information technology. Consideration will be given to comments and suggestions submitted in writing within 60 days of this publication.

Please direct your written comments to Pamela Dyson, Director/Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549; or send an email to: PRAMailbox@sec.gov.

Dated: March 27, 2015.

Brent J. Fields,
Secretary.

[FR Doc. 2015–07462 Filed 3–31–15; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

Submission for OMB Review; Comment Request

Upon Written Request Copies Available From: U.S. Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736.

New Information Collection:
Supplier Diversity Business Management System; SEC File No. 320–663, OMB Control No. 3235–XXXX.

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") has submitted to the Office of Management and Budget a request to approve the collection of information discussed below.

The Commission is required under Section 342 of the Dodd Frank Wall Street and Reform Act to develop standards and procedures for ensuring the fair inclusion of minority-owned and women-owned businesses in all of the Commission’s business activities. The Commission is also required to develop standards for coordinating technical assistance minority-owned and women-owned businesses. As part of its implementation of Section 342 of the Dodd-Frank Act, the Commission is developing a new electronic Supplier Diversity Business Management System (the System) to collect up-to-date business information and capabilities statements from diverse suppliers interested in doing business with the Commission. The information collected in the System will allow the Commission to update and more effectively manage its current internal repository of diverse suppliers. Further, the information in the System will also allow the Commission to measure the effectiveness of its technical assistance and outreach efforts, and target areas where additional program efforts are necessary.

Information will be collected in the System via web-based, e-filed, dynamic form-based technology. The company point of contact will complete a profile consisting of basic contact data and information on the capabilities of the business. The profile will include a series of questions, some of which are based on the data that the individual enters. Drop-down lists will be included where appropriate to increase ease of use.

The information collection is voluntary. The System is scheduled to be released in May 2015. There are no costs associated with this collection. The public interface to the System will be available via a web-link provided by the agency.

Estimated number of annual responses = 500
Estimated annual reporting burden = 250 hours (30 minutes per submission)

On January 27, 2015, the Commission published a 60-day notice in the Federal Register (80 FR 4320) requesting public comment on the proposed collection of information. The Commission received no comments.

Written comments continue to be invited on: (a) Whether this collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency’s estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

Background documentation for this information collection may be viewed at the following Web site, www.reginfo.gov. Please direct general comments to the following persons: (i) Desk Officer for the Securities and Exchange Commission, Office of Management and Budget, Room 10102, New Executive Office Building, Washington, DC 20503 or send an email to Shagufta Ahmed at Shagufta.Ahmed@omb.eop.gov; and (ii) Pamela Dyson, Chief Information Officer, Securities and Exchange Commission, c/o Remi Pavlik-Simon, 100 F Street NE., Washington, DC 20549 or send an email to: PRAMailbox@sec.gov. Comments must be submitted within 30 days of this notice.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Stock-Option Order Handling

March 26, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on March 16, 2014, 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 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 regarding the handling and processing of stock-option orders on the Exchange. 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 proposes to amend its rules regarding the handling and processing of stock-option orders represented in open outcry on the floor of the Exchange. Specifically, the Exchange proposes to adopt subparagraph (d) to Rule 6.48 (Contract Made on Acceptance of Bid or Offer) to extend electronic stock component routing functionality currently only available in the electronic trading environment to Public Automated Routing (“PAR”) workstation users and thus, allow Trading Permit Holders (“TPHs”) or PAR Officials \(^4\) to electronically route the stock component of a stock-option order represented in open outcry on the floor of the Exchange to an Exchange-designated broker-dealer not affiliated with the Exchange or an electronic execution at a stock trading venue directly from PAR. In addition, the Exchange proposes to amend Interpretation and Policy .06 to Rule 6.53C to require that the Clearing Trading Permit Holder (“CTPH”) [instead of the executing TPH], on a stock-option order, enter into a brokerage agreement with one or more non-affiliated Exchange-designated broker-dealers before electronically routing the stock component of a stock-option order to an Exchange-designated broker-dealer for execution at a stock trading venue.\(^5\) The Exchange also proposes to add cross-references to the proposed amended stock-option order handling and processing rules in the interpretations and policies to Rules 6.45A (Priority and Allocation of Equity Option Trades on the CBOE Hybrid System) and 6.45B (Priority and Allocation of Trades in Index Options and Options on ETFs on the CBOE Hybrid System). The Exchange believes that the proposed enhanced functionalities with respect to the handling and processing of stock-option orders on PAR will promote more efficient trading and benefit market participants by eliminating intermediary manual steps currently required for open outcry stock-option order execution.

