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. Please include File No. SR–EDGX–2012–04 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–EDGX–2012–04. 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 a.m. and 3 p.m. Copies of such 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–EDGX–2012–04 and should be submitted by March 9, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.24

Kevin M. O’Neill,
Deputy Secretary.

[FR Doc. 2012–3707 Filed 2–16–12; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change Relating to Its Automated Improvement Mechanism

February 13, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on January 31, 2012, C2 Options Exchange, Incorporated (the “Exchange” or “C2”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been substantially prepared by the Exchange. 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 the Substance of the Proposed Rule Change

The Exchange proposes to amend its rules relating to its Automated Improvement Mechanism (“AIM”). The text of the proposed rule change is available on the Exchange’s Web site (http://www.c2exchange.com), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The purpose of this proposed rule change is to amend C2 Rule 6.51 to permit an Initiating Participant to elect to have last priority in AIM’s order allocation. AIM allows a Participant to submit an Agency Order along with a contra-side second order (a principal order or a solicited order for the same size as the Agency Order) into an Auction where other participants could compete with the Initiating Participant’s second order to execute against the Agency Order, which guarantees that the Agency Order will receive an execution.3 Initiating Participants must submit the Agency Order at the better of the NBBO or the Agency Order’s limit price (if the order is a limit order).4 Once an Auction commences, the Initiating Participant cannot cancel it.5 Upon receipt of an Agency Order (and the Initiating Participant’s second order), the Exchange will commence the Auction by issuing a Request For Response (“RFR”) detailing the side and size of the Agency Order. The RFR period will last for one (1) second.6 At the conclusion of an Auction, an Agency Order will be allocated at the best price(s) in accordance with the applicable matching algorithm rules for that class, subject to the allocation provisions of Rule 6.51(b)(3).

Under this proposal, when submitting an Agency Order to initiate an Auction against a single-price submission, the Initiating Participant will have the opportunity to elect to have last priority in AIM’s order allocation. If the Initiating Participant makes this election, the Initiating Participant would be allocated only the amount of contracts remaining, if any, after the Agency Order is allocated to all other Auction participants willing to trade with the Agency Order at the single-price submission price.7 If it makes this election, the Initiating Participant may not be allocated any contracts, or may be allocated fewer contracts than it


3 See C2 Rule 6.51.

4 See C2 Rule 6.51(b)(2). The Commission notes that if the Agency Order is for less than 50 contracts, the Initiating Participant must submit the Agency Order at the better of the NBBO price improved by one minimum price improvement increment, which increment shall be determined by the Exchange but may not be smaller than one cent; or the Agency Order’s limit price (if the order is a limit order). See C2 Rule 6.51(a)(3).


7 The Exchange notes that Chapter V, Section 18(f)(v), The Price Improvement Period (“PIP”), of the Rules of the Boston Exchange Group, LLC includes a similar provision that permits an options participant initiating a PIP auction to designate a lower amount for which it will retain certain priority and trade allocation privileges upon the conclusion of the PIP auction than the 40% of the PIP order to which the initiating options participant is otherwise entitled pursuant to PIP’s allocation order.


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would otherwise receive pursuant to Rule 6.51(b)(3)(F) (generally 40%).

As an example, suppose an Initiating Participant submits to an Auction an Agency Order for 1,000 contracts and makes the election described above:

- If at the conclusion of the Auction, other Auction participants are willing to trade with 800 of these contracts at the single-price submission price or better price(s) resulting from the Auction, then the Initiating Participant will be allocated the remaining 200 contracts (or 20%) for execution against its contra-side order at its specified single price.
- If at the conclusion of the Auction, other Auction participants are willing to trade with 600 of these contracts at the single-price submission price or better price(s) resulting from the Auction, the Initiating Participant will be allocated 600 contracts for execution against its contra-side order at its specified single price.
- If at the conclusion of the Auction, other Auction participants are willing to trade with 400 of these contracts at the single-price submission price or better price(s) resulting from the Auction, then the Initiating Participant will be allocated 400 contracts for execution against its contra-side order at its specified single price.
- If at the conclusion of the Auction, other Auction participants are willing to trade with 200 of these contracts at the single-price submission price or better price(s) resulting from the Auction, then the Initiating Participant will be allocated no contracts.

Under this proposal, Agency Orders submitted to AIM will continue to be guaranteed execution at a price at least as good as the NBBO while providing the opportunity for execution at a price better than the NBBO.

