the public interest; (ii) for the protection of investors; or (iii) 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. The Exchange has provided the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change.

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–2014–35 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–2014–35. 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 the 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–2014–35 and should be submitted on or before June 19, 2014.

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–12425 Filed 5–28–14; 8:45 am]

BILLING CODE 8011–01–P

[11] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72228; File No. SR–MIAX–2014–18]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 503

May 22, 2014.

Pursuant to the provisions of 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 May 13, 2014, Miami International Securities Exchange LLC (''MIAX'' or ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a 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 filing a proposal to amend MIAX Rule 503 with respect to the Opening Process in an option series.

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 Rule 503 to change the definition of a valid width NBBO and valid width quote to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). The Exchange's current methodology to start the Opening Process is not conducive to a quick and efficient opening on the Exchange. The proposed rule change will amend the current process to provide that the bid-ask differential to allow for the Exchange System to start the Opening Process based on the bid-ask differentials specified in Rule 603(b)(4)(i), which are wider than the bid-ask differential of Rule 603(b)(4)(ii).[3] In addition, the Exchange proposes some technical changes related to the removal of the narrow-width quote standard from Rule 603(b)(4)(ii), as it would no longer be necessary once the definition of a valid width NBBO and valid width quote is updated to correspond to Rule 603(b)(4)(i).

Current Opening Process

Currently, Rule 503 describes the process pursuant to which the Exchange System opens an option series. Pursuant to the procedures described in Rule 503(e), after an initial pause following the dissemination of a quote or trade in the market for the underlying security, the Opening Process starts with one of the following events: (i) The Primary Lead Market Maker's valid width quote has been submitted; (ii) the valid width quotes of at least two Market Makers, where at least one is a Lead Market Maker have been submitted; or (iii) for multiply listed option classes, at least one Eligible Exchange (as defined in Rule 1400(f)) has disseminated a quote in the individual option in accordance with Rule 1402(a), there is a valid width NBBO available and the valid width quote of at least one Lead Market Maker

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] For purposes of this filing, the quote width in Rule 603(b)(4)(i) will be referred to as the ''standard-width quote'' and that of Rule 603(b)(40(ii) [sic] will be referred to as the ''narrow-width quote.''

has been submitted.[4] For the purposes of Rule 503(e) both a valid width NBBO and valid width quote is one where the bid and offer differ by no more than the differences outlined in Rule 603(b)(4)(ii), the narrow-width quote.[5] Additionally, if after two minutes following the dissemination of a quote or trade in the market for the underlying security none of the provisions described above have occurred, then the opening process can begin when one Market Maker has submitted its valid width quote.[6] The Primary Lead Market Maker assigned in a particular equity option class must enter valid width quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security.[7] A Registered Market Maker that submits a quote pursuant to this Rule 503 in any series when a Lead Market Maker's or Primary Lead Market Maker's quote has not been submitted shall be required to submit continuous, two-sided quotes in such series until such time as a Lead Market Maker submits his/her quote, after which the Registered Market Maker that submitted such quote shall be obligated to submit quotations pursuant to Rule 604(e)(3).[8]

Once the Opening Process has been started, the Exchange System will either open with a quote or a trade. Rule 503(f)(1) provides the mechanism by which the Exchange System will open on a quote.[9] Pursuant to Rule 503(f)(1), the Exchange System, if there are no quotes or orders that lock or cross each other, will open by disseminating the Exchange's best bid and offer among quotes and orders that exist in the System at that time. The remainder of Rule 503(f) provides how the Exchange System operates when opening with a trade—scenarios where there are quotes or orders that lock or cross an order. Rule 503(f)(2)–(11) provides the mechanics of how the Exchange System calculates the price of an opening trade and handles any imbalance that may occur.[10] For purposes of opening with a trade, Rule 503(f) utilizes the narrow-width quote used to first start the Opening Process pursuant to Rule 503(e).

