for the month for which the fees apply.

<sup>8</sup> "Options Step-Up Add TCV" means ADAV as a percentage of TCV in January 2014 subtracted from current ADAV as a percentage of TCV, using the definitions of ADAV and TCV as provided under the Exchange's fee schedule for BATS Options.

<sup>9</sup> 15 U.S.C. 78f.

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

as a percentage of TCv) into a measure of the increase of added volume as compared to December 2014 (Step-Up Add TCv from December 2014) and the reduction will make it easier for Members to achieve Cross-Asset Step-Up Tier 3. The Exchange believes that step-up pricing programs such as that proposed herein reward a Member's growth pattern and that such increased volume increases the potential revenue to the Exchange, which will allow the Exchange to continue to provide and potentially expand the incentive programs operated by the Exchange. Such pricing programs are also fair and equitable in that they are available to all Members. Further, volume-based rebates and fees such as the ones maintained by the Exchange, including those amendments proposed herein, have been widely adopted by equities and options exchanges and are equitable because they are open to all Members on an equal basis and provide additional benefits or discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and/or growth patterns, and introduction of higher volumes of orders into the price and volume discovery processes. Further, the Exchange believes that the Cross-Asset Step-Up Tiers will provide such enhancements in market quality on the Exchange by incentivizing increased participation by Members attempting to meet Tier 3. Accordingly, the Exchange believes that the proposed amendments to the Cross-Asset Step-Up Tiers and the incentives associated therewith are not unfairly discriminatory because they will apply uniformly to all Members and are consistent with the overall goals of enhancing market quality on the Exchange.

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

The Exchange 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 amended. To the contrary, the Exchange believes that the proposed changes to the Cross-Asset Step-Up Tiers will allow the Exchange to compete more ably with other execution venues by drawing additional volume to the Exchange, thereby making it a more desirable destination venue for its customers. Further, the Exchange does not believe that these proposed changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by the Exchange's competitors. Additionally, Members

may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange also believes that its proposal to remove ROLF from fee code BO would not affect intermarket nor intramarket competition because the change is not designed to amend any fee or rebate or to alter the manner in which the Exchange assesses fees or calculates rebates. It is simply proposed in response to LavaFlow's announcement that it will cease market operations following the close of business on Friday, January 30, 2015.

The Exchange believes that the non-substantive and organizational changes to the fee schedule would not affect intermarket nor intramarket competition because none of the proposed changes are designed to amend any fee or rebate or to alter the manner in which the Exchange assesses fees or rebates. The changes are intended to make the fee schedule as clear and concise as possible.

As stated above, the Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee structures to be unreasonable or excessive.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any written comments from members or other interested parties.

#### **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) of the Act<sup>11</sup> and paragraph (f)(2) of Rule 19b-4 thereunder.<sup>12</sup> 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](mailto:rule-comments@sec.gov). Please include File Number SR-BATS-2015-13 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-BATS-2015-13. 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-BATS-2015-13 and should be submitted on or before March 20, 2015.

<sup>11</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>12</sup> 17 CFR 240.19b-4(f)(2).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Jill M. Peterson,

Assistant Secretary.

[FR Doc. 2015-04068 Filed 2-26-15; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74351; File No. SR-CBOE-2015-021]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Relating to Chicago Board Options Exchange, Incorporated's Order Handling System and Order Management Terminal

February 23, 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 19, 2015, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") 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 Exchange. The Exchange filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 is proposing to adopt a rule that further describes its existing order handling system (also referred to below as "OHS") and order management terminal (also referred to below as "OMT") operations, and to make corresponding amendments to its opening, automatic execution and complex order processing rules. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary,

and at the Commission's Public Reference Room.

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

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

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

###### 1. Purpose

The Exchange is proposing to adopt new Rule 6.12 to further describe its existing OHS and OMT operations, and to make corresponding amendments to its opening, automatic execution and complex order processing rules (Rules 6.2B, 6.13, and 6.53C, respectively). The Exchange notes that these OHS and OMT operations are currently in use and referenced in the Exchange Rules. The purpose of this rule change is simply to codify further details of the existing operations within the Exchange Rules.

###### Background

The CBOE Hybrid System<sup>5</sup> is a trading platform that allows automatic executions to occur electronically and open outcry trades to occur on the floor of the Exchange. To operate in this "hybrid" environment, the Exchange has made available to Trading Permit Holders ("TPHs") a dynamic order handling system, also referred herein as OHS, that has the capability to route orders to the Hybrid System for automatic execution and book entry, to PAR workstations located in the trading

crowds for open outcry and other manual handling by TPHs and Exchange PAR Officials, and/or to other order management terminals generally located in booths on the trading floor for manual handling. Where an order is routed for processing by the Exchange order handling system depends on various parameters configured by the Exchange and the order entry firm itself. Thus, the OHS provides TPHs with some flexibility to determine how to process their orders in the CBOE Hybrid System.

The Exchange believes these routing parameters assist with the maintenance of a fair and orderly market and help to mitigate potential risks associated with orders executing at potentially erroneous prices or inconsistent with a particular investment strategy by routing certain orders to a PAR workstation or a booth order management terminal for manual handling based on parameters determined by the Exchange under Rule 6.2B, 6.13 or 6.53C, by routing certain orders to an order management terminal based on parameters prescribed by the Exchange, by routing certain orders to an order management terminal or a PAR workstation or for electronic process, based on parameters prescribed by the order entry firm itself, and by routing certain orders to an order management terminal in the event of certain Exchange system disruptions or malfunctions. The order handling system also permits orders to be routed from a PAR workstation to an order management terminal (and vice versa) and from a PAR workstation or an order management terminal to the Hybrid System for automatic execution or book entry. The Exchange also views the order handling system as an important tool to assist order entry firms in their ability to efficiently manage, process and execute orders in a "hybrid" trading environment. The Exchange believes this, again, promotes fair and orderly markets, as well as assists the Exchange in its ability to effectively attract order flow and liquidity to its market, and ultimately benefits all CBOE TPHs and all investors.

Regarding booth routing parameters in particular, an order may route to an order management terminal generally located in a booth depending on various circumstances. One such set of circumstances pertains to automatic execution/book "kick-outs." In that regard, the electronic processes under Rules 6.2B (pertaining to opening transactions), 6.13 (pertaining to simple orders) and 6.53C (pertaining to complex orders), provide that an order that is not eligible for automatic

<sup>13</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)(iii).

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

<sup>5</sup> The CBOE "Hybrid System" or "Hybrid Trading System" refers to the Exchange's trading platform that allows Market-Makers to submit electronic quotes in their appointed classes. The "Hybrid 3.0 Platform" is an electronic trading platform on the Hybrid Trading System that allows one or more quoters to submit electronic quotes which represent the aggregate Market-Maker quoting interest in a series for the trading crowd. Classes authorized by the Exchange for trading on the Hybrid Trading System shall be referred to as Hybrid classes. Classes authorized by the Exchange for trading on the Hybrid 3.0 Platform shall be referred to as Hybrid 3.0 classes. References to "Hybrid," "Hybrid System," or "Hybrid Trading System" in the Exchange's Rules shall include all platforms unless otherwise provided by rule. See, e.g., Rule 1.1(aaa).