second phase, which concerned the remaining portions of the rule, the Commission provided a temporary exemption to extend the compliance date for the additional broker-dealer recordkeeping, reporting, and monitoring requirements of Rule 13h–1 from April 30, 2012, to May 1, 2013 (''Phase Two'').

With Phase One fully implemented, the Commission now is focusing its attention on FIF's and SIFMA's relief requests concerning Phase Two. On February 13, 2013, SIFMA submitted a supplemental letter that outlined its members' experience in implementing Phase One and also provided additional detail on implementation issues relating to the Phase Two deadline.[9] Because many of the issues presented in Phase One also are implicated in the Phase Two relief request, such as the issues concerning average price account processing and the transmission of execution time information on disaggregated trades, the Commission currently is considering the industry's experience with Phase One implementation in evaluating the requests for relief concerning Phase Two.

The Commission believes that it is appropriate and consistent with the purposes of the Exchange Act to provide a temporary exemption from the Phase Two broker-dealer recordkeeping, reporting, and monitoring requirements of Rule 13h–1 to further extend the compliance date for Phase Two. This temporary exemption from the Rule's requirements should provide the Commission with the necessary time to complete its review of the implementation issues raised by FIF and SIFMA, assess the appropriateness of the requested exemptive relief, announce its response thereto, and allow broker-dealers time to develop, test, and implement any necessary systems changes once the Commission's review is complete.

Accordingly, the Commission is providing a temporary exemption to extend the compliance date to *November 1, 2013,* solely for the Phase Two broker-dealer recordkeeping, reporting, and monitoring requirements of Rule 13h–1.[10]

It is hereby ordered, pursuant to Exchange Act Section 13(h)(6) and Rule 13h–1(g) thereunder, that broker-dealers subject to the recordkeeping, reporting, and monitoring requirements of Rule 13h–1 (other than clearing broker-dealers for a large trader that either (1) is a U.S.-registered broker-dealer, or (2) trades through a sponsored access arrangement) are temporarily exempted from those requirements until November 1, 2013.

By the Commission.

Elizabeth M. Murphy,

Secretary.

[FR Doc. 2013–08100 Filed 4–5–13; 8:45 am]

BILLING CODE 8011–01–P

[9] *See* Letter from Theodore Lazo, Managing Director and Associate General Counsel, SIFMA, to David S. Shillman, Associate Director, Division, Commission, dated February 13, 2013, *available at: http://www.sec.gov/comments/s7-10-10/s71010.shtml.*

[10] The effective date for Rule 13h–1 remains October 3, 2011. The compliance date for the requirement on large traders to identify to the Commission pursuant to Rule 13h–1(b) was December 1, 2011. The compliance date for Phase One was November 30, 2012.

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69268; File No. SR–C2–2013–017]

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

April 2, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on March 26, 2013, 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. [3] 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 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 at the Commission's Public Reference Room.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] The Commission notes that the Exchange initially filed this proposed rule change as SR–C2–2013–015 on March 18, 2013, withdrew that filing on March 26, 2013, and re-filed the proposed rule change as SR–C2–2013–017 on March 26, 2013.

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 intends to commence the listing and trading of option contracts overlying 10 shares of a security (''Mini-options,'' or ''Minis'').[4] Because the regular per-contract unit of trading for the five options classes (SPY, AAPL, GLD, GOOG, and AMZN) on which the Exchange has proposed listing Minis is 100 shares, a Mini effectively functions as 1/10 of a regular options contract (generally speaking). The Exchange hereby proposes to adopt fees for the trading of Minis (all fees referenced herein are per-contract unless otherwise stated).