Proposed Change to Opening Process

The Exchange proposes to amend Rule 503(e)(2) and (3) to change the definition of a valid width NBBO[11] and valid width quote[12] to correspond to the standard bid-ask differential specified under Rule 603(b)(4)(i). As noted above, the Exchange currently uses the narrow-width quote to define a valid width NBBO and valid width quote. The Exchange proposes to replace references to Rule 603(b)(4)(ii) in Rule 503(e)(2) and (3) with the standard-width quote of Rule 603(b)(4)(i).

Rule 603(b)(4)(i) provides that options, following the opening rotation, may be quoted with a difference not to exceed $5 between the bid and offer regardless of the price of the bid. The proposed change will align the requirements to open the unopened series on a quote with the existing Market Marker quoting requirements following the opening rotation.

The Exchange believes that the application of the narrow-width quoting requirement of Rule 603(b)(4)(ii) to start the Opening Process prevents series from opening promptly and thus unnecessarily delays the execution of orders on the Exchange. The Exchange believes that setting a wider quote differential requirement to start the Opening Process would expedite the opening of all options series on the Exchange promptly after the opening of the underlying security. The Exchange believes that market participants will benefit by having the ability to execute orders on the Exchange without unnecessary delay. In addition, applying the standard-width quote bid-ask differential to start the Opening Process is consistent with the quoting requirements that are applicable following the start of regular trading.

The Exchange further believes that applying the standard-width quote to start the Opening Process is appropriate because it would more closely align the Exchange's Rules with the rules of other option exchanges with respect to opening a series—specifically in the area of opening a series on a quote. Other options exchanges have the ability to open a series for trading when there are no executable orders and/or quotes to conduct an auction. BOX Options Exchange (''BOX'') and NASDAQ Options Market (''NOM''), allow for the opening of series without conducting an opening auction. Similar to the Exchange's proposal, NYSE Arca opens option series for trading after receiving notification of an initial NBBO disseminated by OPRA for the series or on a Market Maker quote, provided that the bid-ask differential does not exceed its standard-width quote of $5 when not opening with a trade.[13] On BOX, the BOX system attempts to conduct an opening match (similar to the Exchange's Opening Process) to determine a single price at which a particular option series will be opened.[14] However, if the BOX system is not able to determine an opening price, the option series will nevertheless move from the ''Pre-Opening Phase'' to the continuous trading phase and the option series will be open for trading. When the option series move from Pre-Opening Phase to the continuous trading phase, there is no requirement for a bid-ask differential to be met. Market makers on BOX would only be required to meet the $5 bid-ask differential in the option series if and when they ever decided to quote.[15] Similarly, NOM has no bid-ask differential requirements to open a series if an ''Opening Cross'' (similar to Trading Auction) cannot be initiated because there are no opening quotes or orders that lock or cross each other.[16] Specifically, if an Opening Cross cannot be initiated because there are no opening quotes or orders that lock or cross each other, the option series will open for trading on NOM.[17] Market makers on NOM would only be required to meet the $5 bid-ask differentials in the option series if and when they ever decided to quote.[18] Both, BOX and NOM could open options series and disseminate a protected quotation without the benefit of Market Maker quotation to facilitate price discovery.

By contrast, currently, if the options series does not meet the narrow-width quotes, the series will not start the Opening Process and not open at all on the Exchange, which differs from NYSE Arca, BOX and NOM. As noted above, NYSE Arca requires a Market Maker quote that meets the standard-width requirement to open with a quote and neither BOX nor NOM require any bid-ask differential to be met prior to opening series for trading with a quote. The current inability of the Exchange to

[4] *See* Rule 503(e).

[5] *See* Rule 603(b)(4)(ii). The bid-ask guidelines specified in Rule 603(b)(4)(ii) that are required to start the Opening Process are narrower than the $5 wide bid-ask differential for options traded after the opening rotation. *See also* Rule 603(b)(4)(i). Rule 603(b)(4)(i) provides that options traded after the opening rotation may be quoted with a difference not to exceed $5 between the bid and offer regardless of the price of the bid.

[6] *See* Rule 503(e)(4).

