

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-Phlx-2014-15 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-Phlx-2014-15. 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-Phlx-2014-15, and should be submitted on or before April 4, 2014.

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

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71674; File No. SR-Phlx-2014-13]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Routing Fees

March 10, 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 March 4, 2014, NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 the Substance of the Proposed Rule Change

The Exchange proposes to amend Section V of the Pricing Schedule entitled "Routing Fees."

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.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 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 purpose of this filing is to amend the Routing Fees in Section V of the Pricing Schedule in order to recoup

costs incurred by the Exchange to route orders to away markets.

Today, the Exchange assesses a Non-Customer a \$0.95 per contract Routing Fee to any options exchange. The Customer³ Routing Fee for option orders routed to The NASDAQ Options Exchange LLC ("NOM") is a \$0.05 per contract Fixed Fee in addition to the actual transaction fee assessed. The Customer Routing Fee for option orders routed to NASDAQ OMX BX, Inc. ("BX Options") is \$0.00 per contract. The Customer Routing Fee for option orders routed to all other options exchanges⁴ (excluding NOM and BX Options) is a fixed fee of \$0.20 per contract ("Fixed Fee") in addition to the actual transaction fee assessed. If the away market pays a rebate, the Routing Fee is \$0.00 per contract.

With respect to the fixed costs, the Exchange incurs a fee when it utilizes Nasdaq Options Services LLC ("NOS"),⁵ a member of the Exchange and the Exchange's exclusive order router. Each time NOS routes an order to an away market, NOS is charged a clearing fee⁶ and, in the case of certain exchanges, a transaction fee is also charged in certain symbols, which fees are passed through to the Exchange. The Exchange currently recoups clearing and transaction charges incurred by the Exchange as well as certain other costs incurred by the Exchange when routing to away markets, such as administrative and technical costs associated with operating NOS, membership fees at away markets, Options Regulatory Fees ("ORFs"), staffing and technical costs associated with routing options. The Exchange assesses the actual away market fee at the time that the order was entered into the Exchange's trading system. This transaction fee is calculated on an order-by-order basis

³ The term "Customer" applies to any transaction that is identified by a member or member organization for clearing in the Customer range at The Options Clearing Corporation ("OCC") which is not for the account of broker or dealer or for the account of a "Professional" (as that term is defined in Rule 1000(b)(14)).

⁴ Including BATS Exchange, Inc. ("BATS"), BOX Options Exchange LLC ("BOX"), the Chicago Board Options Exchange, Incorporated ("CBOE"), C2 Options Exchange, Incorporated ("C2"), International Securities Exchange, LLC ("ISE"), the Miami International Securities Exchange, LLC ("MIAX"), NYSE Arca, Inc. ("NYSE Arca"), NYSE MKT LLC ("NYSE Amex") and Topaz Exchange, LLC ("Gemini").

⁵ The Exchange filed a proposed rule change to utilize Nasdaq Execution Services, LLC ("NES") for outbound order routing. See Securities Exchange Act Release No. 71417 (January 28, 2014), 79 FR 6253 (February 3, 2014) (SR-Phlx-2014-04). This filing has not yet been implemented. The Exchange intends to implement this filing in mid-March 2014.

⁶ The Options Clearing Corporation ("OCC") assesses \$0.01 per contract side.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

¹⁶ 17 CFR 200.30-3(a)(12).

since different away markets charge different amounts.

The Exchange is proposing to assess market participants routing Customer orders to NOM a \$0.10 per contract Fixed Fee in addition to the actual transaction fee assessed. Today the Exchange assesses a \$0.05 per contract Fixed Fee in addition to the actual transaction fee assessed with respect to Customer orders routed to NOM. The Exchange would increase the Fixed Fee for Customer orders routed to NOM from \$0.05 to \$0.10 per contract to recoup an additional portion of the costs incurred by the Exchange for routing these orders.

