

trading limits, DTCC Limit Monitoring can notify a Member of trading abnormalities that could threaten the stability of the Member and, potentially, NSCC's ability to clear and settle transactions or safeguard securities in its possession. Therefore, the Commission finds the Proposed Rule Change compliant with Section 17A(b)(3)(F) of the Act.⁷⁶

C. Compliance With Commission Rule 17Ad-22(b)(1)

Commission Rule 17Ad-22(b)(1) regarding measurement and management of credit exposure requires a CCP to establish, implement, maintain, and enforce written policies and procedures reasonably designed to measure its credit exposures to its participants at least once a day and limit its exposures to potential losses from defaults by its participants under normal market conditions so that the operations of the CCP would not be disrupted and non-defaulting participants would not be exposed to losses that they cannot anticipate or control.⁷⁷

DTCC Limit Monitoring will enable Members to monitor intraday trading activity for each of their Risk Entities and will alert Members when such activity approaches and breaches Member-set trading limits. At NSCC, that trading activity manifests as credit risk borne by NSCC. Therefore, by providing Members notification of possible trading abnormalities, DTCC Limit Monitoring serves as an NSCC risk management tool. Moreover, absent the tool's alert feature, particularly where a Member lacks an internal risk management system or such system has failed, trading abnormalities may go unnoticed, which could increase the likelihood of a Member default, including NSCC's and non-defaulting Members' risk. As such, the Commission finds the Proposed Rule Change consistent with Rule 17Ad-22(b)(1).⁷⁸

V. Conclusion

On the basis of the foregoing, the Commission finds the Proposed Rule Change consistent with the requirements of the Act, particularly with the requirements of Section 17A of the Act,⁷⁹ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁸⁰ that the proposed rule change SR-NSCC-2013-12 be and hereby is *approved* as of the date of this order.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸¹

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71636; File No. SR-FINRA-2013-036]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, Relating to Wash Sale Transactions and FINRA Rule 5210 (Publication of Transactions and Quotations)

February 28, 2014.

On August 15, 2013, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission ("Commission") pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to add Supplementary Material .02 to FINRA Rule 5210 (Publication of Transactions and Quotations) to emphasize that wash sale transactions are generally non-bona fide transactions and that members have an obligation to have policies and procedures in place to review their trading activity for, and prevent, wash sale transactions. The proposed rule change was published for comment in the **Federal Register** on September 4, 2013.³ The Commission received five comment letters on the proposed rule change.⁴ On October 4, 2013, the

Commission extended the time period for Commission action to December 3, 2013.⁵ On December 2, 2013, FINRA submitted a response to the comment letters⁶ and filed Amendment No. 1 to the proposed rule change. On December 3, 2013, the Commission published for comment both Amendment No. 1 and an order instituting proceedings under Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁸ The Commission received three comment letters on the Notice of Filing of Amendment No. 1 and Order Instituting Proceedings.⁹ On February 24, 2014, FINRA submitted a response to the comment letters.¹⁰

Section 19(b)(2)(B)(ii)(I) of the Act provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving a proposed rule change not later than 180 days after the date of publication of notice of the filing of the proposed rule change.¹¹ The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for the

Association, to Elizabeth M. Murphy, Secretary, Commission, dated September 25, 2013 ("MFA Letter"); letter from Manisha Kimmel, Executive Director, Financial Industry Forum, to Elizabeth M. Murphy, Secretary, Commission, dated September 25, 2013 ("FIF Letter"); and letter from Theodore R. Lazo, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, to Elizabeth M. Murphy, Secretary, Commission, dated October 4, 2013 ("SIFMA Letter").

⁵ See Securities Exchange Act Release No. 70613 (October 4, 2013), 78 FR 62784 (October 22, 2013).

⁶ See letter from Brant K. Brown, Associate General Counsel, FINRA, to Elizabeth M. Murphy, Secretary, Commission, dated December 2, 2013 ("FINRA Response 1").

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Securities Exchange Act Release No. 70966 (December 3, 2013), 78 FR 73900 (December 9, 2013) ("Notice of Filing of Amendment No. 1 and Order Instituting Proceedings").

⁹ See letter from Manisha Kimmel, Executive Director, Financial Industry Forum, to Elizabeth M. Murphy, Secretary, Commission, dated December 23, 2013 ("FIF Letter 2"); letter from Mary Ann Burns, Chief Operating Officer, Futures Industry Association, to Elizabeth M. Murphy, Secretary, Commission, dated January 6, 2014 ("FIA PTG Letter"); and letter from Theodore R. Lazo, Managing Director and Associate General Counsel, Securities Industry and Financial Markets Association, to Elizabeth M. Murphy, Secretary, Commission, dated January 13, 2014 ("SIFMA Letter 2").

¹⁰ See letter from Brant K. Brown, Associate General Counsel, FINRA, to Elizabeth M. Murphy, Secretary, Commission, dated February 24, 2014 ("FINRA Response 2").

¹¹ 15 U.S.C. 78s(b)(2)(B)(ii)(I).

⁸⁰ 15 U.S.C. 78s(b)(2).

⁸¹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 70276 (August 28, 2013), 78 FR 54502 ("Notice").

