

of the Act<sup>9</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>10</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>11</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>12</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange has asked the Commission to waive the five-day pre-filing requirement and the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission notes that the Exchange is proposing that certain of its rules relating to membership requirements be temporarily suspended so that Apex Clearing can be provisionally approved as an NSX ETP Holder. The proposed relief does not exempt Apex Clearing from Exchange rule requirements governing NSX ETP Holders. Apex Clearing would have a 30 calendar day grace period within which to apply for and be approved under relevant Exchange rules. Moreover, the Commission believes that waiver of the 30-day operative delay is appropriate to ensure a smooth transition of PFSI operations to Apex Clearing. In particular, given the rapidity with which events have developed, waiver of the 30-day operative delay is necessary to avoid significant disruption to PFSI's existing customers and the market generally. Therefore, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and designates the proposed rule change as operative upon filing.<sup>13</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 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-NSX-2012-08 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-NSX-2012-08. 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 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-NSX-2012-08 and should be submitted on or before July 2, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>14</sup>

Kevin M. O'Neill,  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67126; File No. SR-NYSE-2012-16]

### Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Temporarily Suspending the Requirements of NYSE Rule 311 and Related NYSE Rules Concerning the Approval of New Member Organizations in Order To Approve Apex Clearing Corporation, f/k/a Ridge Clearing and Outsourcing Solutions, Inc. as an NYSE Member Organization, Subject to Apex Clearing Complying With Exchange Rules for a New Member Organization Within 30 Calendar Days of the Date That Apex Clearing Is Provisionally Approved as an NYSE Member Organization

June 5, 2012.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (the "Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that June 5, 2012, New York Stock Exchange LLC ("NYSE" or the "Exchange") 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 self-regulatory organization. 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 temporarily suspend the requirements of NYSE Rule 311 and related NYSE rules concerning the approval of new member organizations in order to approve Apex Clearing Corporation, f/k/a Ridge Clearing and Outsourcing Solutions, Inc. ("Apex Clearing") as an NYSE member organization, subject to Apex Clearing complying with Exchange rules for a new member organization within 30 calendar days of the date that Apex

<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(6)(iii). 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 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 Commission is waiving this five-day pre-filing requirement.

<sup>11</sup> 17 CFR 240.19b-4(f)(6).

<sup>12</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>13</sup> For purposes only of waiving the 30-day operative delay, 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> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

Clearing is provisionally approved as an NYSE member organization. The Exchange is also proposing to accept Apex Clearing's assumption of all of the existing clearing agreements and arrangements currently in effect between Penson Financial Services Inc. ("PFSI") and various other NYSE member organizations by execution of a global agreement thereto. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.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 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 this rule filing to temporarily suspend the requirements of NYSE Rule 311 and related rules regarding the approval of member organizations in order to immediately approve Apex Clearing as an NYSE member organization. The Exchange proposes this temporary suspension on an emergency basis to ensure that Apex Clearing can continue the clearing operations of PFSI without unnecessary disruption, which could have a significant collateral impact to a number of other member organizations. The proposed temporary suspension is contingent upon Apex Clearing having complied with all new member organization Exchange rules within 30 calendar days of the date Apex Clearing is provisionally approved as an NYSE member organization pursuant to this filing.

On May 31, 2012, Apex Clearing Holdings, LLC ("Apex Holdings"), Apex Clearing Solutions, LLC, Broadridge Financial Solutions, Inc. ("Broadridge"), PFSI and Penson Worldwide, Inc. ("PWI") (together, the "Parties") consummated a transaction resulting in a change in ownership of Apex

Clearing.<sup>4</sup> Broadridge, Apex Holdings, PWI and PFSI each made capital investments in Apex Holdings, the holding company parent of Apex Clearing. PFSI also assigned all of its U.S. clearing contracts and all customer and introducing broker proprietary accounts along with key personnel to Apex Clearing (the "Transferring Accounts").<sup>5</sup>

As a result of the transaction, Apex Clearing, which is not an NYSE member organization, will provide the clearing and execution services currently provided to the Transferring Accounts by PFSI. On May 31, 2012, Apex Clearing submitted an application for approval as an NYSE member organization. However because of the expedited nature of the transaction, Apex Clearing was unable to fully comply with NYSE Rule 311 and related new member organization rules. Because of the need for seamless continuity with respect to the Transferring Accounts, Apex Clearing has requested that the Exchange temporarily suspend its new membership organization rules in order to enable Apex Clearing's approval as a member organization on an expedited basis. Pursuant to its request, Apex Clearing will fully comply with the Exchange's new member organization requirements within 30 calendar days after provisional approval.

