



SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-75464; File No. SR-OC-2015-02]

Self-Regulatory Organizations; OneChicago, LLC; Notice of Filing of Proposed Rule Change Relating to Decimal Pricing for Spread Transactions

July 16, 2015

Pursuant to Section 19(b)(7) of the Securities Exchange Act of 1934 (the “Act”)¹, notice is hereby given that on July 1, 2015, OneChicago, LLC (“OneChicago,” “OCX,” or the “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons. OneChicago has also filed this rule change with the Commodity Futures Trading Commission (“CFTC”). OneChicago filed a written certification with the CFTC under Section 5c(c) of the Commodity Exchange Act (“CEA”) on July 1, 2015.

I. Self-Regulatory Organization’s Description of the Proposed Rule Change

OneChicago is proposing to amend OCX Rule 905 (Form of Specifications Supplement) to add spreads to the types of transactions to which four (4) decimal pricing applies.² This expansion will allow these trades to be more efficiently priced because the interest rate component of Single Stock Futures (“SSFs”) spreads can be more accurately expressed in sub-penny increments. Currently, the minimum price fluctuation is set at \$0.01 for non-block and

¹ 15 U.S.C. 78s(b)(7).

² A spread transaction involves buying (selling) a stated number of contracts of a particular expiry month and simultaneously selling (buying) the same number of those contracts of a different expiry month.

non-EFP trades, and \$0.0001 for block and EFP trades. In other words, block and EFP trades are already traded in four decimals. Upon amending Rule 905, outright SSF trades (non-spread, non-block, and non-EFP trades) will continue to trade with minimum fluctuations of \$0.01, while spread, block, and EFP transactions will trade in minimum fluctuations of \$0.0001.

OneChicago is concurrently issuing NTM 2015-23. The NTM informs market participants that OneChicago is amending OCX Rule 905 and that the Exchange is reducing the minimum price fluctuation for spread transactions to \$0.0001.

The text of the proposed rule change is attached as Exhibit 4 to the filing submitted by the Exchange but is not attached to the published notice of the filing.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OneChicago included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on 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 a summary 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

OneChicago is proposing to amend OCX Rule 905 (Form of Specifications Supplement) to decrease the minimum fluctuation for spreads to \$0.0001 from \$0.01. In 2011, OneChicago

similarly amended the pricing of block and EFP transactions to allow for four decimal point trade prices.³ This expansion allowed these trades to be more efficiently priced because the interest rate component of these trades is more accurately expressed in sub-penny increments.⁴

OneChicago is now adding spreads to the types of trades to which four decimal pricing applies. OneChicago believes that this change will also allow spreads to be more efficiently priced, consistent with how blocks and EFPs are currently priced. The additional precision will aid in aligning these trades with the appropriate implied interest rate desired by market participants.

2. Statutory Basis

OneChicago believes that the proposed rule change is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5)⁶ in particular. The proposed rule change furthers the objectives of Section 6(b)(5) because it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons facilitating transactions, and will remove impediments to and help perfect the mechanism of a free and open market.

The proposed rule change will allow all market participants to price their spread trades more accurately. Since the price difference between the buy and the sell in a spread trade

³ See Securities Exchange Act Release No. 65053 (August 8, 2011) (SR-OC-2011-01). Block spreads, which are simply block-sized calendar spreads, have been trading in four decimal places since this rule change in 2011. OneChicago is now adding regular calendar spreads (of any size) to those transaction types that are traded in four decimal places. On July 20, 2015, block spreads will no longer be distinguished as a separate trade type on the Exchange.

⁴ The difference in price between the front month and back month of a spread generally reflects the interest rate component of the trade.

⁵ 15 U.S.C. 78f(b).

⁶ 15 U.S.C. 78f(b)(5).

reflects the interest rate component of the trade, the pricing of this component in four decimal places allows market participants to tailor their trade prices to their desired interest rate levels.

The Exchange believes that the proposed rule change and associated NTM are equitable and not unfairly discriminatory because they would apply equally to all market participants. The ability to trade spreads in four decimal places will not be limited to any class of market participant.

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

OneChicago does not believe that the rule change and associated NTM will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act, in that the rule change and associated NTM simply allow an additional type of transaction to be priced in four decimal places. This change will allow all market participants to more accurately price the interest rate component of their spread transactions.

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

No written comments were solicited or received with respect to the proposed rule change.

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

The rule amendment and NTM will become operative on July 20, 2015.

At any time within 60 days of the date of effectiveness of the proposed rule change, the Commission, after consultation with the CFTC, may summarily abrogate the proposed rule change and require that the proposed rule change be refiled in accordance with the provisions of Section 19(b)(1) of the Act.⁷

IV. Solicitation of Comments

⁷ 15 U.S.C. 78s(b)(1).

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-OC-2015-02 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-OC-2015-02. 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 such filing also will be available for inspection and copying at the principal offices 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-OC-2015-02, and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

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

Robert W. Errett,
Deputy Secretary.

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⁸ 17 CFR 200.30-3(a)(73).