

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 Section, 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 OCC and on OCC's Web site at http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_15_01.pdf. 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-OCC-2015-01 and should be submitted on or before February 10, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁹

Brent J. Fields,
Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74041; File No. SR-NASDAQ-2014-110]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Approving a Proposed Rule Change To Adopt NASDAQ Rule 7015(i) To Offer the New IPO Workstation

January 13, 2015.

I. Introduction

On November 14, 2014, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") 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 offer stand-alone access to the Exchange's IPO Indicator service. The

proposed rule change was published for comment in the **Federal Register** on December 2, 2014.³ The Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Commission recently approved a proposed rule change from the Exchange to offer the IPO Indicator as an enhancement to the NASDAQ Workstation at no additional cost.⁴ The Exchange now proposes to adopt Exchange Rule 7015(i) to offer stand-alone access to the IPO Indicator service ("IPO Workstation") at no cost at this time.⁵ That is, a subscription to the full NASDAQ Workstation will not be required to access the IPO Indicator for those subscribing to the IPO Workstation.⁶

The IPO Indicator, according to the Exchange, is designed to assist member firms in monitoring their orders in the NASDAQ Halt Cross process leading up to the launch of an initial public offering ("IPO").⁷ According to the Exchange, the NASDAQ Halt Cross ("Cross") is designed to provide for an orderly, single-priced opening of securities subject to an intraday halt, including securities that are the subject of an IPO.⁸ Prior to the Cross execution, the Exchange states that market participants enter quotes and orders eligible for participation in the Cross, and the Exchange disseminates certain information regarding buying and selling interest entered and the indicative execution price information, known as the Net Order Imbalance Indicator ("NOII").⁹ The Exchange further states that the NOII is disseminated every five seconds during a designated period prior to the completion of the Halt Cross, in order to provide market participants with information regarding the possible price and volume of the Cross. According to the Exchange, the information provided in the NOII message includes the Current Reference Price¹⁰ and the number of shares of Eligible Interest.¹¹

³ See Securities Exchange Act Release No. 73683 (November 25, 2014), 79 FR 71490 ("Notice").

⁴ See Securities Exchange Act Release No. 73950 (December 29, 2014), 80 FR 268 (January 5, 2015).

⁵ See Notice, *supra* note 3 at 71491.

⁶ See *id.* at 71492.

⁷ See *id.* at 71491.

⁸ See *id.*

⁹ See *id.*

¹⁰ See Exchange Rule 4753(a)(3)(A). The Exchange describes the Current Reference Price as the price at which the Cross would occur if it executed at the time of the NOII's dissemination. See Notice, *supra* note 3, at 71491.

¹¹ See Exchange Rule 4753(a)(5) (defining Eligible Interest as "any quotation or any order that has

The Exchange also disseminates information about the size and buy/sell direction of an Imbalance,¹² which the Exchange defines as the number of shares of Eligible Interest with a limit price equal to the Current Reference Price that may not be matched with other order shares at a particular price at any given time.¹³ The Exchange states that the disseminated information reflects all shares eligible for participation in the Cross, regardless of time-in-force (including non-displayed shares and reserve size) and is meant to indicate the degree to which available liquidity on one or the other side of the market would not be executed if the Cross were to occur at that time.

In the case of an IPO, the Exchange states that the Halt Cross operates as follows: first, the underwriters to the IPO make a determination to launch the IPO during the Pre-Launch Period¹⁴ when the underwriters believe the security is ready to trade.¹⁵ Second, once the underwriter informs the Exchange that it is ready to launch the IPO, the NASDAQ system calculates the Current Reference Price at that time (the "Expected Price") and displays it to the underwriter.¹⁶ If the underwriter then approves proceeding, the NASDAQ system conducts two validation checks: (1) The NASDAQ system determines whether all market orders will execute in the cross; and (2) whether the Expected Price and the price calculated by the Cross differ by an amount in excess of the price band selected by the underwriter.¹⁷ According to the Exchange, if either of the validation checks fails, the security will not be released for trading and the Pre-Launch

been entered into the system and designated with a time-in-force that would allow the order to be in force at the time of the Halt Cross").

¹² See Exchange Rule 4753(a)(1).

¹³ See Notice, *supra* note 3, at 71491. The Exchange states that it also disseminates a Market Order Imbalance, which the Exchange defines as the number of shares of Eligible Interest entered through market orders that would not be matched with other order shares at the time of the dissemination of a NOII, if in fact there are such unexecutable market order shares. See Exchange Rule 4753(a)(2). When there is a Market Order Imbalance, the Exchange notes that it disseminates the imbalance and the buy/sell direction of the imbalance. See Notice, *supra* note 3, at 71491.

