

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-Phlx-2012-141 and should be submitted on or before January 30, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>22</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 3468570; File No. SR-ISE-2012-82]

### **Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Make Non-Substantive, Technical Corrections to ISE Rules**

January 3, 2013.

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 December 21, 2012, the International Securities Exchange, LLC (the "Exchange" or "ISE") 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 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 the Substance of the Proposed Rule Change**

The Exchange proposes to make a number of non-substantive, technical corrections to its rules. Examples of such technical corrections include updating ISE rule number citations and cross references, correcting typographical errors, deleting obsolete rule text, and updating references to outdated terms, such as changing references from the National Association of Securities Dealers ("NASD") to Financial Industry

Regulatory Authority ("FINRA"). The text of the proposed rule change is available on the Exchange's Internet Web site at <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 the 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**

The Exchange is proposing to make a number of non-substantive, technical corrections to its rules. Examples of such technical corrections include updating ISE rule number citations and cross references, correcting typographical errors, deleting obsolete rule text, and updating references to outdated terms, such as changing references from NASD to FINRA. Following is a narrative description of each of the corrections:

- The Table of Contents to the ISE Rules is being amended to reflect that ISE Rule 718 is now "Reserved" since ISE Rule 718 (Accommodation Liquidations (Cabinet Trades)) was deleted.

- The Table of Contents is being amended to make conforming changes to the title of ISE Rule 720 (Obvious and Catastrophic Errors) so that it matches the title as it appears in the rules.

- ISE Rule 210 (Liability for Payment of Fees) is being amended to update an incorrect rule cross-reference number in paragraph (a).

- ISE Rule 312 (Limitation on Affiliation between the Exchange and Members) is being amended to delete references in paragraph (a) to Maple Merger Sub LLC because that subsidiary no longer exists. Paragraphs (b) and (c) are being deleted since the Exchange is no longer affiliated with Direct Edge ECN LLC ("DE ECN"), DE ECN is no longer a facility of the Exchange, and ISE (including its affiliates) no longer

maintains an ownership interest in Ballista Securities LLC. Since paragraphs (b) and (c) are being deleted, the opening paragraph no longer needs to be designated as paragraph (a), so the (a) is being deleted.

- ISE Rule 604 (Continuing Education for Registered Persons) is being amended to change a reference in paragraph (b) from NASD to FINRA and brackets are being changed to parentheses wherever they appear throughout the rule.

- ISE Rule 704 (Collection and Dissemination of Quotations) is being amended to change references in paragraphs (a) and (b) from Rule 11Ac1-1 to Rule 602 of Regulation NMS.

- ISE Rule 713 (Priority of Quotes and Orders) is being amended to update an incorrect rule cross-reference number in paragraph (a), as well as to add non-substantive words to correct the sentence structure of paragraph (a). Additionally, Supplementary Material .03 to ISE Rule 713 was amended to update an incorrect rule cross-reference number in paragraph (d).

- ISE Rule 715 (Types of Orders) is being amended to correct the defined term of "Priority Customer Orders" in paragraph (g), and to correct the defined term of "Add Liquidity Order" in paragraph (n). In addition, Supplementary Material .02 to ISE Rule 713 is being moved into ISE Rule 713 itself as new paragraphs (o), (p), and (q), since ISE has fully-migrated to its new trading system, Optimise. Thus, it is no longer necessary to separately maintain those order types in the Supplementary Material.

- ISE Rule 718 (Accommodation Liquidations (Cabinet Trades)) is being deleted in its entirety, since that trading functionality is not offered in Optimise, and therefore not possible on the Exchange. ISE Rule 718 is now "Reserved."

- ISE Rule 722 (Complex Orders) is being amended to delete the obsolete clause to ISE's Optimise platform in Supplementary Material .03 and .04. In addition, ISE Supplementary Material .05 is being amended to correct the defined term "Priority Customer Orders", to insert a missing word, and to update an incorrect rule cross-reference number.

- ISE Rule 723 (Price Improvement Mechanism for Crossing Transactions) is being amended to delete paragraph (d)(6) since that trading functionality is not offered in Optimise. As a result, the corresponding sentence that cross-referenced paragraph (d)(6) is being deleted from Supplementary Material .05 and .09.

<sup>22</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.

- ISE Rule 802 (Appointment of Market Makers) is being amended to delete obsolete references to “Second Market Primary Market Makers” in Supplementary Material .02, since ISE no longer operates a “Second Market.”
- ISE Rule 804 (Market Maker Quotations) is being amended to delete obsolete rule text in paragraph (g), since that rule text related to ‘Automated Quotation Adjustments’ functionality contained in ISE’s prior trading system which has been retired. The rule text that is contained in Supplementary Material .01 relates to ‘Automated Quotation Adjustments’ functionality contained in ISE’s current trading system, Optimise. Accordingly, the Exchange has moved the rule text in Supplementary Material .01 into paragraph (g) of ISE Rule 804 itself, since there is only one method for such functionality.
- ISE Rule 1503 (Failure to Obtain Reinstatement) is being amended to update an incorrect rule cross-reference number.
- ISE Rule 1615 (Disciplinary Functions) is being amended to change references in Supplementary Material .01 from NASD to FINRA.
- ISE Rule 1800 (Arbitration) is being amended to change references in paragraph (a) from the NASD Code of Arbitration to the FINRA Code of Arbitration, as well as update a number of corresponding FINRA rule cross-reference numbers contained in paragraphs (a), (c), and (d). Paragraph (b) is being amended to change a reference from NASD to FINRA.
- ISE Rule 2114 (Doing Business with the Public) is being amended to change a reference from NASD to FINRA.

