

vendors' pricing discipline is the same: They can simply refuse to purchase any proprietary data product that fails to provide sufficient value. NASDAQ and other producers of proprietary data products must understand and respond to these varying business models and pricing disciplines in order to market proprietary data products successfully.

In addition to the competition and price discipline described above, the market for proprietary data products is also highly contestable because market entry is rapid, inexpensive, and profitable. The history of electronic trading is replete with examples of entrants that swiftly grew into some of the largest electronic trading platforms and proprietary data producers: Archipelago, Bloomberg Tradebook, Island, RediBook, Attain, TracECN and BATS Trading. A proliferation of dark pools and other ATSs operate profitably with fragmentary shares of consolidated market volume.

Regulation NMS, by deregulating the market for proprietary data, has increased the contestability of that market. While broker-dealers have previously published their proprietary data individually, Regulation NMS encourages market data vendors and broker-dealers to produce proprietary products cooperatively in a manner never before possible. Multiple market data vendors already have the capability to aggregate data and disseminate it on a profitable scale, including Bloomberg, and Thomson Reuters.

The vigor of competition for information is significant. NASDAQ has made a determination to adjust the fees associated with these products in order to reflect more accurately the value of its products and the investments made to enhance them, as well as to keep pace with changes in the industry and evolving customer needs. These products are entirely optional and are geared towards attracting new customers, as well as retaining existing customers.

In all cases, firms make decisions on how much and what types of data to consume on the basis of the total cost of interacting with NASDAQ or other exchanges. Of course, the explicit data fees are but one factor in a total platform analysis. Some competitors have lower transactions fees and higher data fees, and others are vice versa. For example, NOM offers one distributor fee which allows firms to access both the BONO and ITTO data feeds. The market for this information is highly competitive and continually evolves as products develop and change.

*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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>6</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 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, as amended, 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-NASDAQ-2015-035 on the subject line.

*Paper Comments*

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090. All submissions should refer to File Number SR-NASDAQ-2015-035. 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 will also 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-NASDAQ-2015-035 and should be submitted on or before May 13, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Brent J. Fields,**

*Secretary.*

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**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-74747; File No. SR-OCC-2015-03]**

**Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Concerning the Execution of an Agreement for Clearing and Settlement Services Between OCC and NASDAQ Futures, Inc.**

April 16, 2015.

On February 20, 2015, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change OCC-2015-03 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> The proposed rule change was published for comment in the **Federal Register** on March 10, 2015.<sup>3</sup> The Commission received no comments on the proposed rule change. This order approves the proposed rule change.

<sup>7</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> Securities Exchange Act Release No. 74432 (March 4, 2015), 80 FR 12652 (March 10, 2015) (SR-OCC-2015-03).

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

## I. Description

OCC proposes to execute an Agreement for Clearing and Settlement Services ("Clearing Agreement") between OCC and NASDAQ Futures, Inc. ("NFX") in connection with NFX's operation as a designated contract market ("DCM")<sup>4</sup> regulated by the Commodity Futures Trading Commission ("CFTC"). OCC will provide clearance and settlement services to NFX pursuant to the terms set forth in the Clearing Agreement. The rule change, as proposed, permits OCC to begin providing clearing and settlement services for NFX in the second quarter of 2015.

NFX previously operated as a DCM and cleared its futures contracts through OCC. As such, OCC and NFX had previously entered into a Second Amended and Restated Agreement for Clearing and Settlement Services ("Previous Agreement") dated January 13, 2012.<sup>5</sup> As of January 31, 2014, NFX ceased operations as a contract market and became a dormant contract market under CFTC Regulations.<sup>6</sup> As a result, the Previous Agreement was terminated pursuant to its terms<sup>7</sup> and the clearing relationship between OCC and NFX terminated.

On November 21, 2014, NFX was approved by the CFTC as a DCM.<sup>8</sup> In connection with that approval, OCC proposes to provide the clearance and settlement services as described in the Clearing Agreement, which is substantially similar to the Previous Agreement with several differences discussed in more detail below. The Clearing Agreement has been amended to allow OCC more flexibility in determining which products it will clear based upon its conclusion that it is able to appropriately risk manage such products using commercially reasonable standards.<sup>9</sup> More specifically, the following changes have been made:

- Section 3(a) of the Clearing Agreement, "General Criteria for Underlying Interests," has been amended to permit NFX to select the underlying interests that are the subject

of currency futures, commodity futures, and/or futures options to be traded on NFX only if OCC is satisfied that it is able to appropriately risk manage the contract with the proposed underlying interest using commercially reasonable efforts.

