

*(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. NSCC will notify the Commission of any written comments received by NSCC.

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

The forgoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>7</sup> and Rule 19b-4(f)(2)<sup>8</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 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 No. SR-NSCC-2012-11 on the subject line.

*Paper Comments*

- Send 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-NSCC-2012-11. 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 such filings will also be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2012/nscc/SRO-NSCC-2012-11.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2012/nscc/SRO-NSCC-2012-11.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-NSCC-2012-11 and should be submitted on or before January 29, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-00083 Filed 1-7-13; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-68556; File No. SR-BX-2012-074]

**Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Non-Penny Pilot Options Fees**

January 2, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 18, 2012, NASDAQ OMX BX, Inc. ("BX" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, 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.

<sup>1</sup> 17 CFR 200.30-3(a)(12).

<sup>2</sup> 15 U.S.C. 78s(b)(1).

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

**I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change**

The Exchange proposes to amend BX Options Rules, Chapter XV, Section 2 entitled "BX Options Market—Fees and Rebates" to adopt fees and rebates for Non-Penny Pilot Options.<sup>3</sup>

While the changes proposed herein are effective upon filing, the Exchange has designated these changes to be operative on January 2, 2013.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>, 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 Exchange 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 Exchange 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**

BX proposes to amend Chapter XV, Section 2(1) to adopt fees and rebates for Customers, BX Options Market Makers<sup>4</sup> and Non-Customers<sup>5</sup> trading in Non-Penny Pilot Options on its options market. The Exchange believes the addition of Non-Penny Pilot Options fees and rebates will allow the Exchange to compete more effectively with other exchanges that have similarly adopted such pricing. The Exchange plans to list Non-Penny Pilot Options on January 2, 2013.

The Exchange proposes to adopt a Fee to Add Liquidity, a Rebate to Remove Liquidity and a Fee to Remove Liquidity in Non-Penny Pilot Options. Specifically, the Exchange proposes to

<sup>3</sup> Non-Penny Pilot refers to options classes not in the Penny Pilot.

<sup>4</sup> A BX Options Market Maker must be registered as such pursuant to Chapter VII, Section 2 of the BX Options Rules, and must also remain in good standing pursuant to Chapter VII, Section 4.

<sup>5</sup> A Non-Customer includes a Professional, Firm, Broker-Dealer and Non-BX Options Market Maker.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>8</sup> 17 CFR 240.19b-4(f)(2).

assess the following Fees to Add Liquidity in Non-Penny Pilot Options: Customers a \$0.25 per contract, BX Options Market Maker \$0.50 per contract and Non-Customer \$0.88 per contract. The Exchange proposes to assess a higher Fee to Add Liquidity in Non-Penny Pilot Options of \$0.85 per contract to Customers and BX Options Market Makers when the Customer or BX Options Market Maker is contra to a Customer. Therefore, depending on the contra-party to the transaction, a Customer would be assessed either a \$0.25 or \$0.85 per contract Fee to Add Liquidity in Non-Penny Pilot Options and a BX Options Market Maker would be assessed either a \$0.50 or \$0.85 per contract Fee to Add Liquidity in Non-Penny Pilot Options. The Exchange proposes to add a note 4 to Section 2 of Chapter XV to indicate that the higher Fee to Add Liquidity would be assessed to a Customer or BX Options Market Maker when these market participants are contra to a Customer.

The Exchange proposes to pay a Customer a \$0.70 per contract Rebate to Remove Liquidity in Non-Penny Pilot Options. The Exchange would not pay a rebate to a BX Options Market Maker or Non-Customer. Finally, the Exchange proposes to assess a Fee to Remove Liquidity in Non-Penny Pilot Options of \$0.88 per contract to a BX Options Market Maker and a Non-Customer. A Customer would not be assessed a Fee to Remove Liquidity in Non-Penny Pilot Options.

The Exchange is not proposing any other changes to Section 2 of Chapter XV.2.

## 2. Statutory Basis

BX believes that the proposed rule changes are consistent with the provisions of Section 6 of the Act,<sup>6</sup> in general, and with Section 6(b)(4) of the Act,<sup>7</sup> in particular, in that they provide for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which BX operates or controls.