The Exchange believes this proposal will incent more Participants to initiate Auctions, because the additional flexibility encourages increased participation by Participants willing to trade with the entire Agency Order at the single-price submission price or better price(s) resulting from the Auction, then the Initiating Participant will be allocated no contracts.

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will: (A) By order approve or disapprove such proposed rule change, or (B)

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the requirements of the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act*. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

In particular, the Exchange believes this proposed rule change is a reasonable modification designed to provide additional flexibility for Participants to obtain executions on behalf of their customers while continuing to provide meaningful, competitive Auctions. The Exchange also believes that the proposed rule change will increase the number of and participation in Auctions, which will ultimately enhance competition in the AIM Auctions and provide customers with additional opportunities for price improvement.

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 not necessary or appropriate in furtherance of the purposes of the Act.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will: (A) By order approve or disapprove such proposed rule change, or (B) institute proceedings to determine whether the proposed rule change should be 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. Please include File Number SR–C2–2012–006 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–C2–2012–006. 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 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 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–C2–2012–006, and should be submitted on or before March 9, 2012.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Amex LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Provide for “Self-Trade Prevention” on the Exchange

February 13, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder, notice is hereby given that, on January 30, 2012, NYSE Amex LLC (the “Exchange” or “NYSE Amex”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. 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

The Exchange proposes to add new Commentary .02 to NYSE Amex Options Rule 964NY (Display, Priority and Order Allocation—Trading Systems) to provide for “Self-Trade Prevention” on the Exchange. The text of the proposed rule change is available at the Exchange, the Commission’s Public Reference Room, and www.nyse.com.

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 self-regulatory organization 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 those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange proposes to add new Commentary .02 to NYSE Amex Options Rule 964NY (Display, Priority and Order Allocation—Trading Systems) to provide for “Self-Trade Prevention” on the Exchange. As proposed, the Exchange would cancel any resting Market Maker quote(s) and order(s) to buy (sell) that are priced equal to or higher (lower) than an incoming Market Maker quote, order or both to sell (buy) entered under the same trading permit identification. The following examples illustrate how Self-Trade Prevention would function:

Example 1
- The National Best Bid and Offer (“NBBO”) for a particular option series is $1.15 (bid)—$1.20 (offer);
- The Exchange Best Bid and Offer (“BBO”) is $1.15 (bid)—$1.25 (offer);
- A Market Maker has a single resting PNP Order to buy on the Exchange’s Consolidated Book with a price of $1.15;
- If the Market Maker submits an order to sell with a price of $1.15, the Exchange's Consolidated Book will cancel the Market Maker’s resting PNP Order to buy with a price of $1.15.

Example 2
- The NBBO and BBO are the same as in Example 1;
- A Market Maker has two separate resting PNP Orders to buy on the Exchange’s Consolidated Book, with prices of $1.15 and $1.13, respectively; if the Market Maker submits an Order to sell with a price of $1.14, the Market Maker’s resting PNP Order to buy with a price of $1.15, but would not cancel the Market Maker’s resting PNP Order to buy with a price of $1.13.

As proposed, Self-Trade Prevention would be in effect throughout the trading day for all Market Makers on the Exchange, but not during Trading Auctions. In this regard, the Exchange believes that it is highly unlikely that a Market Maker would trade against its own resting interest during a Trading Auction. Moreover, the Exchange notes that it would be difficult to implement this functionality from a technological and operational perspective because it would require the Exchange to cancel resting, executable Market Maker trading interest as it is calculating the price at which to conduct the Trading Auction. For these reasons, the Exchange is not applying Self-Trade Prevention to Trading Auctions.

The Exchange also proposes that Self-Trade Prevention would not be applicable to individual legs of Complex Orders. In this regard, dealers of Complex Orders, including Market Makers, view them as discrete orders, serving a particular investment purpose, that are contingent on all of the legs of the Complex Order being executed. Thus, they are only interested in having all of the legs of a Complex Order executed. Because the non-execution of

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For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 10

Kevin M. O’Neill, Deputy Secretary.

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10 See, e.g., NYSE Amex Options Rule 952A.
11 See NYSE Amex Options Rule 900.3NY(a), which defines Complex Order. See also NYSE Amex Options Rule 960NY, which describes electronic Complex Order trading.