

On March 21, 2014, the CFTC notified NFA that the CFTC had determined not to review the proposed rule change.¹⁰

NFA did not file the proposed rule changes concurrently with the SEC. Instead, NFA filed the proposed rule changes on April 7, 2014. Section 19(b)(7)(B) of the Exchange Act provides that a proposed rule change filed with the SEC pursuant to Section 19(b)(7)(A) of the Exchange Act shall be filed concurrently with the CFTC.

Section 19(b)(7)(C) of the Exchange Act provides, *inter alia*, that “[a]ny proposed rule change of a self-regulatory organization that has taken effect pursuant to [Section 19(b)(7)(B) of the Exchange Act] may be enforced by such self-regulatory organization to the extent such rule is not inconsistent with the provisions of this chapter, the rules and regulations thereunder, and applicable Federal law.” At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Exchange Act.

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 Exchange 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–NFA–2014–02 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–NFA–2014–02. 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

General Counsel, NFA, to Melissa D. Jurgens, Secretary, Office of the Secretariat, CFTC.

¹⁰ See Letter dated March 21, 2014, from Gary Barnett, Director, Division of Swap Dealer and Intermediary Oversight, CFTC, to Thomas W. Sexton, III, Senior Vice President/General Counsel, NFA.

only one method. The Commission will post all comments on the Commission’s 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of NFA. 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 publicly available. All submissions should refer to File Number SR–NFA–2014–02 and should be submitted on or before May 16, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹¹

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–71976; File No. SR–NFA–2014–01]

Self-Regulatory Organizations; National Futures Association; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to the Interpretive Notice to NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for SFPs

April 21, 2014.

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (“Exchange Act”),¹ and Rule 19b–7 under the Exchange Act,² notice is hereby given that on April 7, 2014, National Futures Association (“NFA”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I and II below, which Items have

been prepared by NFA. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. NFA also filed this proposed rule change on November 20, 2012 with the Commodity Futures Trading Commission (“CFTC”).

NFA, on November 20, 2012, requested that the CFTC make a determination that review of the proposed rule change of NFA is not necessary.³ On February 14, 2013, the CFTC notified NFA that it had determined not to review the proposed rule change.⁴

I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The amendments to the Interpretive Notice entitled “NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products” (“Notice”) extends the relief from having to take a proficiency exam to engage in security futures activities from December 31, 2012 to December 31, 2015.

The text of the Interpretive Notice is available on NFA’s Web site at www.nfa.futures.org, the Commission’s Web site at www.sec.gov, the self-regulatory organization’s 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, NFA 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. NFA 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

Section 15A(k) of the Exchange Act⁵ makes NFA a national securities association for the limited purpose of

³ See Letter dated November 20, 2012 from Thomas W. Sexton, III, Senior Vice President/General Counsel, NFA to Sauntia Warfield, Assistant Secretary, Office of the Secretariat, CFTC.

⁴ See Letter dated February 14, 2013 from Gary Barnett, Director, Division of Swap Dealer and Intermediary Oversight, to Thomas W. Sexton, III, Senior Vice President/General Counsel, NFA.

⁵ 15 U.S.C. 78o–3(k).

¹¹ 17 CFR 200.30–3(a)(73).

¹ 15 U.S.C. 78s(b)(7).

² 17 CFR 240.19b–7.

regulating the activities of NFA Members (“Members”) who are registered as brokers or dealers under Section 15(b)(11) of the Exchange Act.⁶ NFA’s Notice entitled: “NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products” applies to all Members who meet the criteria in the Interpretive Notice and could apply to Members registered under Section 15(b)(11) of the Exchange Act.

The Commodity Futures Modernization Act of 2000 amended the Securities Exchange Act of 1934 to require NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience and competence necessary to effect transactions in security futures products and are tested for their knowledge of securities and securities futures products.”⁷ In 2001 NFA and FINRA (then NASD) adopted temporary relief allowing registrants to qualify to engage in security futures activities by completing a training program rather than by taking an exam, which NFA codified in the Notice. The relief was extended three times and was set to expire on December 31, 2012.