Current Procedures

Under Rule 1.1, a stock-option order is defined as “an order to buy or sell a stated number of units of an underlying or a related security coupled with either (a) the purchase or sale of option contract(s) on the opposite side of the market representing either the same number of units of the underlying or related security or the number of units of the underlying security necessary to create a delta neutral position or (b) the purchase or sale of an equal number of put and call option contracts, each having the same exercise price, expiration date and each representing the same number of units of stock as, and on the opposite side of the market from, the underlying or related security portion of the order.”\(^6\) Stock-option orders are popular with investors (e.g., buy-writes) and are frequently handled with the applicable short sale, trade-through, and reporting rules. In the event that the stock leg of a stock-option order cannot be executed by the broker, the stock-option order will remain on the floor of the Exchange for a limited period of time after the trade failure.\(^7\)

2 The PAR workstation (“PAR”) is an Exchange-provided order management tool for use on the Exchange’s trading floor by TPHs and PAR Officials. See Rule 6.12A; see also Rule 7.1 for a description of the responsibilities and obligations of PAR Officials. The Exchange’s order handling system allows for orders to be routed to and from PAR in accordance with TPH and Exchange order routing parameters and the Rules of the Exchange. See Rule 6.12A.

4 A PAR Official is an Exchange employee and independent contractor whom the Exchange may designate as being responsible for (i) operating the PAR workstation in a DPM trading crowd with respect to the classes of options assigned to him/her; (ii) when applicable, maintaining the book with respect to the classes of options assigned to him/her; and (iii) effecting proper executions of orders placed on the PAR workstation. See Rule 7.12.

5 To enter transactions on the Exchange, a TPH must either be a CTPH or must have a CTPH agree to accept financial responsibility for all of its transactions. See Rule 6.21. Every CTPH will be responsible for the clearance of Exchange transactions of a TPH that “gives up” the CTPH pursuant to a Letter of Authorization, Letter of Guarantee, or other authorization given by the CTPH to the executing TPH. See id.

6 Rule 1.1(ii); accord Rule 6.53C(a)(2).

7 Eligible stock-option orders must comply with the Qualified Contingent Trade Exemption under Rule 611(a) of Regulation NMS. See infra at pages 8–9. TPHs submitting a stock-option order to an Exchange broker-dealer that is not affiliated with the Exchange must enter into a brokerage agreement with one or more non-affiliated Exchange-designated brokerage firms to automatically route the stock component of the stock-option order directly from PAR to the clearing firm electronically.

8 The “Hybrid Trading System” refers to (i) the Exchange’s trading platform that allows Market-Makers to submit electronic quotes in their appointed classes and (ii) any connectivity to the foregoing trading platform that is administered by or on behalf of the Exchange, such as a communications hub. References to “Hybrid,” “Hybrid System,” or “Hybrid Trading System” in the Exchange’s Rules include all platforms unless otherwise provided by rule.

9 TPAs are required to comply with the Qualified Contingent Trade (”QCT”) Exemption under Rule 611(a) of Regulation NMS with respect to the execution of stock-option orders. See Interpretation and Policy .06 to Rule 6.33C.

PAR or, at the order entry firm’s discretion, to the order entry firm’s booth. Stock-option orders have historically been handled and processed in open outcry on the Exchange. The Exchange continues to allow TPHs to manually execute stock-option orders in this manner.

Electronic Processing
Stock-option orders may also be handled electronically on the Exchange, with the stock portion of the order being electronically submitted by the Exchange to a non-affiliated third party Exchange-designated broker-dealer for execution at an away stock trading venue. Generally, the stock component of a stock-option order is transmitted to an Exchange-designated broker-dealer 14 as two paired orders with a designated limit price after the Exchange’s trading system has determined that a stock-option order is executable at the designated net price. Once transmitted to the Exchange-designated broker-dealer, the Exchange-designated broker dealer acts as agent for the stock leg of the stock-option order and is responsible for the proper execution, trade reporting, and submission to clearing of the stock trade. Specifically, the Exchange-designated broker-dealer will be responsible for determining whether the orders may be executed in accordance with all of the rules applicable to the execution of equity orders, including compliance with the applicable short sale, trade-through, and reporting rules. In the event that the stock component of a stock-option order cannot be executed by the Exchange-designated broker-dealer, the stock-option order execution will be nullified and parties to the trade will be notified by the Exchange.15

Currently, TPHs that wish to participate in electronic stock-option order processing must enter into a customer agreement with one or more designated broker-dealer that is not affiliated with the Exchange. In addition, to be eligible for electronic processing, TPHs must validate that they have executed a brokerage agreement with an Exchange-designated broker-dealer in order to obtain activation of stock-option order entry functionality on the Floor Broker Workstation (“FBW”). TPHs may only submit complex orders with a stock component for electronic processing if such orders comply with the Qualified Contingent Trade (“QCT”) Exception of Rule 611(a) of Regulation NMS. A QCT is a transaction consisting of two or more component orders, executed as agent or principal, that satisfies the six elements enumerated in the Commission’s Order exempting QCTs from the requirements of 611(a), which requires trading centers to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs. TPHs submitting stock-option orders for electronic processing must represent that the orders’ terms comply with the QCT Exception of Rule 611(a) of Regulation NMS.