Minis have a smaller exercise and assignment value due to the reduced number of shares they deliver as compared to standard option contracts. As such, the Exchange is proposing generally lower per contract fees as compared to standard option contracts, with some exceptions to be fully described below. Despite the smaller exercise and assignment value of a Mini, the cost to the Exchange to process quotes and orders in Minis, perform regulatory surveillance and retain quotes and orders for archival purposes

[4] *See* Securities Exchange Act Release No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (SR–CBOE–2013–001), in which the Chicago Board Options Exchange, Inc. (''CBOE'') proposed to list Mini Options on SPDR S&P 500 (''SPY''), Apple, Inc. (''AAPL''), SPDR Gold Trust (''GLD''), Google Inc. (''GOOG'') and Amazon.com Inc. (''AMZN'') (together, the ''Mini Classes''). SPY and GLD are Exchange-Traded Funds (''ETFs'') and AAPL, AMZN and GOOG are equity options. Chapter 5 to the C2 Rulebook provides that the rules contained in CBOE Chapter V, as such rules may be in effect from time to time, shall apply to C2 and that C2 participants shall comply with CBOE Rule Chapter 5 as if such rules were part of the C2 Rules. Accordingly, when CBOE amended Rule 5.5 to provide for the trading of mini-options, that filing resulted in a simultaneous change to identical C2 rules. SR–C2–2013–014 expounds on the listing and trading of Minis on C2.

is the same as a for a standard contract. This leaves the Exchange in a position of trying to strike the right balance of fees applicable to Minis—too low and the costs of processing Mini quotes and orders will necessarily cause the Exchange to either raise fees for everyone or only for participants trading Minis; too high and participants may be deterred from trading Minis, leaving the Exchange less able to recoup costs associated with development of the product, which is designed to offer investors a way to take less risk in high dollar securities. The Exchange, therefore, believes that adopting fees for Minis that are in some cases lower than fees for standard contracts, and in other cases the same as for standard contracts, is appropriate, not unreasonable, not unfairly discriminatory and not burdensome on competition between participants, or between the Exchange and other exchanges in the listed options marketplace.

The Exchange proposes to adopt a set of fees for simple, non-complex orders in all multiply-listed index and ETF mini-options classes. The Exchange proposes a Public Customer Mini Maker rebate of $0.04, which is slightly more than 1/10th the $0.37 rebate for standard-sized Public Customer simple, non-complex Maker orders in all multiply-listed index and ETF options classes. The Exchange does not wish to apply sub-penny transaction fees for multiply-listed index and ETF mini options, and the slight increase over 1/10th the rebate for standard-sized Public Customer simple, non-complex Maker orders in all multiply-listed index and ETF options classes is intended to incentivize Public Customers to send simple, non-complex orders in all multiply-listed index and ETF mini-options classes to the Exchange. The Exchange proposes a Public Customer Mini Taker fee of $0.04, which is slightly less than 1/10th the $0.44 fee for standard-sized Public Customer simple, non-complex Taker orders in all multiply-listed index and ETF options classes. The slight decrease below 1/10th the fee for standard-sized Public Customer simple, non-complex Taker orders in all multiply-listed index and ETF options classes is intended to incentivize Public Customers to send simple, non-complex orders in all multiply-listed index and ETF mini-options classes to the Exchange.

The Exchange proposes to adopt a C2 Market-Maker Maker rebate of $0.04 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes, which is 1/10th the amount of the rebate for standard-sized C2 Market-Maker simple, non-complex Maker orders in all multiply-listed index and ETF options classes. The Exchange proposes a C2 Market-Maker Mini Taker fee of $0.05 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes, which is slightly more than 1/10th the $0.45 fee for standard-sized C2 Market-Maker simple, non-complex Taker orders in all multiply-listed index and ETF options classes. As noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange must assess a Minis fee of more than 1/10th the amount assessed for standard options transactions.

The Exchange proposes to adopt a Maker rebate of $0.03 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins (Professional Customer, Firm, Broker/Dealer, non-C2 Market-Maker, JBO, etc.), which is slightly less than 1/10th the amount of the rebate for standard-sized simple, non-complex Maker orders in all multiply-listed index and ETF options classes from all other origins. As noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange cannot provide a Minis rebate of equal to or greater than 1/10th the amount provided for standard options transactions. The Exchange proposes a Taker fee of $0.04 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins, which is slightly less than 1/10th the $0.45 fee for standard-sized simple, non-complex Taker orders in all multiply-listed index and ETF options classes from all other origins. The Exchange offers this slightly-lower-than-1/10th fee in order to prevent the Exchange from having a difference of more than $0.01 between the rebate offered and fee assessed for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins.