¹⁴ The Exchange explains that the Pre-Launch Period is the second phase of a two-phase process that NASDAQ uses for launching IPOs. See *id.* According to the Exchange, the Pre-Launch Period follows a 15-minute Display Only Period and is of no fixed duration. See *id.* In addition, the Exchange states that the NOII is disseminated every five seconds during both periods. See *id.*

¹⁵ See *id.*

¹⁶ See *id.*

¹⁷ See Notice, *supra* note 3, at 71491.

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Period will continue until all requirements are met.¹⁸

The Exchange proposes to offer the IPO Indicator to provide information about the number and price at which shares of a member firm's orders entered for execution in an IPO Halt Cross ("IPO shares") would execute in an IPO if it were to price at the present time.¹⁹ Under the proposal, the IPO Indicator will now be offered as a stand-alone service and would use the NOII information of an IPO security together with information about the member firm's orders on NASDAQ in the IPO security.²⁰ The Exchange notes that, similar to accessing the IPO Indicator from the NASDAQ Workstation as the Exchange currently offers,²¹ subscribing member firms will be able to access the IPO Indicator from the main IPO Workstation screen.²² Under the proposal, the Exchange states that member firms using the IPO Indicator would be able to see the Current Reference Price, the number of paired shares, the number of imbalance shares, the total number of IPO shares the subscribing member firm has entered for execution in the IPO Halt Cross, the nature of such shares (buy or sell), and the number of IPO shares that would be executed in the Halt Cross at that time for each of those categories.²³ In addition, the Exchange states that subscribing member firms using the IPO Indicator would also be able to see details about its IPO shares presented by individual orders or order blocks, which would include the number of IPO shares in a particular order or order block, the number and percentage of IPO shares of the order or order block that would be executed in the Halt Cross if it occurred at any given time in the process, based on the NOII disseminated every five seconds, and the price at which the order or order block was submitted.²⁴

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.²⁵ In particular, the

Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,²⁶ 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, and Section 6(b)(8) of the Act,²⁷ which requires that the rules of the exchange do not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

As described above, the Exchange proposes to adopt Exchange Rule 7015(i) to offer stand-alone access to the IPO Indicator. The Commission notes that it recently approved a proposed rule change that allows the Exchange to provide the IPO Indicator through the NASDAQ Workstation.²⁸ Offering the IPO indicator through the IPO Workstation will provide all member firms that are interested in subscribing to the IPO indicator a means to access it, at no cost at this time, in lieu of paying for a full NASDAQ Workstation subscription.²⁹ Accordingly, the Commission believes that the proposed rule change adopting the IPO Workstation is designed to protect investors and the public interest by providing member firms with more information regarding their orders submitted for participation in an IPO Halt Cross.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,³⁰ that the proposed rule change (SR-NASDAQ-2014-110) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³¹

Brent J. Fields,
Secretary.

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efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

²⁶ 15 U.S.C. 78f(b)(5).

²⁷ 15 U.S.C. 78f(b)(8).

²⁸ *See supra* note 4 and accompanying text.

²⁹ *See Notice, supra* note 3 at 71492. The Exchange notes that not all member firms subscribe to the NASDAQ Workstation and prospective users of the IPO indicator may not desire to pay for a full NASDAQ Workstation subscription for the sole purpose of assessing the IPO indicator.

³⁰ 15 U.S.C. 78s(b)(2).

³¹ 17 CFR 200.30-3(a)(12).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74043; File No. SR-BATS-2015-01]

Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

January 13, 2015.

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 January 2, 2015, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2) thereunder,⁴ which renders the proposed rule change 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 the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to Members⁵ and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). Changes to the fee schedule pursuant to this proposal are effective upon filing.

The text of the proposed rule change is available at the Exchange's Web site at <http://www.batstrading.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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ A Member is defined as "any registered broker or dealer that has been admitted to membership in the Exchange." *See* Exchange Rule 1.5(n).

¹⁸ *See id.* Alternatively, the underwriter may, with the concurrence of the Exchange, determine to postpone and reschedule the IPO. *See id.*

¹⁹ *See id.*

²⁰ The Exchange states that the information provided by the IPO Indicator is limited to the subscribing member firm's orders. *See id.*

²¹ *See supra* note 4 and accompanying text.

²² *See Notice, supra* note 3, at 71491.

²³ *See id.*

²⁴ *See id.*

²⁵ In approving this proposal, the Commission has considered the proposed rule's impact on