Proposed Rule Changes
The Exchange proposes to introduce enhanced PAR functionality that would allow TPHs and PAR Officials to route the stock portion of a stock-option order directly to an Exchange-designated broker-dealer for electronic execution at a stock trading facility. Under proposed Rule 6.48(d), TPHs and PAR Officials would be able to transmit stock portions of stock-option orders represented in open outcry directly from PAR to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue. Thus, rather than executing stock-orders manually via telephone, PAR users would be able to electronically send the stock portion of the stock-option order from PAR directly to an Exchange-designated broker-dealer for immediate execution at a stock trading venue. The Exchange notes that this functionality (electronic stock component order routing, processing, and handling), is already in use for electronic stock-option orders submitted into the Hybrid Trading System. The Exchange is merely proposing to extend this functionality to stock-option orders handled on the floor of the Exchange. The Exchange believes this added functionality will support more efficient stock-option order execution, streamline the steps required for open outcry stock-option order trading, and enhance the Exchange’s audit trail by creating a more robust record of the stock component of stock option orders executions on the floor of the Exchange. Proposed Rule 6.48(d) would also provide that stock portions of stock-option orders represented in open outcry may be routed to a designated broker-dealer not affiliated with the Exchange for electronic execution at a stock trading venue as single orders or as paired orders (including with orders transmitted from separate PAR workstations). Consistent with current practices, the Exchange-designated broker-dealer would be responsible for the proper execution, trade reporting, and submission to clearing of the stock trade that is part of the stock-option order. Stock-option order executions for which the stock portion of the order could not be executed at the designated price would be nullified and the parties to the trade would be notified by the Exchange. In addition, consistent with current Interpretation and Policy .06(a) to Rule 6.53C, TPHs’ compliance with the Qualified Contingent Trade (“QCT”) Exception of Rule 611(a) of Regulation NMS would continue to be required for stock-option orders where the stock component of the stock-option order is routed from PAR to an Exchange-designated broker-dealer not affiliated with the Exchange for electronic

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14 Currently, ConvergEx Execution Services, LLC (“ConvergEx”) is the only Exchange-designated broker-dealer that the Exchange uses for executions of stock components of stock-option orders on away stock trading venues. The Exchange, however, may require TPHs to enter into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange to electronically execute the stock component of the stock-option order at a stock trading venue. See Interpretation and Policy .06 to Rule 6.53C.

15 See generally id. (sic); see also Rule 6.25(a)(3).


17 ConvergEx is a third-party facility of the Exchange. FBW is a third-party facility of the Exchange supplied and managed by LiquidPoint, LLC.


20 See Rule 6.25(a)(1).
The Exchange also proposes to amend Interpretation and Policy .06(a) to Rule 6.53C. Under current Interpretation and Policy .06(a) to Rule 6.53C, the stock portion of a stock-option order cannot be processed automatically unless the executing TPH has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange that can electronically execute the equity order on a stock trading venue. According to the Exchange, this does not reflect the current market practice. It proposes amendment to allow the stock portion of electronically executed orders to be automatically processed when the executing TPH has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange. The Exchange also states that under current Interpretation and Policy .06(a) to Rule 6.53C, the stock portion of a stock-option order cannot be processed automatically unless the executing TPH has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange that can electronically execute the equity order on a stock trading venue. According to the Exchange, this represents current market practice.

The Exchange believes that the proposed rule change would bring Interpretation and Policy .06(a) to Rule 6.53C in line with the Exchange’s give up rules in Rule 6.21.

All trades are finalized not when they are executed, but when they clear. It is the CTPH, not the order entry TPH that guarantees the authorization of a trade and accepts financial responsibility for all Exchange transactions made by the executing TPH. Because the CTPH is the party guaranteeing the transaction, the Exchange believes that it is reasonable to require that the CTPH enter into the brokerage agreement with the Exchange-designated broker-dealer on behalf of the Trading Permit Holder. The Exchange believes that the proposed rule change would bring Interpretation and Policy .06(a) to Rule 6.53C in line with the Exchange’s give up rules in Rule 6.21.

Accordingly, the Exchange proposes to amend Interpretation and Policy .06(a) to Rule 6.53C to provide that TPHs shall give up a CTPH previously identified to, and processed by the Exchange as a Designated Give Up in accordance with Rule 6.21 and which has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange to electronically execute the stock component of the stock-option order at a stock trading venue selected by the Exchange-designated broker-dealer on behalf of the Trading Permit Holder.