[7] *See* Rule 503(e)(5).

[8] *See* Rule 503(e)(6).

[9] *See* Rule 503(f)(1).

[10] *See* Rule 503(f).

[11] *See* Rule 503(e)(2).

[12] *See* Rule 503(e)(3).

[13] *See* NYSE Arca Rule 6.64(b)(E). *See also* Securities Exchange Release No. 68290 (November 26, 2012), 77 FR 71469 (November 30, 2012) (SR–NYSEArca-2012–126).

[14] *See* BOX Rule 7070(e).

[15] *See* BOX Rule 7070(f). *See also* BOX Rule 8040, which sets forth BOX market maker quoting obligations.

[16] *See* NOM Chapter VI, Section 8(c)(1).

[17] *See id.*

[18] *See* NOM Chapter VII, Section 6(d).

open a series without quotes subject to a narrow-width quote requirement puts the Exchange at a competitive disadvantage to other options exchanges that do not have that similar restriction. By not opening the option series, the Exchange cannot display orders in the Exchange System and thus has no protected quotation in the options series. Until the options series officially opens for trading, the Exchange cannot route out orders in the Exchange System pursuant to Linkage, nor can it have a protected quote that draws trading interest from other options markets. The Exchange believes that the delay in execution of orders on the Exchange in this situation is unnecessary and harmful to market participants. The Exchange's proposal would provide for the ability to open an option series on a quote in a similar fashion as NYSE Arca, BOX, and NOM. The Exchange believes that having a bid-ask differential requirement to open a series is beneficial for opening series and helps ensure there is a sufficient quoted market in the options series, whether it is via NBBO from OPRA or Market Maker generated quote, prior to opening of the series on the Exchange to facilitate transactions in securities on the Exchange.

Technical Changes

To clarify that the Exchange System uses the standard-width quote standard to start the Opening Process, the Exchange proposes to delete Rule 603(b)(4)(ii). Related to the proposed deletion of Rule 603(b)(4)(ii), the Exchange further proposes replacing the reference to Rule 603(b)(4)(ii) within Rule 521 (Obvious and Catastrophic Errors) with the specific bid-ask differential contained in Rule 603(b)(4)(ii) so that Rule 521 will be substantially unchanged and remain operatively the same.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) [19] of the Act in general, and furthers the objectives of Section 6(b)(5) [20] of the Act in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

The proposed rule change is designed to remove impediments to, and perfect the mechanism of, a free and open market and a national market system because it would permit the Exchange to utilize the standard-width quote bid-ask differential to start the Opening Process which will expedite the opening of all options series on the Exchange promptly after the opening of the underlying security, and thus remove impediments to and perfect the mechanism of a free and open market in a way that benefits market participants and enables them to execute their orders on the Exchange.

The proposed rule change contributes to the protection of investors and the public interest by ensuring that if the Exchange should open a series on a quote the opening quote will be within the standard bid-ask differential of Rule 603(b)(4)(i). The Exchange believes this offers better protection than the alternative of requiring no bid-ask differential when opening an option series on a quote.

The proposal would provide fair and orderly means to open a series when the Exchange does not have sufficient executable quotes and/or orders to conduct an Opening Process and would reasonably ensure that the Exchange does not open the series at a price that is beyond the price at which Market Makers are permitted to quote for the series during the trading session, which also contributes to the protection of investors and the public interest, generally. The proposed rule change is also designed to promote just and equitable principles of trade because it would permit the Exchange to open a series in a manner that is more consistent with the opening of individual series on other option exchanges.[21]

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 proposed changes are designed to facilitate the opening of series on the Exchange in a manner that is fair, orderly and more consistent with the practice of other option exchanges. Thus, the Exchange believes that the filing is pro-competitive and should increase intermarket and intramarket competition for options transactions during and immediately after the opening.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act [22] and Rule 19b–4(f)(6) [23] thereunder.

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–MIAX–2014–18 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.

[19] 15 U.S.C. 78f(b).

[20] 15 U.S.C. 78f(b)(5).

