

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-73457; File No. SR-CTA/CQ-2014-02)

October 29, 2014

Consolidated Tape Association; Order Approving the Twentieth Substantive Amendment to the Second Restatement of the Consolidated Tape Association Plan and Fourteenth Substantive Amendment to the Restated Consolidated Quotation Plan

I. Introduction

On August 6, 2014, the Chicago Board Options Exchange, Incorporated, on behalf of Participants in the Second Restatement of the Consolidated Tape Association (“CTA”) Plan and the Restated Consolidated Quotation (“CQ”) Plan (collectively the “Participants”)¹ filed with the Securities and Exchange Commission (“SEC” or “Commission”) pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”),² and Rule 608 thereunder,³ a proposal to amend the Second Restatement of the CTA Plan and Restated CQ Plan (collectively, the “Plans”).⁴ The

¹ Each participant executed the proposed amendment. The Participants are: BATS Exchange, Inc., BATS-Y Exchange, Inc., Chicago Board Options Exchange, Incorporated, Chicago Stock Exchange, Inc., EDGA Exchange, Inc., EDGX Exchange, Inc., Financial Industry Regulatory Authority, Inc., International Securities Exchange, LLC, NASDAQ OMX BX, Inc., NASDAQ OMX PHLX, Inc., Nasdaq Stock Market LLC, National Stock Exchange, Inc., New York Stock Exchange LLC, NYSE Arca, Inc. and NYSE MKT LLC.

² 15 U.S.C. 78k-1.

³ 17 CFR 242.608.

⁴ See Securities Exchange Act Release Nos. 10787 (May 10, 1974), 39 FR 17799 (May 20, 1974) (declaring the CTA Plan effective); 15009 (July 28, 1978), 43 FR 34851 (August 7, 1978) (temporarily authorizing the CQ Plan); and 16518 (January 22, 1980), 45 FR 6521 (January 28, 1980) (permanently authorizing the CQ Plan). The most recent restatement of both Plans was in 1995. The CTA Plan, pursuant to which markets collect and disseminate last sale price information for non-NASDAQ listed securities, is a “transaction reporting plan” under Rule 601 under the Act, 17 CFR 242.601, and a “national market system plan” under Rule 608 under the Act, 17 CFR 242.608. The CQ Plan, pursuant to which markets collect and disseminate bid/ask quotation information for listed securities, is a “national market system plan” under Rule 608 under the Act, 17

proposal represents the twentieth substantive amendment to the CTA Plan (“Twentieth Amendment to the CTA Plan”) and the fourteenth substantive amendment to the CQ Plan (“Fourteenth Amendment to the CQ Plan”), and reflects changes unanimously adopted by the Participants. The Twentieth Amendment to the CTA Plan and the Fourteenth Amendment to the CQ Plan (collectively “the Amendments”) would amend the Plans to change certain voting requirements under the CTA Plan and the CQ Plan. The proposed Amendments were published for comment in the Federal Register on October 7, 2014.⁵ No comment letters were received in response to the Notice. This order approves the proposed Amendments to the Plans.

II. Description of the Proposal

The Amendments propose (a) to change the voting requirement for amending the capacity planning process under both the CTA Plan and the CQ Plan from a unanimous vote to the affirmative vote of a majority of all Participants entitled to vote, (b) to change the voting requirement for reducing a fee under both the CTA Plan and the CQ Plan from unanimity to the affirmative vote of two-thirds of all Participants entitled to vote, and (c) to change the voting requirement for establishing a new fee or to delete an existing fee under the CQ Plan from unanimity to the affirmative vote of two-thirds of all Participants entitled to vote.

III. Discussion

After careful review, the Commission finds that the Amendments to the Plans are consistent with the requirements of the Act and the rules and regulations thereunder,⁶ and, in

⁵ See Securities Exchange Act Release No.73285 (October 1, 2014), 79 FR 60555 (“Notice”).

⁶ The Commission has considered the proposed amendments’ impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

particular, Section 11A(a)(1) of the Act⁷ and Rule 608 thereunder⁸ in that they are necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system. The Commission believes a majority vote, rather than a unanimous vote, will provide the CTA and the CQ Plan's Operating Committee greater flexibility to revise the capacity planning process when they find it beneficial to do so. The Commission notes that the Nasdaq/UTP Plan requires a majority vote to effect changes to the capacity planning process.

Similarly, the Commission believes that a two-thirds majority vote to reduce or eliminate an existing fee or establish a new fee should provide the Participants more flexibility to change fees. Current voting requirements for reducing or eliminating an existing fee or for establishing a new fee vary widely under the CTA and CQ Plans.⁹ The proposed Amendments harmonize requirements under the Plans for effecting fee-related changes. As a result of the proposed Amendments, both Plans would require a two-thirds vote to establish or increase a fee or to eliminate or reduce a fee. These changes would provide Participants with greater flexibility with respect to the Plans' fee schedule. The changes would also harmonize voting requirements under the CTA Plan and the CQ Plan with corresponding requirements under the OPRA Plan.

⁷ 15 U.S.C. 78k-1(a)(1).

⁸ 17 CFR 240.608.

⁹ See Notice at 60555.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 11A of the Act,¹⁰ and the rules thereunder, that the proposed Amendments to the CTA and CQ Plans are approved.

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

Kevin M. O'Neil
Deputy Secretary

¹⁰ 15 U.S.C. 78k-1.

¹¹ 17 CFR 200.30-3(a)(27).