NFA and FINRA proposed the three prior extensions, and the CFTC and SEC agreed to them,⁸ because of the low trading volume in SFPs and the relatively few registrants engaging in security futures activities. These characteristics continue to make the imposition of a qualifications exam an inefficient option, and the same reasons are equally compelling today. Accordingly, the proposal revises the Interpretive Notice to extend the relief from having to take an exam from December 31, 2012 to December 31, 2015.⁹

Amendments to the Interpretive Notice regarding NFA Compliance Rules 2–7 and 2–24 and Registration Rule 401: Proficiency Requirements for Security Futures Products were previously filed with the SEC in SR–NFA–2002–04, Exchange Act Release No. 34–46502 (Sep. 16, 2002), 67 FR 59587 (Sep. 23, 2002); SR–NFA–2003–03, Exchange Act Release No. 34–47825 (May 9, 2003), 68 FR 27128 (Mar. 19, 2002); SR–NFA–2003–04, Exchange Act Release No. 34–

49054 (Jan. 12, 2004), 69 FR 2806, (Jan. 20, 2004); SR–NFA–2007–07, Exchange Act Release 34–57142 (Jan. 14, 2008), 73 FR 3502 (Jan. 18, 2008) and SR–NFA–2009–02, Exchange Act Release 34–61284 (Jan. 4, 2010), 75 FR 1431 (Jan. 11, 2010).

2. Statutory Basis

The rule change is authorized by, and consistent with, Section 15A(k)(2)(D) of the Exchange Act.¹⁰ That Section requires NFA to “have rules that ensure that members and natural persons associated with members meet such standards of training, experience, and competence necessary to effect transactions in SFPs and are tested for their knowledge of securities and securities futures products.” Although the proposal extends relief from having to take an exam to engage in security futures activities, it still requires that training be completed before entering into such activities.

B. Self-Regulatory Organization’s Statement on Burden on Competition

The proposed rule change will have little or no impact on competition. The proposed Interpretive Notice does not impose new requirements on Members, but rather extends the relief allowing registrants to qualify to engage in security futures activities by completing a training program rather than by taking an exam until December 31, 2015.

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

NFA did not publish the rule change to the membership for comment. NFA did not receive comment letters concerning the rule change.

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

NFA filed the proposed rule change with the CFTC on November 20, 2012, and the proposed rule change became effective with the CFTC on February 21, 2013. NFA did not file the proposed rule change concurrent with the SEC. Instead, NFA filed the proposed rule change with the SEC on April 7, 2014.¹¹

At any time within 60 days of the date of effectiveness¹² of the proposed rule

change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.¹³

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–NFA–2014–01 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–NFA–2014–01. 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 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 NFA. 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

extent such rule is not inconsistent with the provisions of this title, the rules and regulations thereunder, and applicable Federal law.”

¹³ 15 U.S.C. 78s(b)(7)(C).

⁶ 15 U.S.C. 78o(b)(11).

⁷ Section 15A(k)(2)(D) of the Exchange Act.

⁸ The Commission notes that the filings referred to by NFA were filed with the Commission pursuant to Section 19(b)(7) of the Exchange Act and thus were effective on filing by the NFA.

⁹ FINRA staff has informed NFA that FINRA will amend its rules to incorporate the same three-year extension.

¹⁰ 15 U.S.C. 78o–3(k)(2)(D).

¹¹ Section 19(b)(7)(B) of the Act provides that a proposed rule change filed with the SEC pursuant to section 19(b)(7)(A) of the Act shall be filed concurrently with the CFTC.

¹² Section 19(b)(7)(C) of the Act provides, *inter alia*, that “[a]ny proposed rule change of a self-regulatory organization that has taken effect pursuant to [Section 19(b)(7)(B) of the Act] may be enforced by such self-regulatory organization to the

submissions should refer to File Number SR–NFA–2014–01, and should be submitted on or before May 16, 2014.

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. 34–71983; File No. SR–NSX–2014–11]

Self-Regulatory Organizations; National Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Its Fee and Rebate Schedule With Respect to Securities Priced at \$1.00 or Greater

April 21, 2014.

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 April 15, 2014, National Stock Exchange, Inc. (“NSX” or the “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 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 is proposing to amend its Fee and Rebate Schedule (the “Fee Schedule”) issued pursuant to Exchange Rule 16.1. Specifically, the Exchange is seeking to amend Section I. (Transaction Fees and Rebates) pertaining to the fees charged to Exchange Equity Trading Permit (“ETP”)³ Holders for providing liquidity and the rebates paid to ETP Holders for removing liquidity in securities priced at \$1.00 or more.