- Section 9 of the Clearing Agreement, "Limitations of Authority and Responsibility," has been amended to specify that OCC shall have no responsibility to enforce standards relating to the conduct of trading on NFX unless OCC finds it reasonably necessary in order to appropriately risk manage the products that are being traded on NFX.

In addition, the Clearing Agreement will also make several changes to the Previous Agreement, which include:

- Section 3(c), "Procedures for Selection of Underlying Interests," has been amended to state that NFX must submit a certificate for a new class of contracts not already listed or traded on NFX as soon as practicable (rather than ten days prior to the commencement of trading). It has also been amended to state that OCC will be obligated to use commercially reasonable efforts to authorize the clearance and settlement of such contracts as soon as practicable. In addition, the Clearing Agreement expressly obligates NFX to provide OCC with any additional information as requested by OCC from time to time that will assist OCC in identifying a new product proposed for clearing by NFX. OCC believes that these amendments to Section 3(c), related to the procedures for the selection of underlying interests, will ensure that OCC not only has the correct information needed to evaluate a proposed new product but that the information will be produced to OCC in a timely manner which will provide OCC sufficient time to evaluate the proposed new product.

- Section 3(d), "Notice of Additional Maturity or Expiration Dates," has been amended to state that, for a class of products previously certified, NFX may introduce a new maturity or expiration date that is in the cycle set forth in the certificate by providing notice to OCC through electronic means specified by OCC. The Previous Agreement required such notice to be sent to OCC only by email or facsimile.

- A universal conforming change has been made to various sections in the Clearing Agreement to replace the term "matched" trades with "confirmed" trades to better describe trades that are

processed for clearance and settlement.<sup>10</sup>

- Section 5(a), "Confirmed Trade Reports," has been amended to remove language discussing the possibility that NFX will provide OCC with a confirmed trade report on a real time basis as this capability is already captured in the language "as the Corporation may reasonably prescribe."

- Section 5(c)(i) has been amended to include language that will allow OCC to determine the final settlement price for a futures contract in which the underlying interest is a cash-settled foreign currency if the organized market in which that foreign currency future is traded on, or the foreign currency itself, did not open or remain open for trading at or before the time in which the settlement price for such futures contract would ordinarily be determined. In addition, Section 5(c)(i) has been amended to include a reference to "variance" when listing factors that will allow OCC to determine a final reasonable settlement price, if not reported at the ordinary time of final settlement. OCC believes that these additions to the Clearing Agreement clarify the potential underlying interests in which NFX may introduce futures contracts and make the Clearing Agreement more precise.

- Section 7, "Acceptance and Rejection of Transactions in Cleared Contracts," has been amended to include a provision that will allow OCC, in accordance with its By-Laws, to reject transactions due to validation errors which will allow OCC to better manage its clearance and settlement obligations by expressly allowing it to reject transactions that do not contain complete terms. These validation errors include, for example, an incorrect Clearing Member, account, product or format.

- Section 8, "Non-Discrimination," has been amended to delete a provision restricting OCC from changing its By-Laws or Rules in any manner that may limit its obligations to clear and settle for NFX. In addition, a provision has been deleted requiring OCC to amend the Clearing Agreement in the event that OCC has made changes to its standard form agreement for clearing and settlement services. Section 8 has also been amended to delete a provision stating OCC is required to consult with NFX and modify OCC's By-Laws or Rules to incorporate product design features specified by NFX for new products. OCC believes that these

<sup>4</sup> See <http://www.cftc.gov/ucm/groups/public/@otherif/documents/ifdocs/nasdaqorderofreinstatement.pdf>.

<sup>5</sup> See Securities Exchange Act Release No. 66340 (February 7, 2012), 77 FR 7621 (February 13, 2012) (SR-OCC-2012-02).

<sup>6</sup> See 17 CFR 40.1.

<sup>7</sup> More specifically, the Previous Agreement, in relevant part, stated that it would terminate if NFX terminates trading of all Cleared Contracts. See Section 19(b) of the Previous Agreement. See also note 5 *supra*.

<sup>8</sup> See note 4 *supra*.

<sup>9</sup> See Sections 3(a) and 9 of the Clearing Agreement in which language has been added allowing such flexibility.

