

establishes telemarketing guidelines, which promotes just and equitable principles of trade and removes impediments to, and perfects the mechanism of, a free and open market and a national market system and contributes to the protection of investors and the public interest.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act. Specifically, the proposed change will not impose any burden on competition where the proposed change to correct a citation error does not substantively change the meaning or application of the telemarketing rules outlined under Article 8, Rule 13 and comports such rules with the telemarketing rules of other exchanges.

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

CHX neither solicited nor received written comments on the proposed rule change.

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

The Exchange believes that the proposal qualifies for immediate effectiveness upon filing as a "non-controversial" rule change in accordance with Section 19(b)(3)(A) of the Exchange Act<sup>9</sup> and Rule 19b-4(f)(6) thereunder.<sup>10</sup>

The Exchange asserts that the proposed rule change (i) does not significantly affect the protection of investors or the public interest, (ii) does not impose any significant burden on competition, and (iii) by its terms, does not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. In addition, 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, or such shorter time as the Commission may designate.

The Exchange believes that this proposal is non-controversial and eligible to become effective immediately

because it corrects a citation error by amending the rule to correctly cite to an already existing rule. For the foregoing reasons, the Exchange believes that this rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4.<sup>11</sup> The Exchange respectfully requests that the Commission to waive the 30-day operative delay and five-day notice requirement to allow the citation correction.

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 Exchange Act.

#### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposal is consistent with the Exchange 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-CHX-2013-05 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 No. SR-CHX-2013-05. 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 changes 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 CHX.

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 No. SR-CHX-2013-05 and should be submitted on or before March 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

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

[FR Doc. 2013-04788 Filed 2-28-13; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-68980; File No. SR-C2-2013-009]**

### **Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule**

February 25, 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 February 12, 2013, the C2 Options Exchange, Incorporated (the "Exchange" or "C2") 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.

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

The Exchange proposes to amend its Fees Schedule. The text of the proposed rule change is available on the Exchange's Web site (<http://www.c2exchange.com/Legal/>), at the Exchange's Office of the Secretary, and

<sup>12</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.

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

<sup>10</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> *Id.*

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 Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

On February 1, 2013, the Exchange began operating under a new fees structure for simple, non-complex orders in equity options classes.<sup>3</sup> This new fees structure factors BBO Market Width at the time of execution into determining the amount of fees and rebates, and includes a maximum fee of \$0.85 per contract and a maximum rebate of \$0.75 per contract. More specifically, fees are calculated based on the following formula (fees are calculated on a per-contract basis):<sup>4</sup>

$$\text{Fee} = (\text{C2 BBO Market Width at time of execution}) \times (\text{Market Participant Rate}) \times 50.$$

Rebates are calculated based upon the following formula (rebates are calculated on a per-contract basis):<sup>5</sup>

$$\text{Rebate} = (\text{C2 BBO Market Width at time of execution}) \times (\text{Order Size Multiplier}) \times 50.$$

The C2 BBO Market Width is the difference between the quoted best offer and best bid in each class on C2 (the displayed C2 ask price minus the displayed C2 bid price).

However, the new fees structure does not directly contemplate a circumstance in which an execution occurs when there is no displayed C2 ask price. Such transactions occasionally occur, when a

C2 bid is displayed (while an ask price is not) and an order is sent to the Exchange that immediately interacts with that displayed C2 bid. Currently, if such a circumstance occurs, it would result in a negative BBO Market Width, which would result in a negative fee or rebate amount (meaning that the Exchange would actually be paying a rebate where a fee would otherwise be assessed and that the Exchange would be assessing a fee where a rebate would otherwise be paid<sup>6</sup>).

As such, the Exchange proposes to amend the section of its Fees Schedule that regards this new fees structure to state that if an execution occurs when there is no Displayed C2 Ask Price, the maximum fee and/or rebate will apply. The purpose of this proposed change is to ensure that fees and rebates are still assessed in circumstances where there may not be both a bid and an offer, and that the maximum fee and/or rebates applies in such circumstances, since the lack of a positive BBO Market Width does not imply a narrow bid-ask spread.

#### 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with 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>7</sup> Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>8</sup> which requires that Exchange rules provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities. The Exchange believes that, if an execution occurs when there is no displayed C2 ask price, applying the maximum fee and/or rebate is reasonable because the new fees structure described above and in SR-C2-2013-004 is designed to encourage tighter quoting (and thus tighter spreads), and the execution of a trade when there is no displayed C2 ask price will not serve to narrow the spread. The Exchange believes that this proposed change is equitable and not unfairly discriminatory because it will apply to all market participants who trade when there is no displayed C2 ask price, and the maximum amounts will be the same as they were previously and apply to the same market participants as they did previously.

<sup>6</sup> No circumstance has occurred yet in which the Exchange has assessed a fee to a Public Customer Taker who would otherwise receive a rebate if there was a displayed C2 ask price.

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

<sup>8</sup> 15 U.S.C. 78f(b)(4).