On February 1, 2013, the Exchange instituted a new fee structure for simple, non-complex orders in equity options classes that is based on the following formula: [5]

Fee = (C2 BBO Market Width at time of execution) × (Market Participant Rate) × 50.

This new structure has a maximum fee of $0.85 per contract. Because a Mini effectively functions as 1/10th of a standard options contract, the Exchange proposes to state that, for mini-options, the multiplier in the above formula will be 5 instead of 50, and the maximum fee will be $0.085.

In conjunction with this new fee structure, the Exchange also instituted a Public Customer Taker rebate for simple, non-complex orders in equity options classes that is based on the following formula: Rebate = (C2 BBO Market Width at time of execution) × (Order Size Multiplier) × 50

This new structure has a maximum rebate of $0.75 per contract. Because a Mini effectively functions as 1/10th of a standard options contract, the Exchange proposes to state that, for mini-options, the multiplier in the above formula will be 5 instead of 50, and the maximum rebate will be $0.075.

The Exchange proposes to adopt a set of fees for complex orders in all multiply-listed index and ETF mini-options classes. The Exchange proposes a Public Customer rebate (for both Makers and Takers) for such orders of $0.03, which is slightly less than 1/10th the amount of the rebate for standard-sized complex Public Customer orders in all multiply-listed index and ETF options classes. As noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange cannot provide a Minis rebate of equal to or greater than 1/10th the amount provided for standard options transactions. As with standard-sized complex Public Customer orders in all multiply-listed index and ETF options classes, no Maker or Taker fee or rebate will apply to Public Customer Mini orders that trade with other Public Customer Mini orders.

The Exchange proposes to adopt a Maker fee of $0.01 for C2 Market-Maker complex orders in all multiply-listed index and ETF mini-options classes and of $0.02 for complex orders in all multiply-listed index and ETF mini-options classes from all other origins (except Public Customers, who will be provided the rebate described above). These amounts are exactly 1/10th the amounts of their respective corresponding fees for standard-sized complex orders in all multiply-listed index and ETF options classes. The Exchange proposes to adopt a Taker fee of $0.03 for complex orders in all multiply-listed index and ETF mini-options classes from C2 Market-Makers and all other origins (except Public Customers, who will be provided the

[5] *See* Securities Exchange Act Release No. 68792 (January 31, 2013), 78 FR 8621 (February 6, 2013) (SR–C2–2013–004). For details on this new structure, *see* C2 Fees Schedule, Section 1B.

rebate described above). This amount is slightly less than 1/10rh [sic] the corresponding fees for standard-sized complex orders in all multiply-listed index and ETF options classes, but is being utilized in order to maintain whole-penny fee rates and encourage trading of complex orders in all multiply-listed index and ETF mini-options classes.

As with orders (both simple and complex) in all standard-sized multiply-listed index and ETF options classes, the Exchange proposes to assess no fee (and provide no rebate) for orders in all multiply-listed index and ETF mini-options classes that are Trades on the Open.

The Exchange proposes to not establish a separate set of Mini fees for complex order transactions in equity options. Instead, Minis will be encompassed within the current statement on the Exchange's Fees Schedule that for all complex order transactions in equity options classes, all components of such transactions (including simple, non-complex orders and/or quotes that execute against a complex order) will be assessed no fee (or rebate).

In order to comply with the Options Order Protection and Locked/Crossed Market Plan (the ''Linkage Plan''), the Exchange uses various means of accessing better priced interest located on other exchanges and assesses fees associated with the execution of orders routed to other exchanges.[6] For Public Customers, these fees involve, in some circumstances, the passing-through of the actual transaction fee assessed by the exchange(s) to which the order was routed, while in others, and for non-Customers, a set amount is assessed. These fees are designed to help recover the Exchange's costs in routing orders to other exchanges. The Exchange believes that the Options Clearing Corporation (''OCC'') and broker-dealers will be assessing the same charges for Minis as are assessed to standard options. Further, the Exchange's costs for routing Minis through to other exchanges will be the same as the Exchange's costs for routing standard options to other exchanges. As such, the Exchange intends apply to Mini options the same Linkage Fees structure as applies to standard options. The Exchange notes that participants can avoid the Linkage Fees in several ways. First, they can simply route to the exchange with the best priced interest. The Exchange, in recognition of the fact that markets can move while orders are in flight, also offers participants the ability to utilize order types that do not route to other exchanges. Specifically, the Immediate-or-Cancel Order (''IOC Order'') is one such order that would never route to another exchange. For all these reasons, the Exchange believes it is reasonable to apply to Mini options the same Linkage Fees structure as applies to standard options.