The text of the proposed rule change is available on the Exchange’s Web site at <http://www.nsx.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 is proposing to amend the current Fee Schedule, Section I. to: (i) change the fee structure applicable to ETP Holders providing liquidity on the Exchange in securities priced at \$1.00 and above, retiring the current tiered fee structure and adopting a single fee amount of \$0.0018 per executed share to be paid by ETP Holders for providing liquidity (a “Maker”) in any security priced at \$1.00 and above, across all Tapes⁴ and irrespective of the order type used by the ETP Holder to add liquidity; and (ii) pay a per executed share rebate of \$0.0017 to ETP Holders removing liquidity in any security, across all Tapes and irrespective of any order types removed by the liquidity “Taker.”

Prior to these proposed changes, the Fee Schedule provided that, for securities prices at \$1.00 and above, the ETP Holder paid a per share fee for providing liquidity in an amount equal to or surpassing certain specified percentages of the ETP Holder’s total consolidated volume (“TCV”) in one day.⁵ The term “TCV” was defined in the Fee Schedule as the total consolidated volume calculated as the volume reported by all exchanges and trade reporting facilities to a consolidated transaction reporting plan. Under the Fee Schedule prior to the instant amendment, there was a total of

⁴ The term “Tapes” refers to the designation assigned in the Consolidated Tape Association (“CTA”) Plan for reporting trades with respect to securities in Networks A, B and C. Tape A securities are those listed on the New York Stock Exchange, Inc.; Tape B securities are listed on NYSE MKT, formerly NYSE Amex, and regional exchanges. Tape C securities are those listed on the NASDAQ Stock Market LLC.

⁵ See Exchange Act Release No. 71641 (March 4, 2014); 79 FR 13353 (March 10, 2014) (SR–NSX–2014–05).

seven fee tiers based on specified percentages of TCV; the highest fee for adding liquidity was \$0.0018 per executed share, based on the ETP Holder adding less than 0.08% of TCV of liquidity in one day. The six additional tier levels operated to reduce the per share fee based on successively higher percentages of TCV adding liquidity in one day. The lowest fee of \$0.0012 per executed share applied to ETP Holders adding 0.52% or more of TCV of liquidity in one day. The Fee Schedule further provided that an ETP Holder providing liquidity through the use of certain “Zero Display” order types would pay a fee of \$0.0018 per executed share. With respect to the rebate paid to ETP Holders removing liquidity on the Exchange (“Takers”) in securities prices at \$1.00 and above, the Fee Schedule prior to the instant amendment provided for a rebate of \$0.0015 per executed share.⁶

The Exchange is now proposing to amend its transaction fees and rebates to adopt one fee in the amount of \$0.0018 per executed share, applicable to executions by ETP Holders adding liquidity in all securities priced at \$1.00 and above traded on the Exchange. The fee of \$0.0018 for adding liquidity will apply without regard to percentages of TCV or certain “dark” order types, which were considerations that impacted the fees in effect prior to the instant rule change. ETP Holders removing liquidity in securities priced at or above \$1.00 will receive a uniform rebate of \$0.0017 per executed share which will similarly be paid in all instances and without regard to the considerations that impacted the rebates paid to ETP Holders under the prior fee and rebate structure.

The Exchange submits that the instant proposal furthers its goals of maximizing the effectiveness of its business model, offering economic incentives to ETP Holders to access the Exchange and providing a high-quality and cost-effective execution venue. The Exchange also believes that offering a simplified fee and rebate structure will enhance efficiencies on the part of both the Exchange and ETP Holders and will operate to provide market participants with clarity and transparency into the Exchange’s incentives for attracting liquidity to its market.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with

⁶ The former Fee Schedule specifically included a transaction removing a Zero Display Mid-Point Peg Order and a Zero Display Market Peg Order from the NSX Book as subject to the \$0.0015 rebate for removing liquidity.

¹⁴ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

³ Exchange Rule 1.5 defines “ETP” as the Equity Trading Permit issued by the Exchange for effecting approved securities transactions on the Exchange’s trading facilities.