Today the Exchange does not assess a fee with respect to Customer orders routed to BX Options. The Exchange noted in a previous rule change routing proposal that it would not assess a fee for Customer orders routed to BX Options because the Exchange retains the rebate that is paid by that market.⁷ In other words, the Exchange today does not assess a Routing Fee when routing Customer orders to BX Options because that exchange pays a rebate and instead of netting the customer rebate paid by BX Options against a fixed fee, the Exchange simply does not assess a fee. The Exchange is proposing to assess a \$0.10 per contract Fixed Fee when routing Customer orders to BX Options in order to recoup a portion of the costs incurred by the Exchange for routing these orders. The Exchange does not assess the actual transaction fee assessed by BX Options, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue to retain the rebate to offset the cost to route orders to BX Options. This is the not the case for all orders routed to BX Options because not all Customer orders receive a rebate.⁸

Similarly, the Exchange is proposing to amend the Customer Routing Fee assessed when routing to all other options exchanges, if the away market pays a rebate, from a \$0.00 to a \$0.10 per contract Fixed Fee, in order to recoup an additional portion of the costs incurred by the Exchange for routing these orders. The Exchange does not assess the actual transaction fee assessed by the away market, rather the Exchange only assesses the Fixed Fee, because the Exchange would continue

to retain the rebate to offset the cost to route orders to these away markets. Today, the Exchange incurs certain costs when routing to away markets that pay rebates. The Exchange desires to recoup additional costs at this time.

2. Statutory Basis

The Exchange believes that its proposal to amend its Pricing Schedule is consistent with Section 6(b) of the Act⁹ in general, and furthers the objectives of Section 6(b)(4) and (b)(5) of the Act¹⁰ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which Phlx operates or controls, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that amending the Customer Routing Fee for orders routed to NOM from a Fixed Fee of \$0.05 to \$0.10 per contract, in addition to the actual transaction fee, is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Customer orders to NOM. Today, the Exchange assesses orders routed to NOM a lower Fixed Fee for routing Customer orders as compared to the Fixed Fee assessed to other options exchanges. The Exchange is proposing to increase the Fixed Fee to recoup additional costs that are incurred by the Exchange in connection with routing these orders on behalf of its members.

The Exchange believes that amending the Customer Routing Fee for orders routed to BX Options from a Fixed Fee of \$0.00 to \$0.10 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing Customer orders to BX Options, similar to the amount of Fixed Fee it proposes to assess for orders routed to NOM. The Exchange is proposing to assess a Fixed Fee to recoup additional costs that are incurred by the Exchange in connection with routing these orders on behalf of its members. While the Exchange would continue to retain any rebate paid by BX Options, the Exchange does not assess the actual transaction fee that is charged by BX Options for Customer orders.

The Exchange believes that continuing to assess lower Fixed Fees to route Customer orders to NOM and BX Options, as compared to other options exchanges, is reasonable as the Exchange is able to leverage certain infrastructure to offer those markets

lower fees as explained further below. Similarly, the Exchange believes that amending the Customer Routing Fee to other away markets, other than NOM and BX Options, in the instance the away market pays a rebate from a Fixed Fee of \$0.00 to \$0.10 per contract is reasonable because the Exchange desires to recoup an additional portion of the cost it incurs when routing orders to these away markets. While the Exchange would continue to retain any rebate paid by these away markets, the Exchange does not assess the actual transaction fee that is charged by the away market for Customer orders. The Fixed Fee for Customer orders is an approximation of the costs the Exchange will be charged for routing orders to away markets. As a general matter, the Exchange believes that the proposed fees for Customer orders routed to markets which pay a rebate, such as BX Options and other away markets, would allow it to recoup and cover a portion of the costs of providing optional routing services for Customer orders because it better approximates the costs incurred by the Exchange for routing such orders. While each destination market's transaction charge varies and there is a cost incurred by the Exchange when routing orders to away markets, including, OCC clearing costs, administrative and technical costs associated with operating NOS, membership fees at away markets, ORF's and technical costs associated with routing options, the Exchange believes that the proposed Routing Fees will enable it to recover the costs it incurs to route Customer orders to away markets.

The Exchange believes that amending the Customer Routing Fee for orders routed to NOM from a Fixed Fee of \$0.05 to \$0.10 per contract, in addition to the actual transaction fee, is equitable and not unfairly discriminatory because the Exchange would assess the same Fixed Fee to all orders routed to NOM in addition to the transaction fee assessed by that market. With respect to BX Options, the Exchange would uniformly assess a \$0.10 per contract Fixed Fee for all orders routed to BX Options and would continue to uniformly not assess the actual transaction fee, as is the case today. The Exchange would uniformly assess a \$0.10 per contract Fixed Fee to orders routed to NASDAQ OMX exchanges because the Exchange is passing along the saving realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when those orders are routed to NOM or BX Options and is providing those savings to all market participants. Furthermore, PHLX

⁷ See Securities Exchange Act Release No. 69253 (March 28, 2013), 78 FR 20709 (April 5, 2013) (SR-Phlx-2013-23).

