Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549–1090.

All submissions should refer to File Number SR–CBOE–2012–115. 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 20549–1090, 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 CBOE’s principal office and on its Internet Web site. 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–CBOE–2012–115, and should be submitted on or before January 2, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.7 Kevin M. O’Neill, Deputy Secretary.

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Withdrawal of Proposed Rule Change, as Modified by Amendment Nos. 1 and 2 Thereto, To Establish the Market Quality Program

December 6, 2012.

On March 23, 2012, The NASDAQ Stock Market LLC (“Exchange” or “NASDAQ”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 1 and Rule 19b–4 thereunder,2 a proposed rule change to establish the Market Quality Program (“MQP”). On March 29, 2012, the Exchange submitted Amendment No. 1 to the proposed rule change. The proposed rule change, as modified by Amendment No. 1 thereto, was published in the Federal Register on April 12, 2012.3 The Commission initially received fifteen comment letters on the proposed rule change.4 On May 18, 2012, the Commission extended the time period in which to either approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change, to July 11, 2012.5 The Commission subsequently received three additional comment letters on the proposed rule change and a response letter from the Exchange.6

On July 11, 2012, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.7 The Commission thereafter received six comment letters and two response letters and one email response from the Exchange.8 On October 2, 2012, the Commission issued a notice of designation of longer period for Commission action on proceedings to determine whether to disapprove the proposed rule change.9 On November 6, 2012, the Exchange submitted Amendment No. 2 to the proposed rule change.10 On December 6, 2012, the

Letter from Rey Ramsey, President & CEO, TechNet, dated June 20, 2012; and Letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, Managed Funds Association, dated July 3, 2012. See also Letter from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ, dated July 6, 2012.


8 See Letters from Joseph Cavatoni, Managing Director, and Joanne Medero, Managing Director, BlackRock, Inc., dated July 11, 2012; Letter from Stasialav Dolgopolov, Assistant Adjunct Professor, UCLA School of Law, dated August 15, 2012; Letter from James E. Ross, Global Head, SPDR Exchange Traded Funds, State Street Global Advisor, dated August 16, 2012; Letter from Ari Burstein, Senior Counsel, Investment Company Institute, dated August 16, 2012; Letter from F. William McNabb, Chairman and Chief Executive Officer, BlackRock, Inc., dated August 16, 2012; and Letter from Andrew Stevens, Legal Counsel, IMC Chicago, LLC d/b/a IMC Financial Markets, dated August 16, 2012. See also Letters from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ OMX LLC, dated August 30, 2012 and Jurij Tryspunken, Esq., NASDAQ, dated September 7, 2012, and email from Ed Knight, NASDAQ, dated September 19, 2012.


10 In Amendment No. 2, the Exchange proposed to amend its proposed rule text to: (i) Add provisions requiring it to disclose on its Web site: (a) The dates that MQP Securities commence participation in and withdraw or are terminated from the MQP, (b) a statement about the MQP that sets forth a general description of the MQP as implemented on a pilot basis and a fair and balanced summation of the potentially positive aspects of the MQP (e.g., enhancement of liquidity and market quality in MQP Securities) as well as the potentially negative aspects and risks of the MQP (e.g., possible lack of liquidity and negative price impact on MQP Securities that withdraw or are terminated from the MQP), and indicates how interested parties can get additional information about products in the MQP; (c) a statement that when it receives notification that an MQP Company or MQP Market Maker intends to withdraw from the MQP, and the date of actual withdrawal or termination from the MQP; (ii) a requirement that during such time that an MQP Company lists an MQP Security, the MQP Company must, on a product-specific Web site for each product, indicate that the product is in the MQP and provide the link to the Exchange’s MQP Web page; (iii) add a provision clarifying that the MQP Fee in respect of an ETF shall be paid by the sponsor(s) of such ETF, and the MQP Fee in respect of a TIR shall be paid by the sponsor(s) of such TIR, as applicable; (iv) amend the termination provision to provide that the MQP will terminate in respect of an MQP Security if such MQP Security sustains an average daily trading volume...
Exchange withdrew the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto (SR–NASDAQ–2012–043).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.11
Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2012–29960 Filed 12–11–12; 8:45 am]
BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting Certain Changes to Disclosure Regarding Adjustments for Cash Dividends and Distributions in Respect of Options Overlying Less than 100 Shares To Accommodate the Trading of Mini Options

December 6, 2012.