NYSE Rule 311 requires any person who proposes to form a member organization to notify the Exchange in writing and submit such information as may be required by NYSE rules. When a corporate acquisition concerns an asset transfer only, and not an acquisition of the corporate entity, NYSE member organization status cannot be transferred to the acquiring entity. The entity that proposes to continue acquired business operations of a member organization must be separately approved as an NYSE member organization.

Among other things, to be approved as an NYSE member organization, the applicant must:

- Provide the Exchange with a written application with the name and address of the applicant as well as a list of all proposed parties required to be

<sup>4</sup> Prior to the Transaction, Apex Clearing's name was Ridge Clearing & Outsourcing Solutions, Inc. Prior to the transaction, Ridge Clearing & Outsourcing Solutions, Inc. contributed its outsourcing operations and all associated personnel and systems to its affiliated entity, Broadridge Securities Processing Solutions, LLC ("BSPS") where it will continue to provide operations support and outsourcing services to a number of broker-dealers, including Apex Clearing.

<sup>5</sup> See Penson Worldwide, Inc. Form 8-K dated May 31, 2012.

approved or identified pursuant to NYSE Rules 304 and 311 (NYSE Rule 311.11).

- Ensure that all persons associated with the applicant who meet the requirements of approved persons under NYSE Rule 304, consent to NYSE jurisdiction as a member or approved person (NYSE Rules 304 and 311(b)).

- Submit to the Exchange partnership or corporate documents as may be applicable including certificate of incorporation, by-laws, and other corporate documents (NYSE Rule 313.10 and .20).

- Provide the Exchange with an opinion of counsel that, among other things, the corporation is duly organized and its existing stock is validly issued and outstanding, and that the restrictions and provisions required by the Exchange on the transfer, issuance, conversion and redemption of its stock have been made legally effective (NYSE Rule 313.20).

In addition, the Exchange reviews whether the applicant meets federal and NYSE capital requirements and whether it has adopted controls and procedures to comply with Exchange rules.

Due to the amount of information an applicant is required to provide and have completed prior to being approved as a member organization, the member organization approval process generally takes several months to complete. The length of time varies based on the timing of the applicant's response to requests for information and documentation.

As proposed, Apex Clearing will continue the clearing and certain other operations of PFSI as of June 6, 2012. In order to avoid interruption of the services PFSI currently provides to other Exchange member organizations, the NYSE believes that Apex Clearing should be approved immediately as an NYSE member organization. The Exchange notes that Apex Clearing is already a registered broker dealer and FINRA member, which are prerequisites for becoming an NYSE member organization. See NYSE Rule 2(b).

The Exchange therefore proposes providing Apex Clearing with a temporary suspension of NYSE Rule 311 and related membership rules as they relate to approval to operate an NYSE member organization and approval of a proposed member organization's approved persons, and immediately approve Apex Clearing as a member organization. As proposed this temporary suspension is contingent upon:

- Apex Clearing providing the Exchange with sufficient information to confirm that Apex Clearing will meet its

capital requirements as an NYSE member organization; and

- Within 30 calendar days of Apex Clearing's approval as an NYSE member organization under this proposed filing, Apex Clearing and its approved persons will have complied with the Exchange's new member organization requirements as set forth in NYSE Rules 304 and 311-313.

As proposed, if Apex Clearing does not comply with all applicable NYSE member organization application requirements within 30 calendar days of the effective date of this filing, its status as an approved NYSE member organization will no longer be effective.

In addition, the Exchange proposes to accept Apex Clearing to assume all existing clearing agreements and arrangements currently in effect with other NYSE member organizations by execution of global agreements thereto. Notice of such assumption will be provided to impacted member organizations through issuance of Trader and/or Information Notices prior to the effective date thereof.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with Section 6(b)<sup>6</sup> of the Securities Exchange Act of 1934 (the "Act"), in general, and furthers the objectives of Section 6(b)(5)<sup>7</sup> in particular in that it is 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. The Exchange believes that permitting the expeditious approval of Apex Clearing as an NYSE member organization will avoid interruption of the services PFSI currently provides to other Exchange member organizations. Based on information and representations provided by Apex Clearing, a temporary suspension of certain NYSE membership rules is needed based on the expedited nature of the transaction to enable seamless continuity with respect to the transferring accounts. Consequently, the NYSE believes that temporary suspension of its member organization requirements so that Apex Clearing can be approved immediately as an NYSE member organization will help to foster cooperation and coordination with persons engaged in

facilitating transactions in securities and is consistent with the Act.