The Exchange believes that its proposal to assess fees and pay rebates in Non-Penny Pilot Options, which pricing differs from Penny Pilot Options,<sup>8</sup> is consistent with pricing at

other options markets that also assess different fees and pay different rebates for Penny Pilot Options as compared to Non-Penny Pilot Options.<sup>9</sup> The Exchange today assesses fees and pay rebates in Penny Pilot Options. The Exchange plans to list Non-Penny Pilot Options on January 2, 2013. The Exchange believes that establishing different pricing for Penny Pilot and Non-Penny Pilot Options is reasonable, equitable and not unfairly discriminatory because Penny Pilot Options are more liquid options as compared to Non-Penny Pilot Options. Additionally, other options exchanges differentiate pricing by security today.<sup>10</sup>

The Exchange believes that the proposed Customer Rebate to Remove Liquidity in Non-Penny Pilot Options is reasonable because this rebate will attract Customer order flow to the Exchange to the benefit of all market participants through increased liquidity. Today, the Exchange pays a Customer Rebate to Remove Liquidity in Penny Pilot Options. Further, the Exchange also believes it is equitable and not unfairly discriminatory to only offer the Rebate to Remove Liquidity to Customers and not offer the rebate to other market participants because the Exchange is offering the rebate to incentivize NOM [sic] Participants to send Customer order flow to the Exchange. It is an important Exchange function to provide an opportunity to all market participants to trade against Customer orders. Customer order flow benefits all market participants by improving liquidity, the quality of order interaction and executions at the Exchange.

With respect to the Fee to Add Liquidity, the Exchange believes that assessing Customers and BX Options Market Makers a lower Fee to Add Liquidity in Non-Penny Pilot Options, when they are not contra to a Customer, as compared to Non-Customers is reasonable because the Exchange seeks to incentivize these critical market participants to add liquidity. Increased liquidity benefits all market participants. The Exchange also believes that the lower Fees to Add Liquidity in Non-Penny Pilot Options for Customers

and BX Options Market Makers as compared to Non-Customers are equitable and not unfairly discriminatory because Customer order flow benefits all market participants by improving liquidity, the quality of order interaction and executions at the Exchange. Also, BX Options Market Makers have obligations to the market and regulatory requirements,<sup>11</sup> which normally do not apply to other market participants. A BX Options Market Maker has the obligation to make continuous markets, engage in course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and not make bids or offers or enter into transactions that are inconsistent with course of dealings. The proposed differentiation as between Customers and BX Options Market Makers and Non-Customers recognizes the differing contributions made to the liquidity and trading environment on the Exchange by Customers and BX Options Market Makers, as well as the differing mix of orders entered.

With respect to the Fee to Add Liquidity, the Exchange believes that assessing Customers and BX Options Market Makers a higher Fee to Add Liquidity in Non-Penny Pilot Options, when they are contra to a Customer is reasonable because the Customer is being paid a Rebate to Remove Liquidity of \$0.70 per contract pursuant to this proposal and the Exchange believes that the increased fee allows the Exchange to offer that incentive to Customers to attract liquidity to the market. The Exchange also believes that the increased Customer and BX Options Market Maker Fees to Add Liquidity in Non-Penny Pilot Options are equitable and not unfairly discriminatory because the fees for Customers and BX Options Market Makers when contra to a Customer order are lower as compared to Non-Customers (\$0.85 as compared to \$0.88 per contract). For the reasons previously mentioned, the Exchange believes the fees are equitable and not unfairly discriminatory because these critical market participants add liquidity and have obligations to the

<sup>11</sup> Pursuant to Chapter VII (Market Participants), Section 5 (Obligations of Market Makers), in registering as a Market Maker, an Options Participant commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Further, all Market Makers are designated as specialists on BX for all purposes under the Act or rules thereunder. See Chapter VII, Section 5.

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

<sup>7</sup> 15 U.S.C. 78f(b)(4).

<sup>8</sup> The Penny Pilot on BX Options was established in June 2012. See Securities Exchange Act Release No. 67256 (June 26, 2012), 77 FR 39277 (July 2, 2012) (SR-BX-2012-030) (order approving BX Options rules and establishing Penny Pilot). The Exchange filed to extend the Penny Pilot through December 31, 2012. See Securities Exchange Act Release No. 67342 (July 3, 2012), 77 FR 40666 (July 10, 2012) (SR-BX-2012-046).

