

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

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

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**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-67629; File No. SR-DTC-2012-05]

**Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Enable The Depository Trust Company To Collect and Pass Through Certain Fees Owed by Participants to Transfer Agents in Connection With the Deposit and Withdrawal at Custodian System**

August 9, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> notice is hereby given that on June 30, 2012, The Depository Trust Company (“DTC”) 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 primarily by DTC. DTC filed the proposal pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>2</sup> and Rule 19b-4(f)(2)<sup>3</sup> thereunder so that the proposal was effective upon filing with 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**

The purpose of this proposed rule change is to enable DTC to collect and pass through certain fees owed by participants to transfer agents in connection with the Deposit and Withdrawal at Custodian (“DWAC”) system.

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B) and (C) below, of the most significant aspects of such statements.<sup>4</sup>

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

DWAC can be utilized to electronically transfer securities between Participants and transfer agents, acting as custodians.<sup>5</sup> DWAC is designed for utilization by any Participant with respect to certain issues of securities in DTC’s Fast Automated Securities Transfer program (“FAST”).

For securities that are part of the FAST program, the transfer agents hold the securities registered in the name of DTC’s nominee, Cede & Co., in the form of balance certificates. As additional securities are deposited or withdrawn from DTC, the transfer agents adjust the denomination of the certificate as appropriate, and electronically confirm these changes with DTC. Transfer agents charge Participants a fee for the processing of a DWAC request. Participants must submit a check in the amount of the DWAC fee upon presentation of the transfer instructions, or the transfer agent invoices the Participant.

In order to facilitate a more efficient DWAC fee collection process, DTC is proposing to collect and pass through DWAC fees owed by Participants to transfer agents.<sup>6</sup> DTC will only collect DWAC fees from an entity that is a Participant of DTC at the close of business on the 7th business day of each month that DTC is collecting the fee. The introduction of this process has been discussed with and endorsed by the Securities Transfer Association. Furthermore, DTC has discussed this proposal with several of its Participants and all agree that it should be implemented as soon as possible. In order to cover costs incurred in collecting fees associated with DWAC transactions, DTC will retain a monthly collection charge equal to 1.5% of the DWAC fee collected on behalf of each transfer agent.<sup>7</sup> This collection charge will appear in the DTC Fee Schedule as follows:

Service	Current fee	Proposed fee	Per
Collection of transfer agent DWAC fees .....	N/A	1.5%	Per monthly amount collected for each transfer agent.

DTC expects to begin collecting DWAC fees in the first quarter of 2013. DTC will announce the implementation date by Important Notice.

DTC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act,<sup>8</sup> and the rules and regulations thereunder applicable to it because the proposed fee change is designed to provide for the equitable allocation of reasonable fees and charges among the users of DTC’s services.

*(B) Self-Regulatory Organization’s Statement on Burden on Competition*

DTC does not believe that the proposed rule change will have any impact, or impose any burden, on competition.

*(C) Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others*

Written comments relating to the proposed rule change have not yet been solicited or received. DTC will notify

the Commission of any written comments received by DTC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(ii)<sup>9</sup> of the Act and Rule 19b-4(f)(2)<sup>10</sup> thereunder. 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

<sup>8</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. 78s(b)(3)(A)(ii).

<sup>3</sup> 17 CFR 240.19b-4(f)(2).

<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

<sup>5</sup> For more information about the DWAC service, see Securities Exchange Act Release No. 29952 (November 18, 1991) 56 FR 59307 (November 25, 1991) (SR-DTC-91-16) (order granting approval of the DWAC service).

<sup>6</sup> Transfer agents that use DTC’s DWAC services are not required to use this collection service.

<sup>7</sup> DTC is charging this 1.5% collection fee to the transfer agent to cover its cost of administering the program.

<sup>8</sup> 15 U.S.C. 78q-1.

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

<sup>10</sup> 17 CFR 240.19b-4(f)(2).

action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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-DTC-2012-05 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-DTC-2012-05. 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 Section, 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 filings will also be available for inspection and copying at the principal office of DTC and on DTC's Web site ([http://www.dtcc.com/downloads/legal/rule\\_filings/2012/dtc/DTC\\_Rule\\_Filing\\_2012\\_05.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2012/dtc/DTC_Rule_Filing_2012_05.pdf)).

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-DTC-2012-05 and should

be submitted on or before September 5, 2012.

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

Kevin M. O'Neill,

Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67628; File No. SR-ISE-2012-71]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Fees for Certain Regular and Complex Orders Executed on the Exchange

August 9, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 1, 2012, the International Securities Exchange, LLC (the "Exchange" or the "ISE") 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 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 ISE is proposing to amend transaction fees for certain regular and complex orders executed on the Exchange. The text of the proposed rule change is available on the Exchange's Web site (<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 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 Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange currently assesses a per contract transaction charge and provides rebates to market participants that add or remove liquidity from the Exchange ("maker/taker fees and rebates") in a number of options classes (the "Select Symbols").<sup>3</sup> For removing liquidity in the Select Symbols, the Exchange currently charges a taker fee of: (i) \$0.29 per contract for Market Maker<sup>4</sup> and Market Maker Plus<sup>5</sup> orders, (ii) \$0.35 per contract for Non-ISE Market Maker<sup>6</sup> orders, (iii) \$0.30 per contract for Firm Proprietary/Broker-Dealer and Professional Customer<sup>7</sup> orders, and (iv) \$0.20 per contract for Priority

<sup>3</sup> Options classes subject to maker/taker fees and rebates are identified by their ticker symbol on the Exchange's Schedule of Fees.

<sup>4</sup> The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(25).

<sup>5</sup> A Market Maker Plus is an ISE Market Maker who is on the National Best Bid or National Best Offer 80% of the time for series trading between \$0.03 and \$5.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$5.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium in each of the front two expiration months and 80% of the time for series trading between \$0.03 and \$5.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$5.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium across all expiration months in order to receive the rebate. The Exchange determines whether a Market Maker qualifies as a Market Maker Plus at the end of each month by looking back at each Market Maker's quoting statistics during that month. A Market Maker's single best and single worst overall quoting days each month, on a per symbol basis, are excluded in calculating whether a Market Maker qualifies for this rebate, if doing so qualifies a Market Maker for the rebate. If at the end of the month, a Market Maker meets the Exchange's stated criteria, the Exchange rebates \$0.10 per contract for transactions executed by that Market Maker during that month. The Exchange provides Market Makers a report on a daily basis with quoting statistics so that Market Makers can determine whether or not they are meeting the Exchange's stated criteria.

<sup>6</sup> A Non-ISE Market Maker, or Far Away Market Maker ("FARM"), is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

<sup>7</sup> A Professional Customer is a person who is not a broker/dealer and is not a Priority Customer.

<sup>11</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.