

Amendment to the Plan (File No. 4-631) be, and it hereby is, approved.

Brent J. Fields,
Secretary.

[FR Doc. 2015-03875 Filed 2-24-15; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meeting

Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94-409, that the Securities and Exchange Commission will hold a Closed Meeting on Thursday, February 26, 2015 at 2:00 p.m.

Commissioners, Counsel to the Commissioners, the Secretary to the Commission, and recording secretaries will attend the Closed Meeting. Certain staff members who have an interest in the matters also may be present.

The General Counsel of the Commission, or her designee, has certified that, in her opinion, one or more of the exemptions set forth in 5 U.S.C. 552b(c)(3), (5), (7), 9(B) and (10) and 17 CFR 200.402(a)(3), (5), (7), 9(ii) and (10), permit consideration of the scheduled matter at the Closed Meeting.

Commissioner Stein, as duty officer, voted to consider the items listed for the Closed Meeting in closed session, and determined that no earlier notice thereof was possible.

The subject matter of the Closed Meeting will be:

Institution and settlement of injunctive actions;

Institution and settlement of administrative proceedings; and

Other matters relating to enforcement proceedings.

At times, changes in Commission priorities require alterations in the scheduling of meeting items.

For further information and to ascertain what, if any, matters have been added, deleted or postponed, please contact the Office of the Secretary at (202) 551-5400.

Dated: February 20, 2015.

Brent J. Fields,
Secretary.

[FR Doc. 2015-03947 Filed 2-23-15; 11:15 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74302; File No. SR-OCC-2014-23]

Self-Regulatory Organizations; the Options Clearing Corporation; Order Approving Proposed Rule Change To Clarify That OCC Would Not Treat a Futures Transaction That Is an Exchange-for-Physical or Block Trade as a Non-Competitively Executed Trade if the Exchange on Which Such Trade Is Executed Has Provided OCC With Representations That it Has Policies or Procedures Requiring That Such Trades Be Executed at Reasonable Prices and That Such Price Is Validated by the Exchange

February 19, 2015.

On December 19, 2014, the Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change File No. SR-OCC-2014-23 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) ¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the **Federal Register** on January 6, 2015.³ The Commission did not receive any comments on the proposed rule change. This order approves the proposed rule change.

I. Description

OCC is modifying its By-Laws to add an interpretation and policy to Section 7 of Article XII of its By-Laws to clarify that OCC will not treat a futures transaction that is an exchange-for-physical (“EFP”) ⁴ or block trade in futures (“Block Trade”) ⁵ as a non-competitively executed trade, and therefore subject to delayed novation, if the exchange on which the EFP or Block Trade is executed has provided OCC with representations that it has rules, policies or procedures requiring that such trades be executed at reasonable prices and that such prices are validated by the exchange.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 73961 (December 30, 2014), 80 FR 568 (January 6, 2015) (SR-OCC-2014-23).

⁴ According to OCC, an EFP is a transaction between two parties in which a futures contract on a commodity or security is exchanged for the actual physical good.

⁵ According to OCC, a block trade is a trade involving a large number of shares being traded at an arranged price between parties, outside of the open markets, in order to lessen the impact of such a large trade being made public.

Background

According to OCC, under OCC’s By-Laws, the novation of confirmed trades (*i.e.*, transactions in options, futures, or other “cleared contracts” effected through an exchange and submitted to OCC for clearing) occurs at the “commencement time” for such transactions.⁶ The “commencement time” for most confirmed trades is when daily position reports are made available to clearing members.⁷ However, transactions in certain cleared products and certain types of transactions, including non-competitively executed EFPs and Block Trades, have delayed commencement times that are tailored to address risks specific to such products or transactions,⁸ including, but not limited to, those risks presented by off-market transactions.

When OCC began clearing EFPs and Block Trades, it established that the commencement time for such transactions is expressly conditioned upon the receipt by OCC of variation payments due from purchasing and selling clearing members because EFPs and Block Trades could be executed away from the market and be executed at other than market prices. These factors were viewed as creating heightened exposure to OCC if a clearing member defaults on a trade executed at an off-market price and, as a result, Article XII, Section 7 of OCC’s By-Laws establishes that the commencement time for an EFP or Block Trade is the time of the first variation payment after the trade is reported to OCC (typically 9:00 a.m. Central Time the following business day).⁹ OCC delays its novation of these non-competitively executed futures trades because OCC is bound to pay the first variation settlement amount to the counterparty once novation has occurred, and if the agreed-upon price at which the trade is entered differs from the competitive market price, there is an increased likelihood that OCC may

⁶ Cleared Contracts and Commencement Time are defined terms set forth in Article 1, Section 1 of OCC’s By-Laws.

⁷ See OCC’s By-Laws Article VI, Section 5. According to OCC, in a practical sense, however, most trades are novated upon proper submission to OCC for clearing since OCC’s By-Laws, with limited exception, do not permit OCC to reject any confirmed trade due to the failure of the purchasing clearing member to pay any amount due to OCC at or before the settlement time. See also Securities Exchange Act Release No. 65990 (December 16, 2011), 76 FR 79731 (December 22, 2011) (SR-OCC-2011-17).

⁸ *Id.*

⁹ See Securities Exchange Act Release No. 44727 (August 20, 2001), 66 FR 45351 (August 28, 2001) (SR-OCC-2001-07).