<sup>9</sup> NASDAQ OMX PHLX LLC ("Phlx") assesses fees and pays rebates in Non-Penny Pilot Options. See Phlx's Pricing Schedule. The Chicago Board Options Exchange Incorporated ("CBOE") assess fees and pays rebates in Non-Penny Pilot Options. See CBOE's Fees Schedule. The NASDAQ Options Market LLC ("NOM") assesses fees and pays rebates in Non-Penny Pilot Options. See NOM's Rules at Chapter XV, Section 2. The International Securities Exchange LLC ("ISE") assesses fees and pays rebates in Non-Penny Pilot Symbols. See ISE's Fee Schedule.

<sup>10</sup> See supra note 8 [sic].

market which differentiates them from Non-Customers.

The Exchange believes that not assessing a Fee to Remove Liquidity in Non-Penny Pilot Options to Customers is reasonable because the Exchange seeks to incentivize NOM [sic] Participants to send Customer order flow to the Exchange. In addition, the Exchange does not assess a Customer Fee to Remove Liquidity in Penny Pilot Options. The Exchange believes that not assessing a Fee to Remove Liquidity in Non-Penny Pilot Options to Customers is equitable and not unfairly discriminatory because Customer order flow brings liquidity to the market which benefits all market participants.

The Exchange believes that assessing a Fee to Remove Liquidity in Non-Penny Pilot Options of \$0.88 per contract to BX Options Market Makers and Non-Customers is reasonable because the fee allows the Exchange to reward Customers that remove liquidity with a rebate. The advantage of increased Customer order flow benefits all market participants. In addition, the proposed Fees to Remove Liquidity in Non-Penny Pilot Options are in the range of fees assessed by other options exchanges.<sup>12</sup> The Exchange believes that assessing a Fee to Remove Liquidity in Non-Penny Pilot Options of \$0.88 per contract to BX Options Market Makers and Non-Customers is equitable and not unfairly discriminatory because all market participants, BX Options Market Makers, Professionals, Firms, Broker-Dealers and Non-BX Options Market Makers, excluding Customers, would be assessed the same Fee to Remove Liquidity in Non-Penny Pilot Options on every transaction.

In the current U.S. options market, many of the contracts are quoted in pennies. Under this pricing structure, the minimum penny tick increment equates to a \$1.00 economic value difference per contract, given that a single standardized U.S. option contract covers 100 shares of the underlying stock. Where contracts are quoted in \$0.05 increments (non-pennies), the value per tick is \$5.00 in proceeds to the investor transacting in these contracts. Liquidity rebate and access fee

structures on the make-take exchanges for securities quoted in penny increments are commonly in the \$0.30 to \$0.45 per contract range. A \$0.30 per contract rebate in a penny quoted security is a rebate equivalent to 30% of the value of the minimum tick. A \$0.45 per contract fee in a penny quoted security is a charge equivalent to 45% of the value of that minimum tick. In other words, in penny quoted securities, where the price is improved by one tick with an access fee of \$0.45 per contract, an investor paying to access that quote is still \$0.55 better off than trading at the wider spread, even without the access fee (\$1.00 of price improvement – \$0.45 access fee = \$0.55 better economics). This computation is equally true for securities quoted in wider increments. By comparison, rebates and access fees near the \$0.88 per contract level equate to only 17.6% of the value of the minimum tick in Non-Penny Pilot Options, less than the experience today in Penny Pilot Options. Accordingly, the Exchange believes that the proposed Fees to Add Liquidity and Fees to Remove Liquidity in Non-Penny Pilot Options are reasonable, equitable and not unfairly discriminatory.

The Exchange operates in a highly competitive market comprised of eleven U.S. options exchanges in which sophisticated and knowledgeable market participants can and do send order flow to competing exchanges if they deem fee levels at a particular exchange to be excessive. The Exchange believes that the proposed fee and rebate scheme for Non-Penny Pilot Options is competitive and similar to other fees and rebates in place on other exchanges. The Exchange believes that this competitive marketplace materially impacts the fees and rebates present on the Exchange today and substantially influences the proposal set forth above.

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

BX 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. To the contrary, BX has designed its fees and rebates to compete effectively for the execution and routing of options contracts. The Exchange believes that the proposed fee/rebate pricing structure for Non-Penny Pilot Options would attract liquidity to and benefit order interaction at the Exchange to the benefit of all market participants.

