For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.\footnote{12} 

Kevin M. O’Neill, 
Deputy Secretary. 

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SECURITIES AND EXCHANGE COMMISSION 

[Release No. 34–69153; File No. SR–ISE–

2013–23] 

Self-Regulatory Organizations; 
International Securities Exchange, 
LLC; Notice of Filing and Immediate 
Effectiveness of Proposed Rule 
Change To Amend Its Rules Related to 
Mini Options Traded on the Exchange 

March 15, 2013. 

Pursuant to Section 19(b)(1) of the 
Securities Exchange Act of 1934 (the 
“Act”),\footnote{1} and Rule 19b–4 thereunder,\footnote{2} notice is hereby given that on March 13, 2013, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II, 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


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 self-regulatory organization has prepared summaries, set forth in Sections A, B and C below, of the most significant aspects of such statements.

\begin{itemize}
\item \textbf{A. Self-Regulatory Organization’s Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change} 
\begin{itemize}
\item \textbf{1. Purpose} 

The purpose of this proposed rule change is to adopt new Supplementary Material .13(d) to ISE Rule 504 to codify the minimum contract threshold requirement for the execution of Mini Options in the Exchange’s Block Order Mechanism and Solicited Order Mechanism. The Block Order Mechanism is a process by which a Member can obtain liquidity for the execution of block-size orders.\footnote{4} Block-size orders are orders for fifty (50) or more contracts that represents as agent against contra orders that it solicited.\footnote{5} The minimum contract threshold required for the Block Order Mechanism and the Solicited Order Mechanism applies to option contracts that overlie 100 shares and therefore does not currently apply to Mini Options.

This proposed rule change also proposes to adopt a minimum contract threshold for the execution of a Qualified Contingent Cross Order in Mini Options. A Qualified Contingent Cross Order is an order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade coupled with a contra-side order to buy or sell an equal number of contracts.\footnote{6} Again, the minimum contract threshold required for the execution of a Qualified Contingent Cross order applies to option contracts that overlie 100 shares and therefore does not currently apply to Mini Options.

\item \textbf{2. Statutory Basis} 
The proposed rule change is approved pursuant to Section 19(b)(2) of the Act,\footnote{12} as amended, and \textsection{15 U.S.C. 78s(b)(2)}, and \textsection{15 U.S.C. 78s(b)(1)}.

\item \textbf{3. Effectiveness of Proposed Rule Change} 
The proposed rule change becomes effective upon its filing and immediately prior to the proposal of rule change.
\end{itemize}
\end{itemize}
The Exchange now proposes to adopt new Supplementary Material .13(d) to Rule 504 to adjust the minimum contract threshold for executing Mini Options in the Block Order Mechanism and Solicited Order Mechanism by ten times their current requirement. Thus, Mini Options executed in the Block Order Mechanism must be for five hundred (500) or more Mini Option contracts, and Mini Options executed in the Solicited Order Mechanism must be for five thousand (5,000) or more Mini Option contracts. Further, new Supplementary Material .13(d) to Rule 504 also adjusts the minimum contract threshold for the execution of Qualified Contingent Cross orders in Mini Options. Thus, a Qualified Contingent Cross order in Mini Options must be comprised of an order to buy or sell at least 10,000 Mini Option contracts coupled with a contra-side order to buy or sell an equal number of Mini Option contracts.

The Exchange believes it is appropriate to adjust the minimum contract threshold for Mini Options so that they are equivalent (same number of underlying securities) to the minimum contract threshold required for standard options that are executed in the Block Order Mechanism and Solicited Order Mechanism and for the execution of Qualified Contingent Cross orders in Mini Options. The Exchange believes that adjusting the minimum contract threshold will remove any confusion on the part of market participants that want to use these Exchange functionalities to execute Mini Options.

2. Statutory Basis

The basis under the Securities Exchange Act of 1934 (the “Exchange Act”) for this proposed rule change is found in Section 6(b)(5). This section does not permit self-regulatory organizations to operate a securities market unless such market is consistent with the protection of investors and the public interest. The Securities Exchange Act of 1934, 15 U.S.C. 78c(f).

C. Self-Regulatory Organization’s Statement on Burden on Competition

This proposed rule change does not impose any burden on competition that is necessary or appropriate in furtherance of the purposes of the Exchange Act. ISE believes that the proposed rule change will not result in a decrease in the quality of the market provided by any other market.

D. 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.
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. Please include File Number SR–ISE–2013–23 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–2013–23. 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–ISE–2013–23 and should be submitted on or before April 12, 2013.

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

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing of Proposed Rule Change To Amend the Minimum Trading Increments for Mini Options

March 18, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),1 and Rule 19b–4 thereunder,2 notice is hereby given that on March 15, 2013, BATS Exchange, Inc. (the “Exchange” or “BATS”) 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 Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act3 and Rule 19b–4(f)(6) thereunder,4 which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange filed a proposal for the BATS Options Market (“BATS Options”) to permit the minimum trading increment for Mini Options to be the same as the minimum trading increment permitted for standard options on the same underlying security. The text of the proposed rule change is available at the Exchange’s Web site at http://www.batstrading.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 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 parts 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 purpose of this proposed rule change is to amend BATS Rules to permit the minimum trading increment for Mini Options to be the same as the minimum trading increment permitted for standard options on the same underlying security. Mini Options overlie 10 equity or ETF shares, rather than the standard 100 shares.5 Mini Options are currently approved on the following five (5) underlying securities: SPDR S&P 500 ETF (“SPY”), Apple Inc. (“AAPL”), SPDR Gold Trust (“GLD”), Google Inc. (“GOOG”), and Amazon.com, Inc. (“AMZN”). Of the five securities on which Mini Options are permitted, four of them (SPY, AAPL, GLD, and AMZN) participate in the Penny Pilot Program.6 Under the Penny Pilot Program, with the exception of three classes,7 the minimum price variation for all participating options classes is $0.01 for all quotations in options series that are quoted at less than $3 per contract and $0.05 for all quotations in options series that are quoted at $3 per contract or greater.


7 The three classes are the Nasdaq–100 Index Tracking Stock (“QQQQ”), SPY, and the iShares Russell 2000 Index Fund (“IWM”). QQQQ, SPY, and IWM are quoted in $0.01 for all options series.