

are subject to many obligations under the rules, including the obligation to contribute to the maintenance of a fair and orderly market in their appointed classes, which the Exchange believes will ensure continued liquidity on the Exchange. C2 believes that its proposed rule change is consistent with the Act in that providing flexibility does not detract from the overall market-making obligations of Market-Makers. The proposed rule change better supports a Market-Maker's continuous obligation to engage in dealings for its own account. Accordingly, any benefits of the proposed rule change to provide flexibility to Market-Makers are offset by the continued responsibilities to provide significant liquidity to the market to the benefit of all market participants.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change applies to all Market-Makers. All Market-Makers may benefit from the flexibility provided by the proposed rule change, which benefit is offset by the continued responsibilities to provide significant liquidity to the market to the benefit of all market participants. The proposed rule change to the compliance standard does not change the obligations imposed on Market-Makers; it merely changes the time at which the Exchange will determine compliance with these obligations. The proposed rule change is substantially similar to rules in place at other options exchanges, which the Exchange believes may enhance, rather than burden, competition among the options exchanges. C2 is better able to compete for liquidity providers when its Market-Maker obligations are consistent with those of other options exchanges, which may increase competition and liquidity on C2. Market participants on other exchanges are welcome to trade at C2 if they determine that this proposed rule change has made C2 more attractive or favorable to them.

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

The Exchange neither solicited nor received comments on the proposed rule change.

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

The Exchange has filed the proposed rule change pursuant to paragraph (A) of section 19(b)(3) of the Exchange Act<sup>15</sup> and Rule 19b-4(f)(6) thereunder.<sup>16</sup> Because the 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 if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>17</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>18</sup>

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 will institute proceedings to determine whether the proposed rule change 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](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2014-015 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.

<sup>15</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>16</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange's intent to file the proposed rule change along with a brief description and the text of 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 pre-filing requirement.

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(6)(iii).

All submissions should refer to File Number SR-C2-2014-015. 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-C2-2014-015 and should be submitted on or before August 28, 2014.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>19</sup>

**Jill M. Peterson,**

*Assistant Secretary.*

[FR Doc. 2014-18649 Filed 8-6-14; 8:45 am]

**BILLING CODE 8011-01-P**

### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-72739; File No. SR-ISEGemini-2014-15]

#### **Self-Regulatory Organizations; ISE Gemini, LLC; Order Approving Proposed Rule Change on Bid/Offer Differentials for In-The-Money Option Series**

August 1, 2014.

### **I. Introduction**

On June 4, 2014, the ISE Gemini, LLC ("ISE Gemini") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act

<sup>19</sup> 17 CFR 200.30-3(a)(12).

of 1934 (“Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> a proposed rule change to amend its rules to require that market makers quoting certain in-the-money options series maintain quotes that are no wider than the spread between the national best bid and offer (“NBBO”) in the underlying security. The proposed rule change was published for comment in the **Federal Register** on June 20, 2014.<sup>3</sup> The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

## II. Description

ISE Gemini Rule 803(b)(4)(i) presently permits market makers to submit quotes with wider bid/offer differentials for in-the-money options series where the market for the underlying security is wider than the market maker’s regular quotation requirements. In particular, a market maker quoting an in-the-money options series may submit quotes that are as wide as the quotation on the primary market of the underlying security.

ISE Gemini proposes to change this obligation to instead require that market makers quoting these in-the-money options series maintain quotes that are no wider than the spread between the NBBO in the underlying security. ISE Gemini believes that measuring the permissible width of a market maker’s quote against the NBBO more accurately reflects the current trading environment where multiple trading venues contribute to the prevailing market price of a security underlying an options series traded on ISE Gemini. Further, ISE Gemini explains that a market maker quoting an in-the-money options series can hedge its position by trading in the underlying security at the NBBO, which may be narrower than the quotation on the primary market. In addition, ISE Gemini believes that requiring market makers to post tighter quotes will improve market quality.

## III. Discussion and Commission Findings

After carefully considering the proposal, 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.<sup>4</sup> In particular, the

Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>5</sup> which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, 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. The Commission notes that the proposal should improve market quality by narrowing spreads to the benefit of investors.

## IV. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–ISEGemini–2014–15), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>6</sup>

**Kevin M. O’Neill**,  
Deputy Secretary.

[FR Doc. 2014–18634 Filed 8–6–14; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–72740; File No. SR–ISE–2014–31]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Order Approving Proposed Rule Change on Bid/Offer Differentials for In-The-Money Option Series

August 1, 2014.

## I. Introduction

On June 4, 2014, the International Securities Exchange, LLC (“ISE”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b–4 thereunder,<sup>2</sup> a proposed rule change to amend its rules to require that market makers quoting certain in-the-money options series maintain quotes that are no wider than the spread between the national best bid and offer (“NBBO”) in the underlying security. The proposed rule change was published for comment in the **Federal**

**Register** on June 20, 2014.<sup>3</sup> The Commission received no comment letters on the proposed rule change. This order approves the proposed rule change.

## II. Description

ISE Rule 803(b)(4)(i) presently permits market makers to submit quotes with wider bid/offer differentials for in-the-money options series where the market for the underlying security is wider than the market maker’s regular quotation requirements. In particular, a market maker quoting an in-the-money options series may submit quotes that are as wide as the quotation on the primary market of the underlying security.

ISE proposes to change this obligation to instead require that market makers quoting these in-the-money options series maintain quotes that are no wider than the spread between the NBBO in the underlying security. ISE believes that measuring the permissible width of a market maker’s quote against the NBBO more accurately reflects the current trading environment where multiple trading venues contribute to the prevailing market price of a security underlying an options series traded on the ISE. Further, ISE explains that a market maker quoting an in-the-money options series can hedge its position by trading in the underlying security at the NBBO, which may be narrower than the quotation on the primary market. In addition, ISE believes that requiring market makers to post tighter quotes will improve market quality.

## III. Discussion and Commission Findings

After carefully considering the proposal, 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.<sup>4</sup> In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>5</sup> which requires, among other things, that the rules of a national securities exchange be designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating transactions in securities, to remove impediments to and perfect the mechanism of a free and open

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> See Securities Exchange Act Release No. 72398 (June 16, 2014), 79 FR 35397 (June 20, 2014) (“Notice”).

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s

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

<sup>5</sup> 15 U.S.C. 78f(b)(5).

<sup>6</sup> 17 CFR 200.30–3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b–4.

<sup>3</sup> See Securities Exchange Act Release No. 72399 (June 16, 2014), 79 FR 35396 (June 20, 2014) (“Notice”).

<sup>4</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>5</sup> 15 U.S.C. 78f(b)(5).