<sup>10</sup> See Article I, Section 1(C)(28) of OCC's By-Laws. See also Sections 3(g), 6(a), 7, 19, and Schedule A, Section 1 of the Clearing Agreement.

provisions are no longer necessary as they limit OCC's ability to modify its By-Laws, Rules and agreements which may be necessary for OCC to fulfill its obligations as a clearing organization. OCC will, however, continue to be obligated to fulfill both the provisions of the Clearing Agreement and OCC's regulatory responsibilities. Section 8 has additionally been amended to delete an obligation for each party to provide the other with proposed rule changes. The elimination of this contractual obligation reflects the parties' determination that their respective obligations to post filed regulatory submissions on their public Web sites provides sufficient notice of such changes.

- Section 11, "Financial Requirements for Clearing Members," has been amended to delete a provision stating the specific financial responsibility standards OCC has with respect to its Clearing Members. This change was made to further streamline the Clearing Agreement given OCC's general obligation to remain consistent with OCC By-Laws and Rules.

- Section 14, "Programs and Projects," has been amended to eliminate a provision expressly requiring OCC to offer futures contract clearing terms to NFX that are no less favorable to the terms offered to other exchanges.

- Sections 15 and 24 in the Previous Agreement, "Information Sharing" and "Quality Standards" respectively, have been deleted in their entirety in an attempt to simplify the Clearing Agreement as the sections create unnecessary obligations on the parties and are duplicative of general regulatory responsibilities of both parties.

- Section 18(b), "Other Grounds for Termination," has been amended to include a provision that OCC may terminate the Clearing Agreement at any time so long as NFX is given 120 days prior written notice. The addition of this provision better balances the rights of both parties to terminate the Clearing Agreement at their discretion provided that proper notice is given as required by the Clearing Agreement.

- Various administrative changes have been made throughout the document including, but not limited to, an amended legal name and description of NFX, updated references to sections within the document, and clean-up changes of duplicative terms.

Finally, pursuant to the rule change, as approved, Schedule A of the Clearing Agreement, "Description of Clearing and Settlement Services" and Schedule B of the Clearing Agreement,

"Information Sharing," are being amended as follows:

- Section (1) of Schedule A of the Clearing Agreement, "Trade Acceptance," has been updated to reflect current OCC operational requirements with respect to submission of confirmed trades.

- Section (4) of Schedule A, "Information for Clearing Members," has been amended to delete specific information sharing obligations of OCC to its Clearing Members and to state that the information provided to Clearing Members will be in accordance with OCC's By-Laws and Rules.

- Section (I)(A) of Schedule B has been amended to delete specific references to information that OCC will provide to Clearing Members on a daily basis and instead adds a provision that OCC will provide NFX with its "Data Distribution Service" information for regulatory and financial purposes.

- Section (I)(B) of Schedule B has been amended to delete certain information sharing provisions and to state that the information sharing obligations OCC continues to have may be satisfied by posting the required information on OCC's public Web site which streamlines the information sharing process.

## II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act<sup>11</sup> directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,<sup>12</sup> which requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, to the extent applicable, derivative agreements, contracts, and transactions, to assure the safeguarding of securities and funds which are in its custody or control or for which it is responsible, and, in general, to protect investors and the public interest. As approved, the Clearing Agreement will allow derivative contract trades executed on NFX to be cleared and settled at OCC, thereby ensuring that these trades will be subject to the comprehensive operational and risk management framework at OCC. In so doing, the

Clearing Agreement, should reduce the costs and risks associated with clearing and settling NFX trades, which should in turn promote the prompt and accurate clearance and settlement of the NFX derivative contract transactions, better assure the safeguarding of related securities and funds in the custody and control of OCC, and better protect investors and the public interest.

## III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act<sup>13</sup> and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>14</sup> that the proposed rule change (SR-OCC-2015-03) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>15</sup>

**Brent J. Fields,**  
*Secretary.*

[FR Doc. 2015-09266 Filed 4-21-15; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-74741; File No. SR-ICEEU-2015-005]

### Self-Regulatory Organizations; ICE Clear Europe Limited; Notice of Designation of Longer Period for Commission Action on Proposed Rule Change Relating to CDS Procedures for CDX North America Index CDS Contracts

April 16, 2015.

On February 12, 2015, ICE Clear Europe Limited ("ICEEU") 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 revise ICEEU's CDS Procedures, CDS Risk Model Description and CDS End-of-Day Price Discovery Policy to provide the basis for ICEEU to clear CDX North America Index CDS Contracts ("CDX.NA Contracts"). The proposed rule change

<sup>13</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>14</sup> 15 U.S.C. 78s(b)(2).

<sup>15</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>11</sup> 15 U.S.C. 78s(b)(2)(C).

<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(F).