⁸ BX Options pays a Customer Rebate to Remove Liquidity as follows: Customers are paid \$0.32 per contract in All Other Penny Pilot Options (excluding BAC, IWM, QQQ, SPY and VXX) and \$0.70 per contract in Non-Penny Pilot Options. See BX Options Rules at Chapter XV, Section 2(1).

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(4), (5).

XL routes orders to away markets where the Exchange's disseminated bid or offer is inferior to the national best bid (best offer) ("NBBO") price and based on price first.¹¹ The Exchange believes that it is equitable and not unfairly discriminatory to assess a fixed cost of \$0.10 per contract to route orders to NOM and BX Options because the cost, in terms of actual cash outlays, to the Exchange to route to those markets is lower. For example, costs related to routing to NOM and BX Options are lower as compared to other away markets because NOS is utilized by all three exchanges to route orders.¹² NOS and the three NASDAQ OMX options markets have a common data center and staff that are responsible for the day-to-day operations of NOS. Because the three exchanges are in a common data center, Routing Fees are reduced because costly expenses related to, for example, telecommunication lines to obtain connectivity are avoided when routing orders in this instance. The costs related to connectivity to route orders to other NASDAQ OMX exchanges are lower than the costs to route to a non-NASDAQ OMX exchange. When routing orders to non-NASDAQ OMX exchanges, the Exchange incurs costly connectivity charges related to telecommunication lines, membership and access fees, and other related costs when routing orders.

The Exchange believes that amending the Customer Routing Fee to other away markets, other than NOM and BX Options, in the instance the away market pays a rebate from a Fixed Fee of \$0.00 to \$0.10 per contract is equitable and not unfairly discriminatory because the Exchange would assess a lower Routing Fee, as compared to away markets that do not pay a rebate, because the Exchange retains the rebate that is paid by the away market. The Exchange would assess the same Fixed Fee when routing Customer orders to a NASDAQ OMX exchange that pays a rebate as it would to route an order to an away market (non-NASDAQ OMX exchange) that

pays a rebate. These proposals would apply uniformly to all market participants when routing to an away market that pays a rebate, other than NOM and BX Options. Market participants may submit orders to the Exchange as ineligible for routing or "DNR" to avoid Routing Fees.¹³ It is important to note that when orders are routed to an away market they are routed based on price first.¹⁴

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 does not believe that the proposal creates a burden on intra-market competition because the Exchange is applying the same Routing Fees to all market participants in the same manner dependent on the routing venue, with the exception of Customers. The Exchange will continue to assess separate Customer Routing Fees. Customers will continue to receive the lowest fees as compared to non-Customers when routing orders, as is the case today. Other options exchanges also assess lower Routing Fees for customer orders as compared to non-customer orders.¹⁵

The Exchange's proposal would allow the Exchange to continue to recoup its costs when routing Customer orders to NOM or BX Options as well as away markets that pay a rebate when such orders are designated as available for routing by the market participant. The Exchange continues to pass along savings realized by leveraging NASDAQ OMX's infrastructure and scale to market participants when Customer orders are routed to NOM and BX Options and is providing those savings to all market participants. Today, other options exchanges also assess fixed routing fees to recoup costs incurred by the exchange to route orders to away markets.¹⁶ Market participants may submit orders to the Exchange as ineligible for routing or "DNR" to avoid

Routing Fees.¹⁷ It is important to note that when orders are routed to an away market they are routed based on price first.¹⁸

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 Act.¹⁹ At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-Phlx-2014-13 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-Phlx-2014-13. 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

¹¹ See Rule 1080(m). The Phlx XL II system will contemporaneously route an order marked as an Intermarket Sweep Order ("ISO") to each away market disseminating prices better than the Exchange's price, for the lesser of: (a) The disseminated size of such away markets, or (b) the order size and, if order size remains after such routing, trade at the Exchange's disseminated bid or offer up to its disseminated size. If contracts still remain unexecuted after routing, they are posted on the book. Once on the book, should the order subsequently be locked or crossed by another market center, the Phlx XL II system will not route the order to the locking or crossing market center, with some exceptions noted in Rule 1080(m).