The Exchange also proposes to change Interpretation and Policy .06(a) to Rule 6.53C to provide that the Trading Permit Holder shall give up a Clearing Trading Permit Holder previously identified to, and processed by the Exchange as a Designated Give Up for that Trading Permit Holder in accordance with Rule 6.21 and which has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange to electronically execute the stock component of the stock-option order at a stock trading venue selected by the Exchange-designated broker-dealer on behalf of the Trading Permit Holder. The Exchange believes that the proposed rule change would bring Interpretation and Policy .06(a) to Rule 6.53C in line with the Exchange’s give up rules in Rule 6.21.

The Exchange also proposes to change Interpretation and Policy .06(a) to Rule 6.53C to provide that stock-option orders may be executed against other electronic stock-option orders rather than state that such orders may be executed against other stock-option orders through the COB or COA. This change reflects the fact that such orders may be submitted to the Automated Improvement Mechanism ("AIM") as well as executed through the COB or COA. Finally, the Exchange proposes conforming administrative changes to the Rules to include the language describing these functionality enhancements in Rules 6.45A and 6.45B. The proposed administrative changes would provide reference to this new technology within the priority rules for stock-option orders. Thus, these administrative changes merely add clarity to the Rules regarding the functionality available to TPHs on PAR.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed for, or executed under, in a manner that permits unfair discrimination between customers, issuers, brokers, or dealers. In particular, the Exchange believes the proposed rule change removes impediments to and perfects the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirement that the rules of an exchange not be designed for, or executed under, in a manner that permits unfair discrimination between customers, issuers, brokers, or dealers.


The Exchange also proposes to change Interpretation and Policy .06 to Rule 6.53C to provide that option order execution on the Exchange which allows for more efficient trading.
By allowing PAR users to route the stock portion of a stock-option order to a broker at a stock trading venue directly from PAR, the Exchange is attempting to allow stock-option orders to be matched faster and more efficiently. Creating a more streamlined approach to the execution of stock-option orders allows for less complicated and, thus, less confusing trading on the Exchange. In addition, as a consequence, the proposed rule change will promote more liquidity on the national market system by allowing TPHs to more easily use stock-option orders and more quickly send stock leg portions of complex order to stock trading venues for execution. The Exchange also believes that the proposed rule change would enhance the Exchange’s audit trail by creating a more robust record of the stock component of stock option order executions on the floor of the Exchange.

The Exchange also believes that the proposed changes to Interpretation and Policy .06 to Rule 6.53C to provide that the Trading Permit Holder shall give up a Clearing Trading Permit Holder previously identified to, and processed by the Exchange as a Designated Give Up for that Trading Permit Holder in accordance with Rule 6.21 and which has entered into a brokerage agreement with one or more Exchange-designated broker-dealers that are not affiliated with the Exchange to electronically execute the stock component of the stock-option order at a stock trading venue selected by the Exchange-designated broker-dealer on behalf of the Trading Permit Holder would help create a more robust market for stock-option orders and protect investors interests consistent with the Act. The Exchange believes that the proposed rule change would bring Interpretation and Policy .06(a) to Rule 6.53C in line with the Exchange’s give up rules in Rule 6.21. Consistent with Rule 6.21, the CTPH should be responsible for order handling and processing requirements for trades that it guarantees. The proposed amendments are reasonable and provide certainty that a CTPH will always be responsible for a trade, which protects investors and the public interest.

Finally, the Exchange believes that the proposed change to Interpretation and Policy .06 to Rule 6.53C providing that stock-option orders may be executed against other electronic stock-option orders and the proposed amendments to Rules 6.45A and 6.45B would add additional clarity and transparency to the Rules. The Exchange continues to evaluate its Rules to add additional clarity and transparency whenever possible. The Exchange believes that its efforts to clarify the Rules are in the interests of market participants and the general public and that providing added transparency in the Rules is consistent with the Act.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange already offers such orders and is merely introducing new functionality to execute such orders. Thus, the Exchange does not believe that the proposed changes will pose a burden on intramarket competition or intermarket competition as these orders are already available on the Exchange. The functionality is available to all TPHs that choose to enter into the necessary agreements with the Exchange designated broker-dealer that is not affiliated with the Exchange. To the contrary, the Exchange believes that the proposed rule change will relieve any burden on, or otherwise promote, competition as it allows for market participants to more quickly execute stock-option orders via the Exchange’s Hybrid System.

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

The Exchange neither solicited nor received written comments on the proposed rule change.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission’s Internet comment form (http://www.sec.gov/rules/sro.shtml);
- or
- Send an email to rule-comments@sec.gov. Please include File Number SR–CBOE–2015–029 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–CBOE–2015–029. 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 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–CBOE–2015–029, and should be submitted on or before April 22, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.27

Brent J. Fields,
Secretary.

[FR Doc. 2015–07364 Filed 3–31–15; 8:45 am]

BILING CODE 8011–01–P