⁴ See letter from Anonymous to Elizabeth M. Murphy, Secretary, Commission, dated September 9, 2013 ("Anonymous Letter"); letter from William A. Jacobson, Clinical Professor of Law, and Director, Cornell Securities Law Clinic, and Jimin Lee, Cornell University Law School, to Elizabeth M. Murphy, Secretary, Commission, dated September 25, 2013 ("Cornell Letter"); letter from Stuart J. Kaswell, Executive Vice President, Managing Director and General Counsel, Managed Funds

⁷⁶ 15 U.S.C. 78q-1(b)(3)(F).

⁷⁷ 17 CFR 240.17Ad-22(b)(1). Commission Rule 17Ad-22(b)(1) was adopted as part of the Clearing Agency Standards. Release No. 34-68080 (Oct. 22, 2012), 77 FR 66219 (Nov. 2, 2012).

⁷⁸ *Id.*

⁷⁹ 15 U.S.C. 78q-1.

determination.¹² The proposed rule change was published for comment in the **Federal Register** on September 4, 2013. The 180th day after that publication is March 3, 2014.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change, as amended, so that it has sufficient time to consider the amended proposal, the issues raised in the comment letters on the amended proposal, and FINRA's response to the comments.

Accordingly, the Commission, pursuant to Section 19(b)(2)(B)(ii)(II) of the Act,¹³ designates May 2, 2014, as the date by which the Commission should either approve or disapprove the proposed rule change (SR-FINRA-2013-036).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁴

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 71634; File No. SR-MIAX-2014-08]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing of Proposed Rule Change To Modify Price Protection Provisions for the Execution of Orders

February 28, 2014.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 14, 2014, Miami International Securities Exchange LLC ("MIAX" or "Exchange") 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 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 is filing a proposal to amend Exchange Rules 515 and 529 to

modify price protection provisions for the execution of orders.

The text of the proposed rule change is available on the Exchange's Web site at http://www.miaxoptions.com/filter/wotitle/rule_filing, at MIAX's principal office, 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 Exchange Rules 515 and 529 to modify price protection provisions for the execution of orders to provide market participants additional flexibility to designate the level of price protections for their orders. The Exchange proposes to: (i) Amend Rule 515(c) to establish a new price protection for market participants; (ii) amend Rule 529 to allow for immediate routing in an additional situation; and (iii) make corresponding technical changes including deleting the language in current Rule 515(c).

Specifically, the Exchange proposes to amend Rule 515 to: (a) Amend price protection functionality as described in Rule 515(c) to be flexible and customizable by market participants and allow for the execution of a non-Market Maker order at multiple price points instead of a one-size-fits-all system that permits executions at a maximum of two price-points; (b) amend the handling of incoming routable non-Market Maker orders as described in Rule 515(c) to account for the flexibility of the proposed price protection functionality; (c) amend the handling of incoming non-routable non-Market Maker orders as described in Rule 515(c) to account for the flexibility of the proposed price protection functionality; (d) amend the Liquidity Refresh Pause to account for the proposed price protection functionality

which would allow orders to trade at multiple price-points; (e) amend the Liquidity Refresh message to include the exhausted MBBO price instead of the original NBBO price; (f) amend the Liquidity Refresh Pause so that a new quote or order received during a Liquidity Refresh Pause on the same side of the market as the initiating order's remaining contracts that locks or crosses the original NBBO will terminate the Liquidity Refresh Pause instead of joining the initiating order to wait for the end of the Pause; (g) amend the handling of Immediate or Cancel and Fill or Kills orders during a Liquidity Refresh Pause so that the Liquidity Refresh Pause will terminate early if such orders improve the same side of the market as the initiating order; (h) amend the handling of Immediate or Cancel orders to apply a price protection system similar to that for non-Market Maker orders; (i) amend the handling of Fill-or-Kill orders to apply a price protection system similar to that for non-Market Maker orders; and (j) provide a new Interpretation and Policy to Rule 515 to codify how the managed interest is priced when there are multiple possible execution prices. In addition, the Exchange proposes to amend Rule 529 to allow resting Public Orders to route in a specific scenario. Finally, the Exchange proposes to make corresponding technical changes including deleting the language in current Rule 515(c) and replacing references in Rules 516 and 520.

Non-Market Market Orders That Could Not Be Executed or Could Not Be Executed in Full at the Original NBBO Upon Receipt

Rule 515(c) currently details the execution of non-Market Market orders that could not be executed or could not be executed in full at the original NBBO upon receipt. Proposed Rule 515(c) continues to address the execution of such non-Market Maker orders. However, the Exchange proposes to add language to explain that such orders, depending upon the order's specific price protection instructions, may be reevaluated for executions at additional price-points. Specifically, non-Market Maker orders that are reevaluated by the System for execution pursuant to an order's price protection instructions that could not be executed or could not be executed in full at the NBBO at the time of reevaluation will be handled in accordance with the provisions of Proposed Rule 515(c). The subparagraphs of Proposed Rule 515(c) will apply to orders both (i) upon receipt by the System, and (ii) upon reevaluation by the System for

¹² 15 U.S.C. 78s(b)(2)(B)(ii)(II).

¹³ *Id.*

¹⁴ 17 CFR 200.30-3(a)(57).

¹⁵ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.