[21] *See supra* notes 13, 14, and 16.

[22] 15 U.S.C. 78s(b)(3)(A).

[23] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

All submissions should refer to File Number SR–MIAX–2014–18. 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–MIAX–2014–18, and should be submitted on or before June 19, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2014–12424 Filed 5–28–14; 8:45 am]

BILLING CODE 8011–01–P

[24] 17 CFR 200.30–3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72230; File No. SR–CBOE–2014–029]

Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Order Approving a Proposed Rule Change To Enhance the Exchange's Audit Trail

May 22, 2014.

I. Introduction

On March 27, 2014, the Chicago Board Options Exchange, Incorporated (the ''Exchange'' or ''CBOE'') filed with the Securities and Exchange Commission (the ''Commission''), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act'')[1] and Rule 19b–4 thereunder,[2] a proposed rule change to enhance the Exchange's audit trail. The proposed rule change was published for comment in the **Federal Register** on April 9, 2014.[3] The Commission received no comment letters regarding the proposed rule change. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to require Floor Brokers[4] and PAR Officials[5] to electronically capture, by pressing a ''Represent Button'' on their trading device, the time at which they initially verbally present orders in the Exchange's trading crowd.[6] The Represent Button will be located on PAR workstations and other Exchange-approved devices used by Floor Brokers.[7]

According to the Exchange, CBOE Trading Permit Holders may use Exchange-approved devices to systematize[8] orders on the floor, but the Exchange does not currently require Floor Brokers and PAR Officials to electronically capture the time when orders are represented in the trading crowd on these devices.[9] The Exchange states that the procedure Floor Brokers and PAR Officials currently follow to represent orders and consummate trades on the Exchange's trading floor will not change aside from the added step of capturing the time an order is initially represented in the trading crowd by pushing the Represent Button.[10] The Exchange also represents that any new floor based order management device will be required to have the Represent Button functionality before CBOE will approve it to be used on the Exchange trading floor if it will be used to represent orders on an agency basis.[11] The Exchange believes that capturing the time when orders are represented on the Exchange's trading floor will help the Exchange develop and implement surveillances concerning the Exchange's rules, including, but not limited to, due diligence requirements of Floor Brokers and Exchange priority rules.[12]

The Exchange proposes to announce the implementation date of the proposed rule change within 30 days following approval by the Commission and has represented to the Commission that all devices currently used to represent orders in the trading crowd by Floor Brokers and PAR Officials will have the Represent Button functionality by the time of implementation.[13]

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.[14] In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,[15] which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

As described above, the Exchange proposes to require that Floor Brokers and PAR Officials press the Represent Button to capture electronically the time at which they initially represent an order to the Exchange's trading crowd. The Commission notes that the Exchange has represented that, aside from this additional requirement, open out-cry trading will generally continue to operate as it currently does once this proposed rule change is implemented.[16] The Represent Button will be added to devices already used by Floor Brokers and PAR Officials on the Exchange floor and represents an additional discrete functionality to capture the time that an order is represented. The Exchange also represents that this new requirement will apply equally to all participants that handle agency orders in the trading crowd.[17] The Commission believes that the proposed rule change represents an incremental enhancement to CBOE's audit trail and should help facilitate CBOE's ability to monitor activity on its trading floor and assess compliance with its rules.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Securities Exchange Act Release No. 71859 (April 3, 2014), 79 FR 19697 (''Notice'').

[4] *See* CBOE Rule 6.70 defining a Floor Broker.

[5] *See* CBOE Rule 7.12(a) defining a PAR Official.

[6] *See* Notice, *supra* note 3, at 19697.

[7] *See id.*

[8] *See* id. at n. 4 (citing CBOE Rule 6.24).

[9] *See* id. at 19698.

[10] *See id.*

[11] *See id.* at n. 5.

[12] *See id.* at 19698.

[13] *See id.*

[14] In approving this proposal, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[15] 15 U.S.C. 78f(b)(5).

[16] *See* Notice, *supra* note 3, at 19698.

[17] *See id.*