

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71087; File No. SR-Topaz-2013-17)

December 17, 2013

Self-Regulatory Organizations; Topaz Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Market Data Offerings

Pursuant to 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 December 5, 2013, Topaz Exchange LLC (d/b/a ISE Gemini) (the “Exchange” or “Topaz”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. Topaz has designated the proposed rule change as constituting a “non-controversial” rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal effective upon receipt of this filing by 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 Substance of the Proposed Rule Change

Topaz is proposing is proposing [sic] to establish certain market data offerings. The proposed rule change is available on the Exchange’s Internet website at <http://www.ise.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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(6).

the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 purpose of this proposed rule change is to establish three market data offerings: the Topaz order feed ("Order Feed"), the Topaz top quote feed ("Top Quote Feed"), and the Topaz depth of market raw data feed ("Depth Feed").

The Order Feed provides real-time data on every order that rests on the Topaz order book. The Top Quote Feed provides real-time aggregated volume of all quotes and orders at the top price level on the Exchange, i.e., the Best Bid or Offer ("BBO"). Finally, the Depth Feed provides real-time aggregated volume of all quotes and orders available at each of the top five price levels on the Exchange. Each of these market data feeds is described in greater detail below. The feeds provide valuable information that can help subscribers make informed investment decisions, and operate in the same manner as feeds offered by the International Securities Exchange, LLC ("ISE"). Each of these feeds is available to members and non-members, and to both professional and non-professional subscribers. The Exchange will submit a separate proposal to establish fees for these market data offerings, which will be provided to market participants for free until such fees are adopted.

Order Feed

The Order Feed provides real-time updates to subscribers every time a new limit order that is not immediately executable at the BBO is placed on the Topaz order book. The Order Feed also announces the commencement of auctions including Flash, Facilitation, Solicitation,

Block Order and Price Improvement Mechanisms, as well as Directed Orders, but does not include Immediate or Cancel (“IOC”) or Fill or Kill (“FOK”) orders, quotes, or any non-displayed interest. The information included on the Order Feed includes auction type, order side (i.e., buy/sell), order price, order size, and a market participant (e.g., priority customer) indicator, as well as details for each instrument series, including the symbols (series and underlying security), put or call indicator, the expiration date, and the strike price of the series. While the Options Price Reporting Authority (“OPRA”) feed, as well as the Top Quote and Depth Feeds each provide aggregated order and quote information, the Order Feed provides each individual limit order, not including quote traffic, resulting in lower bandwidth usage and less data for subscribers to process.

Top Quote & Depth Feeds

The Top Quote and Depth Feeds are each real-time market data feeds that aggregate non-marketable, displayed quotes and orders on the Exchange on both the bid and offer side of the market. The Top Quote Feed provides aggregate quotes and orders at the top price level on the Exchange, and provides subscribers with a consolidated view of tradable prices at the BBO or “top of book.” The Depth Feed, on the other hand, provides aggregate quotes and orders at the top five price levels on the Exchange, and provides subscribers with a consolidated view of tradable prices beyond the BBO, showing additional liquidity and enhancing transparency for Topaz traded options. The data provided for each instrument includes the symbols (series and underlying security), put or call indicator, expiration date, the strike price of the series, and trading status. In addition, subscribers are provided with total quantity, customer quantity (if present), price, and side (i.e., bid/ask). This information is provided for the top price level on the Top Quote Feed, and for each of the five indicated price levels on the Depth Feed.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Securities Exchange Act of 1934 (the “Act”),⁴ in general and with Section 6(b)(5) of the Act,⁵ 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 regulating, clearing, settling, processing information with respect to, and facilitating 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.

In adopting Regulation NMS, the Commission granted self-regulatory organizations and broker-dealers increased authority and flexibility to offer new and unique market data to the public. It was believed that this authority would expand the amount of data available to consumers, and also spur innovation and competition for the provision of market data. The Exchange believes that this proposal is in keeping with those principles by promoting increased transparency through the dissemination of more useful proprietary data and also by clarifying its availability to market participants.

Additionally, the Exchange is making a voluntary decision to make this data available as it is not required to furnish this data under the Act. The Exchange chooses to make the data available as proposed in order to improve market quality, to attract order flow, and to increase transparency. The Exchange notes that the data provided on each of these feeds is the same as data provided by the ISE with respect to options traded on that exchange. The Exchange

⁴ 15 U.S.C. 78f.

⁵ 15 U.S.C. 78f(b)(5).

believes that is in the public interest to make similar information available with respect to options traded on Topaz.

The Order, Top Quote, and Depth Feeds are each designed to promote just and equitable principles of trade by providing all subscribers with data that should enable them to make informed decisions on trading in Topaz options by using the data to assess current market conditions that directly affect such decisions. The market data provided by each of these feeds removes impediments to, and is designed to further perfect, the mechanisms of a free and open market and a national market system by making the Topaz market more transparent and accessible to market participants making routing decisions concerning their options orders. The market data products are also designed to protect investors and the public interest by providing data to subscribers that is already currently available on other exchanges, and will enable Topaz to compete with such other exchanges, thereby offering market participants with additional data in order to seek the market center with the best price and the most liquidity on which to execute their transactions, all to the benefit of investors and the public interest, and to the marketplace as a whole.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. On the contrary, the Exchange believes that the proposed market data products will enhance competition in the U.S. options markets by providing similar data to that which is currently provided on other options exchanges. The Exchange believes that each of these market data feeds will help attract new users and new order flow to the Exchange, thereby improving the Exchange's ability to compete in the market for options order flow and executions.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁶ and Rule 19b-4(f)(6) thereunder.⁷

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.

⁶ 15 U.S.C. 78s(b)(3)(A).

⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to give 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, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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 e-mail to rule-comments@sec.gov. Please include File Number SR-Topaz-2013-17 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-Topaz-2013-17. This file number should be included on the subject line if e-mail 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 website (<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 website 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-Topaz-2013-17 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁸

Kevin M. O'Neill
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).