Currently, the Exchange assesses a $0.002 per contract Options Regulatory Fee (''ORF'').[7] The Exchange is proposing to charge the same rate for transactions in Mini options, $0.002 per contract, since, as noted, the costs to the Exchange to process quotes, orders, trades and the necessary regulatory surveillance programs and procedures in Minis are the same as for standard option contracts. As such, the Exchange feels that it is appropriate to charge the ORF at the same rate as the standard option contract. The Exchange also assesses a Firm Designated Examining Authority Fee (the ''DEA Fee'') of $0.40 per $1,000 of gross revenue.[8] Any revenue that comes from Mini trading would count towards the DEA Fee (as does other revenue).

Similarly, because, as noted, the costs to the Exchange to process quotes, orders, trades and the necessary regulatory surveillance programs and procedures in Minis are the same as for standard option contracts, the Exchange will assess to Mini transactions the same PULSe Workstation Away-Market Routing, Away-Market Routing Intermediary, and C2 Routing fees (the ''PULSe Workstation Fees'') [9] as are assessed to standard options transactions.

When the Exchange amended its Fees Schedule to institute a new fee structure for simple, non-complex orders in equity options classes,[10] this new fee structure was placed in Section 1B of the Fees Schedule, and the fees that had previously been listed in Section 1B became listed in Section 1C. However, the Exchange unintentionally failed to update some of the references in Section 1C to reflect that re-numbering. As such, two places in Section 1C reference ''this Section 1B'' even though that is now Section 1C. The Exchange hereby proposes to amend those references so that they accurately refer to ''this Section 1C''.

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.[11] Specifically, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,[12] 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 its proposal to assess a Public Customer Maker rebate of $0.04 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes is reasonable because this provides Public Customer Makers with a rebate for such transactions (instead of having to pay a fee). The Exchange believes this rebate is equitable and not unfairly discriminatory because it is slightly more than 1/10th the $0.37 rebate for standard-sized Public Customer simple, non-complex Maker orders in all multiply-listed index and ETF options classes. The Exchange does not wish to apply sub-penny transaction fees for multiply-listed index and ETF mini options, and the slight increase over 1/10th the rebate for standard-sized Public Customer simple, non-complex Maker orders in all multiply-listed index and ETF options classes is intended to incentivize Public Customers to send simple, non-complex orders in all multiply-listed index and ETF mini-options classes to the Exchange. The Exchange believes that its proposal to assess a Public Customer Mini Taker fee of $0.04 is reasonable, equitable and not unfairly discriminatory because it is slightly less than 1/10th the $0.44 fee for standard-sized Public Customer simple, non-complex Taker orders in all multiply-listed index and ETF options classes. The slight decrease below 1/10th the fee for standard-sized Public Customer simple, non-complex Taker orders in all multiply-listed index and ETF options classes is intended to incentivize Public Customers to send simple, non-complex orders in all multiply-listed index and ETF mini-options classes to the Exchange.

The Exchange believes that its proposal to adopt a C2 Market-Maker Maker rebate of $0.04 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes is

[6] *See* C2 Fees Schedule, Section 2.

[7] *See* C2 Fees Schedule, Section 8E.

[8] *See* C2 Fees Schedule, Section 8A.

[9] *See* C2 Fees Schedule, Section 11A.

[10] *See* Securities Exchange Act Release No. 68792 (January 31, 2013), 78 FR 8621 (February 6, 2013) (SR–C2–2013–004). For details on this new structure, see C2 Fees Schedule, Section 1B.

[11] 15 U.S.C. 78f(b).