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<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-BX-2012-074 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-BX-2012-074. 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

<sup>12</sup> NOM assesses Professionals, Firms, non-NOM Market Makers and NOM Market Makers Non-Penny Pilot Options Fees to Remove Liquidity of \$0.89 per contract. See NOM Chapter XV, Section 2. The BATS Exchange, Inc. ("BATS") assesses Professional, Firms and Market Makers \$0.84 per contract to remove liquidity in Non-Penny Pilot Options. See also BATS BZX Exchange Fee Schedule. NYSE Arca, Inc. ("NYSE Arca") assesses Firms and Broker Dealers an \$0.85 per contract Take Liquidity Fee and NYSE Arca Market Makers are assessed an \$0.80 take liquidity fee. See NYSE Arca Options Fee Schedule.

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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 BX's principal office. 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-BX-2012-074, and should be submitted on or before January 29, 2013.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-00077 Filed 1-7-13; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-68457; File No. SR-CBOE-2012-120]

**Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 2, To Allow the Listing and Trading of a P.M.-Settled S&P 500 Index Option Product**

December 18, 2012.

*Correction*

In notice document 2012-30887 appearing on pages 76135-76139 in the issue of December 26, 2012, make the following correction:

On page 76139, in the first column, in the last full paragraph, in the last line, "January 14, 2013" should read "January 16, 2013".

[FR Doc. C1-2012-30887 Filed 1-7-13; 8:45 am]

**BILLING CODE 1505-01-D**

**SOCIAL SECURITY ADMINISTRATION**

**Agency Information Collection Activities: Proposed Request and Comment Request**

The Social Security Administration (SSA) publishes a list of information collection packages requiring clearance by the Office of Management and Budget (OMB) in compliance with Public Law 104-13, the Paperwork Reduction Act of 1995, effective October 1, 1995. This notice includes revisions to OMB-approved information collections.

SSA is soliciting comments on the accuracy of the agency's burden estimate; the need for the information; its practical utility; ways to enhance its quality, utility, and clarity; and ways to

minimize burden on respondents, including the use of automated collection techniques or other forms of information technology. Mail, email, or fax your comments and recommendations on the information collection(s) to the OMB Desk Officer and SSA Reports Clearance Officer at the following addresses or fax numbers. (OMB)

Office of Management and Budget, Attn: Desk Officer for SSA, Fax: 202-395-6974, Email address:

*OIRA\_Submission@omb.eop.gov.*

(SSA)

Social Security Administration, DCRDP, Attn: Reports Clearance Director, 107 Altmeier Building, 6401 Security Blvd., Baltimore, MD 21235, Fax: 410-966-2830, Email address:

*OR.Reports.Clearance@ssa.gov.*

I. The information collections below are pending at SSA. SSA will submit them to OMB within 60 days from the date of this notice. To be sure we consider your comments, we must receive them no later than March 11, 2013. Individuals can obtain copies of the collection instruments by writing to the above email address.

1. Supplemental Statement Regarding Farming Activities of Person Living Outside the U.S.A.—0960-0103. When a beneficiary or claimant reports farm work from outside the United States, SSA documents this work on Form SSA-7163A-F4. Specifically, SSA uses the form to determine if we should apply foreign work deductions to the recipient's title II benefits. We collect the information either annually or every other year, depending on the respondent's country of residence. Respondents are Social Security recipients engaged in farming activities outside the United States.

*Type of Request:* Revision of an OMB-approved information collection.

Modality of completion	Number of respondents	Frequency of response	Average burden per response (minutes)	Estimated total annual burden (hours)
SSA-7163A-F4 .....	1,000	1	60	1,000

2. International Direct Deposit—31 CFR 210-0960-0686. SSA's International Direct Deposit (IDD) Program allows beneficiaries living abroad to receive their payments via direct deposit to an account at a financial institution outside the United States. SSA uses Form SSA-1199-

(Country) to enroll title II beneficiaries residing abroad in IDD, and to obtain the direct deposit information for foreign accounts. Routing account number information varies slightly for each foreign country, so we use a variation of the Treasury Department's Form SF-1199A per country. The

respondents are Social Security beneficiaries residing abroad who want SSA to deposit their benefits payments directly to a foreign financial institution.

*Type of Request:* Revision of an OMB-approved information collection.

<sup>14</sup> 17 CFR 200.30-3(a)(12).