### 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.

### 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 Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup> Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>10</sup> and Rule 19b-4(f)(6)(iii) thereunder.<sup>11</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>12</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>13</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission notes that the Exchange is proposing that certain of its rules relating to membership requirements be temporarily suspended so that Apex Clearing can be provisionally approved

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>9</sup> 17 CFR 240.19b-4(f)(6).

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(6)(iii). 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 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 Commission is waiving this five-day pre-filing requirement.

<sup>12</sup> 17 CFR 240.19b-4(f)(6).

<sup>13</sup> 17 CFR 240.19b-4(f)(6)(iii).

as an NYSE member organization. The proposed relief does not exempt Apex Clearing from Exchange rule requirements governing member organizations. Apex Clearing would have a 30 calendar day grace period within which to apply for and be approved under relevant Exchange rules. Moreover, the Commission believes that waiver of the 30-day operative delay is appropriate to ensure a smooth transition of PFSI operations to Apex Clearing. In particular, given the rapidity with which events have developed, waiver of the 30-day operative delay is necessary to avoid significant disruption to PFSI's existing customers and the market generally. Therefore, the Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest and designates the proposed rule change as operative upon filing.<sup>14</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 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-NYSE-2012-16 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-NYSE-2012-16. This file

<sup>14</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>6</sup> 15 U.S.C. 78f(b).

<sup>7</sup> 15 U.S.C. 78f(b)(5).

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 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-NYSE-2012-16 and should be submitted on or before July 2, 2012.

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

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67122; File No. SR-NASDAQ-2012-067]

### Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Update the NASDAQ Options Market Message Traffic Mitigation Rule

June 5, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4<sup>2</sup> thereunder, notice is hereby given that, on May 29, 2012, The NASDAQ Stock Market LLC ("NASDAQ") filed with the Securities

and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by NASDAQ. 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

NASDAQ is filing with the Commission a proposal for the NASDAQ Options Market ("NOM" or "Exchange") to update its quote mitigation rule. Specifically, NASDAQ proposes to amend Chapter VI, Section 17, Message Traffic Mitigation, by deleting paragraph (c) and renumbering paragraphs (d) and (e).

The text of the proposed rule change is available from NASDAQ's Web site at <http://nasdaq.cchwallstreet.com/Filings>, at NASDAQ's principal office, 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, NASDAQ 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. NASDAQ 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 the proposed rule change is to update NOM rules to eliminate a message traffic mitigation provision that NASDAQ no longer intends to implement. Currently, Chapter VI, Section 17 provides that for the purpose of message traffic mitigation, based on NOM's traffic with respect to target traffic levels and in accordance with NOM's overall objective of reducing both peak and overall traffic, certain strategies may be implemented, which are listed in paragraphs (a)-(d). Of course, because NOM is a newer options market, launching in 2008 with a certain suite of products and participants, NOM did not immediately face message traffic

concerns requiring mitigation under this rule. Accordingly, NOM has not employed all of these features to date. Specifically, paragraph (c) has never been employed.

At this time, NASDAQ proposes to eliminate one aspect of its traffic mitigation rule that provides that NOM will prioritize price update messages and send out price updates before sending size update messages; the rule further provides that this functionality will be applied to all options series listed on NOM and in conjunction with the previously described replace on queue functionality<sup>3</sup> will ensure that NOM quote update messages are the most current and relevant available.<sup>4</sup> NASDAQ believes that the concept in paragraph (c) of "prioritizing" messages is not necessary because the replace on queue functionality in paragraph (b) accomplishes the same goal of mitigation.

Specifically, NASDAQ proposes to remove paragraph (c), because if the replace on queue functionality in paragraph (b) is operating, paragraph (c) cannot operate to prioritize price update messages over size update messages. The latest update message would have already been sent due to the replacement on queue functionality, which replaces the updated size message for the original message. For example, if the following three quotes in an options series are outbound as follows:

First message—\$1.00 bid for 10 contracts

Second message—\$1.01 bid for 5 contracts

Third message—\$1.01 bid for 6 contracts

In this situation, the operation of paragraph (b) would result in only the third message being sent, as it replaced both the first and second messages. In contrast, the operation of paragraph (c) would result in the second message being sent, because it is a price update; the third message would also be sent, because the prioritizing concept in paragraph (c) only prevents size changes from being sent if they are followed by a price change. Thus, two messages rather than one are sent if paragraph (c) is operating.

Similarly, if the fourth message was \$1.05 bid for 6 contracts, the operation of paragraph (b) would still result in

<sup>3</sup> The replace on queue functionality is a process by which an outbound quote message that has not been sent, but is about to be sent, will not be sent if a more current quote message for the same series is available for sending. See Chapter VI, Section 17(b).

<sup>4</sup> See Chapter VI, Section 17(c).

<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.