¹² See Chapter VI, Section 11 of the BX Options and NOM Rules.

¹³ See Rule 1066(h) (Certain Types of Orders Defined) and 1080(b)(i)(A) (PHLX XL and PHLX XL II).

¹⁴ PHLX XL will route orders to away markets where the Exchange's disseminated bid or offer is inferior to the national best bid (best offer) ("NBBO") price. See also note 11.

¹⁵ BATS assesses lower customer routing fees as compared to non-customer routing fees per the away market. For example BATS assesses ISE customer routing fees of \$ 0.30 per contract and an ISE non-customer routing fee of \$ 0.57 per contract. See BATS BZX Exchange Fee Schedule.

¹⁶ See CBOE's Fees Schedule and ISE's Fee Schedule.

¹⁷ See note 13.

¹⁸ See note 14.

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

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-Phlx-2014-13, and should be submitted on or before April 4, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁰

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-71670; File No. SR-CME-2014-06]

Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rules Changes Regarding Implementation of Rules To Address Third Party Swap Execution Platforms

March 10, 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 28, 2014, Chicago Mercantile Exchange Inc. ("CME") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I, II and III below, which Items have been prepared primarily by CME. CME filed the proposal pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule

19b-4(f)(4)(ii)⁴ thereunder so that the proposal was 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 Substance of the Proposed Rule Change

CME is filing proposed rules changes that address issues relating to third party swap execution platforms. The proposed rules generally clarify the time at which the rules of the CME Clearing House ("Clearing House") apply, confirm the authority of the Clearing House to conduct risk management in conformance with its obligations under applicable regulations, and ensure that the Clearing House has sufficient flexibility to perform default management as required by applicable regulations. In addition, the proposed rules ensure that voids and price adjustments cannot occur after clearing without Clearing House consent, stipulate that Execution Platforms connected to the Clearing House comply with regulatory obligations, and require position transfers to comply with the Clearing House rules. Further, the proposed rule clarifies that it does not apply to security-based swaps. The proposed rules are limited to CME's business as a derivatives clearing organization clearing swaps under the jurisdiction of the Commodity Futures Trading Commission ("CFTC").

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

In its filing with the Commission, CME included statements concerning the purpose 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. CME 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

CME is registered as a derivatives clearing organization with the Commodity Futures Trading Commission and currently offers clearing services for many different futures and swaps products. The purpose of these proposed rule changes

is to address issues relating to third party swap execution platforms. Although these changes will be effective on filing, CME plans to operationalize the proposed changes on February 28, 2014.

Proposed Rule 815 is designed to address the risks posed to the Clearing House by third party execution platforms for swaps. The proposed rules: Clarify the time at which the rules of the Clearing House apply; confirm the authority of the Clearing House to conduct risk management in conformance with its obligations under CFTC Regulation 39.13; and ensure that the Clearing House has sufficient flexibility to perform default management as required under CFTC Regulations 39.16 and 39.27(b)(4). Proposed Rule 815 also explains that all third party execution platforms ("Execution Platforms") that submit, or have submitted on their behalf, swap trades for clearing to the Clearing House, are bound by the Clearing House Rules. CME notes that the Clearing House also separately negotiated provisions in its commercial agreements with third party execution platforms for swaps which stipulate that the Clearing House rules apply once a trade has been submitted for clearing. In addition, the Execution Platforms all contractually agreed to be bound by the Clearing House rules applicable to the clearing services provided to them by the Clearing House.

Proposed Rule 815 specifically confirms that the Clearing House rules apply once a trade has been submitted for clearing and that the Clearing House has the sole authority, where circumstances permit, to: Accept or reject trades, block or cancel trades, block or terminate connections with Execution Platforms, determine whether it will accept trade transaction counterparty risk and determine whether contracts are economically equivalent. In addition, the proposed rules ensure that voids and price adjustments cannot occur after clearing without Clearing House consent, stipulate that Execution Platforms connected to the Clearing House comply with regulatory obligations, and require position transfers to comply with the Clearing House rules. The proposed rules are intended to avoid the possibility of unacceptable ambiguities regarding the clearing and risk management of swap positions and prevent the actions of third parties from limiting or interfering with the ability of the Clearing House to perform prudent risk management and comply with its regulatory obligations. The proposed

²⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(4)(ii).