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

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. C2 does not believe that the proposed rule change will impose any burden on intramarket competition because it will apply to all market participants who trade when there is no displayed C2 ask price, and the maximum amounts will be the same as they were previously and apply to the same market participants as they did previously. C2 does not believe that the proposed rule change will impose any burden on intermarket competition because very few trades occur when there is no displayed ask price, and the new C2 fees structure is very unique and different than those offered on other U.S. options exchanges. However, to the extent that this change could attract market participants trading on other exchanges to do so on C2, market participants trading on other exchanges can always elect to do so.

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

The Exchange neither solicited nor received comments on the proposed rule change.

## 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) of the Act<sup>9</sup> and paragraph (f) of Rule 19b-4<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 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 will institute proceedings to determine whether the proposed rule change 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:

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

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

<sup>3</sup> See Securities Exchange Act Release No. 68792 (January 31, 2013) (SR-C2-2013-004).

<sup>4</sup> The Market Participant Rates are different rates for different types of market participants, and are currently set as follows: C2 Market-Maker (30%); Public Customer (Maker) (40%); and All Other Origins (50%).

<sup>5</sup> The Order Size Multiplier is a different multiplier based upon the size of the order, and are currently set as follows: 1-10 contracts in an order (36%); 11-99 contracts in an order (30%); 100-250 contracts in an order (20%); and 251+ contracts in an order (0%).

*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-C2-2013-009 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-C2-2013-009. 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-C2-2013-009 and should be submitted on or before March 22, 2013.

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. 34-68985; File No. SR-FINRA-2013-016]

**Self-Regulatory Organizations;  
Financial Industry Regulatory  
Authority, Inc.; Notice of Filing and  
Immediate Effectiveness of Proposed  
Rule Change To Amend FINRA Rules  
in Accordance With the Regulation  
NMS Plan To Address Extraordinary  
Market Volatility**

February 25, 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 February 11, 2013, Financial Industry Regulatory Authority, Inc. ("FINRA") 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 FINRA. FINRA has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,<sup>3</sup> which renders the proposal effective upon receipt of this filing by 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**

FINRA is proposing to amend FINRA rules in accordance with the provisions of the Regulation NMS Plan to Address Extraordinary Market Volatility.

The text of the proposed rule change is available on FINRA's Web site at <http://www.finra.org>, at the principal office of FINRA, on the Commission's Web site at <http://www.sec.gov>, 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, FINRA 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. FINRA 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

On May 31, 2012, the Commission approved a joint industry plan to address extraordinary market volatility ("Limit Up-Limit Down" or the "Plan") filed by FINRA and the other self-regulatory organizations ("Participants")<sup>4</sup> pursuant to Section 11A of the Act<sup>5</sup> and Rule 608 thereunder.<sup>6</sup> The Limit Up-Limit Down mechanism is intended to address the type of sudden price movements that the market experienced on the afternoon of May 6, 2010 by generally prohibiting the display of offers at prices below the lower price band and bids above the upper price band and the execution of trades outside the price bands for NMS Stocks.<sup>7</sup> The Plan combines the use of the Limit Up-Limit Down mechanism with trading pauses to accommodate more fundamental price moves (as opposed to erroneous trades or momentary gaps in liquidity). By its terms, the Plan will be implemented on a one-year pilot basis in two phases.<sup>8</sup> Pursuant to the Plan, each Participant must adopt rules requiring compliance by its members with the provisions of the Plan.<sup>9</sup>

To that end, in furtherance of its obligations under the Plan, FINRA is proposing to: (1) Adopt new Rule 6190 (Compliance with Regulation NMS Plan to Address Extraordinary Market

<sup>4</sup> See Securities Exchange Act Release No. 67091 (May 31, 2012), 77 FR 33498 (June 6, 2012) (Approval Order). A copy of the Plan is attached as Exhibit A to the Approval Order.

The Plan was subsequently amended to, among other things, revise the implementation schedule, as discussed further below. See Letter dated January 17, 2013 from Janet McGinness, EVP & Corporate Secretary, General Counsel, NYSE Markets, to Elizabeth M. Murphy, Secretary, SEC, available at [www.nyse.com/attachment/LULD\\_Plan\\_Amendment\\_No\\_2.pdf](http://www.nyse.com/attachment/LULD_Plan_Amendment_No_2.pdf).

<sup>5</sup> 15 U.S.C. 78k-1.

<sup>6</sup> 17 CFR 242.608.

<sup>7</sup> The single plan processor responsible for the consolidation of information for an NMS Stock pursuant to Rule 603(b) of Regulation NMS under the Act shall calculate and disseminate to the public the lower and upper price bands for an NMS Stock during regular trading hours.

<sup>8</sup> Phase I of Plan implementation will begin on April 8, 2013 in select Tier 1 NMS Stock symbols, with full Phase I implementation completed three months after the initial date of Plan operations (or such earlier date as may be announced by the Plan processor with at least 30 days notice). Phase II of the Plan will commence six months after the initial date of the Plan (or such earlier date as may be announced by the Plan processor with at least 30 days notice).

<sup>9</sup> See Section II(B) of the Plan.

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 17 CFR 240.19b-4(f)(6).

<sup>11</sup> 17 CFR 200.30-3(a)(12).