On October 2, 2012, The Options Clearing Corporation (“OCC”) submitted to the Securities and Exchange Commission (“Commission”), pursuant to Rule 9b–1 under the Securities Exchange Act of 1934 (“Act”),1 five preliminary copies of a supplement (“November 2012 Supplement”) to amend the options disclosure document (“ODD”) to reflect certain changes to disclosure regarding adjustments for cash dividends and distributions in respect of options overlying less than 100 shares to accommodate the trading of mini options.2 On November 14, 2012, the OCC submitted to the Commission definitive copies of the November 2012 Supplement.3

The ODD currently contains general disclosures on the characteristics and risks of trading standardized options. In September 2012, the Commission approved proposed rule changes that permitted the International Securities Exchange, LLC and NYSE Arca, Inc. to list and trade mini options (“Mini Options”) overlying 10 shares of SPDR S&P 500 ETF, Apple Inc., SPDR Gold Trust, Google Inc., and Amazon.com, Inc.4 Subsequently, NASDAQ OMX PHLX LLC filed a proposed rule change to list and trade these Mini Options.5 The current proposed November 2012 Supplement amends the ODD disclosure to accommodate adjustments for cash dividends and distributions in respect of options overlying less than 100 shares.6 This change will help to ensure that Mini Options are adjusted when the corresponding standard-sized options are adjusted. Specifically, the November 2012 Supplement would make clear that no adjustment will normally be made for any cash dividend or distribution that amounts to less than $0.125 per underlying share. In addition, for contracts originally listed with a unit of trading larger than 100 shares, the November 2012 Supplement will continue to provide that no adjustment normally would be made for any cash dividend or distribution that amounts to less than $12.50 per contract. The proposed supplement is intended to be read in conjunction with the more general ODD, which discusses the characteristics and risks of options generally.7

Rule 9b–1(b)(2)(i) under the Act provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of the information disclosed and the public interest and protection of investors.8 In addition, five copies of the definitive ODD, as amended or supplemented,

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1 17 CFR 240.9b–1.
2 See letter from Jean M. Cawley, Senior Vice President, Deputy General Counsel and Chief Compliance Officer, OCC, to Sharon Lawson, Senior Special Counsel, Division of Trading and Markets (“Division”), Commission, dated October 1, 2012.
3 See letters from Jean M. Cawley, Senior Vice President, Deputy General Counsel and Chief Compliance Officer, OCC, to Sharon Lawson, Senior Special Counsel, Division of Trading and Markets (“Division”), Commission, dated November 9, 2012.
6 The Commission recently approved a proposed rule change by the OCC to make similar changes to its By-Laws. See Securities Exchange Act Release No. 67917 (September 24, 2012), 77 FR 59687 (September 28, 2012) (“OCC Notice”) and 68104 (October 25, 2012), 77 FR 65917 (October 31, 2012) (SR–OCC–2012–16). In its filing, the OCC stated that without the By-Law amendments, some cash dividends or distributions that would exceed the adjustment threshold in the case of standard options would not exceed the adjustment threshold in the case of a Mini Option because the per contract distribution on the Mini Option would be only 1/10th of the distribution on the standard option and the adjustment threshold was stated on a per contract basis rather than a per share basis. Therefore, the OCC amended, with Commission approval, the adjustment threshold from $12.50 per share to $0.125 per contract. In its filing, the OCC also stated that it did not intend for the rule change to affect options contracts that were originally listed with units of trading in excess of 100 shares.
7 The Commission notes that the options markets must continue to ensure that the ODD is in compliance with the requirements of Rule 9b–1(b)(2)(i) under the Act. 17 CFR 240.9b–1(b)(2)(i), including when changes regarding Mini Options are made in the future. Any future changes to the rules of the options markets concerning Mini Options would need to be submitted to the Commission under Section 19(b) of the Act. 15 U.S.C. 78s(b).
8 17 CFR 240.9b–1(b)(2)(i).
9 This provision permits the Commission to shorten or lengthen the period of time which must elapse before definitive copies may be furnished to customers.