## 2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)<sup>3</sup> that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and 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 it is appropriate to make these technical corrections to its rules so that Exchange members and investors have a clear and accurate understanding of the meaning of the Exchange’s rules. By removing obsolete rule text, the Exchange is eliminating any potential for confusion about how its systems operate, particularly since the Exchange recently

operated two trading systems while it migrated from its prior system to Optimise, its new trading system. By updating references from NASD to FINRA and related, corresponding rules, the Exchange is eliminating any inaccuracies in its rules. The Exchange further believes that the proposed rule change is not unfairly discriminatory because it treats all market participants equally and will not have an adverse impact on any market participant.

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

The proposed rule changes are non-substantive and therefore do not implicate the competition analysis.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

Because the foregoing proposed rule change does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)<sup>4</sup> of the Act and Rule 19b-4(f)(6)<sup>5</sup> thereunder. The Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing the proposed rule change.

A proposed rule change filed under Rule 19b-4(f)(6)<sup>6</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>7</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 proposal may become operative immediately upon

filing. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because this rule change is not proposing any substantive changes and is merely correcting inaccuracies in the Exchange’s rules. Additionally, the Exchange will be able to immediately remove obsolete rule text and correct inaccurate references and cross references in the Exchange’s rules which will eliminate member confusion and provide clarity on how the rules apply. Therefore, the Commission designates the proposal operative upon filing.<sup>8</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.

## **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-ISE-2012-82 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-ISE-2012-82. 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

<sup>4</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>5</sup> 17 CFR 240.19b-4(f)(6).

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

<sup>7</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>8</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).

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 offices 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-ISE-2012-82, and should be submitted on or before January 30, 2013.

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

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

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68572; File No. SR-CBOE-2012-132]

### Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

January 3, 2013.

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 December 28, 2012, Chicago Board Options Exchange, Incorporated (the "Exchange" or "CBOE") 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

<sup>9</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.

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

The Exchange proposes to amend the Fees Schedule. The text of the proposed rule change is available on the Exchange's Web site (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange's Office of the Secretary, and at the Commission.

### 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 Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

The Exchange proposes to amend its Fees Schedule.<sup>3</sup> More specifically, the Exchange is proposing to make changes to the section "Regulatory Fees." Under the Exchange's Regulatory Fees, the Exchange charges a fee to Designated Primary Market-Makers<sup>4</sup> ("DPMs") and firms for which the Exchange is the Designated Examining Authority ("DEA") called the "DPM's and Firm Designated Examining Authority Fee." Under such fee, the Exchange currently charges DPMs and TPHs for which the Exchange is the DEA \$0.50 per \$1,000 of gross revenue as reported on quarterly FOCUS reports filed by such TPHs (excluding commodity commission revenue). In addition, this fee is subject to a monthly minimum fee of \$1,000 per month for Clearing TPHs and \$275 for non-Clearing TPHs. The Exchange is proposing to increase this fee from \$.50 per \$1,000 of gross revenue to \$0.60 per \$1,000 of gross revenue. In addition, the Exchange is proposing to increase the monthly

<sup>3</sup> See Exchange Rule 2.20, which authorizes the Exchange, from time to time, to "fix the fee and charges payable by Trading Permit Holders."

<sup>4</sup> See Exchange Rule 8.80, which defines a "Designated Primary Market-Maker" as a "TPH organization that is approved by the Exchange to function in allocated securities as a Market-Maker \* \* \* and is subject to the obligations under Rule 8.85 \* \* \*."

minimum fee for Clearing TPHs from \$1,000 to \$1,500 and the monthly minimum fee for non-Clearing TPHs from \$275 to \$400. New proposed text has been added to the "Regulatory Fees" section of the Fees Schedule to reflect this charge.

The Exchange has determined that these changes are necessary to increase the revenue of the Exchange for the purpose of continuing to adequately fund its regulatory functions. Specifically, the Exchange is proposing to increase this fee in order to help more closely cover the costs of regulating these TPHs. The proposed modifications are reasonable as they have not been recently changed to reflect growing regulatory costs.<sup>5</sup> In addition, the Exchange believes the proposed changes to the Fees Schedule are equitably allocated to all TPHs in which the Exchange is the DEA as all will be charged equally based upon their gross revenue.

The proposed changes are to take effect on January 1, 2013.

##### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>6</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>7</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitation transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with

<sup>5</sup> See Securities Exchange Act Release No. 34-50903 (December 21, 2004), 69 FR 78070 (December 29, 2004) (SR-CBOE-2004-084) (immediately effective rule increasing, among other things, the firm FOCUS Minimum Monthly Fee to \$275 for non-clearing members while maintaining a monthly minimum of \$1000 for clearing members). See also Securities Exchange Act Release No. 34-63701 (January 11, 2011), 76 FR 2934 (January 18, 2011) (SR-CBOE-2010-116) (immediately effective rule change to increase, among other things, the DPMs and Designated Examining Authority Fee to \$.50 per \$1,000 of gross revenue as reported on quarterly FOCUS reports filed).

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

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