[12] 15 U.S.C. 78f(b)(4).

reasonable because it is 1/10th the amount of the rebate for standard-sized C2 Market-Maker simple, non-complex Maker orders in all multiply-listed index and ETF options classes. The Exchange believes that its proposal to adopt a C2 Market-Maker Mini Taker fee of $0.05 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes is reasonable, equitable and not unfairly discriminatory. While it is slightly more than 1/10th the $0.45 fee for standard-sized C2 Market-Maker simple, non-complex Taker orders in all multiply-listed index and ETF options classes, as noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange must assess a Minis fee of more than 1/10th the amount assessed for standard options transactions. Further, the Exchange does not desire to assess sub-penny transaction fees for simple, non-complex orders in all multiply-listed index and ETF mini-options classes, and this amount allows the Exchange to assess a Taker fee that is $0.01 more than the Maker rebate for simple, non-complex C2 Market-Maker orders in all multiply-listed index and ETF mini-options classes, and such a difference is necessary for reasons of economic viability. The Exchange believes that it is equitable and not unfairly discriminatory to assess a higher Taker fee for simple, non-complex C2 Market-Maker orders in all multiply-listed index and ETF mini-options classes than for corresponding Taker orders in those classes that come from all other origins (except Public Customers) because the Exchange is also providing a higher Maker rebate to C2 Market-Makers for such orders.

The Exchange believes that its proposal to adopt a Maker rebate of $0.03 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins (Professional Customer, Firm, Broker/Dealer, non-C2 Market-Maker, JBO, etc.) is reasonable, equitable and not unfairly discriminatory. While this amount is slightly less than 1/10th the amount of the rebate for standard-sized simple, non-complex Maker orders in all multiply-listed index and ETF options classes from all other origins, as noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange cannot provide a Minis rebate of equal to or greater than 1/10th the amount provided for standard options transactions. The Exchange believes that its proposal to adopt a Taker fee of $0.04 for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins is reasonable, equitable and not unfairly discriminatory because it is slightly less than 1/10th the $0.45 fee for standard-sized simple, non-complex Taker orders in all multiply-listed index and ETF options classes from all other origins. The Exchange offers this slightly-lower-than-1/10th fee in order to prevent the Exchange from having a difference of more than $0.01 between the rebate offered and fee assessed for simple, non-complex orders in all multiply-listed index and ETF mini-options classes from all other origins. Further, the offering of a Maker rebate that is slightly lower than 1/10th that offered for standard options is offset by the fact that the Exchange is offering a fee of slightly lower than 1/10th that assessed for standard options.

The Exchange believes that it is equitable and not unfairly discriminatory to offer a fee and rebate structure for simple, non-complex Public Customer orders in all multiply-listed index and ETF mini-options classes that does not include a difference between the Maker rebate and Taker fee (as opposed to simple, non-complex orders from C2 Market-Makers and all other origins in all multiply-listed index and ETF mini-options classes) because this is intended to incentivize Public Customers to send simple, non-complex orders in all multiply-listed index and ETF mini-options classes to the Exchange. This is beneficial to all other participants on the Exchange who generally seek to trade with Public Customer order flow and who benefit from the increased volume and trading opportunities. Further, the options marketplace has a history of offering preferential pricing to Customers. The Exchange believes that it is equitable and not unfairly discriminatory to assess to C2 Market-Makers a higher Taker fee for simple, non-complex orders in all multiply-listed index and ETF mini-options classes than that assessed to all other market participants because the Exchange is also offering a higher Maker rebate to C2 Market-Makers for such orders than is being offered to orders from all other origins (except Public Customers), and because this allows the Exchange to maintain a $.01 difference between the C2 Market-Maker Taker fee and Maker rebate (the same difference as is being maintained between the Taker fee and Maker rebate for orders from all other origins (except Public Customers)).

The Exchange believes that it is reasonable to assess no fees for Mini Trades on the Open because this will allow all market participants to avoid paying fees for such trades. The Exchange believes that this is equitable and not unfairly discriminatory because it will apply to all market participants, and because the Exchange currently does not assess fees for Trades on the Open for standard options.

The Exchange believes that the proposed Mini fee and rebate structure (including maximum fees and rebates) for simple, non-complex orders in equity options classes is reasonable, equitable and not unfairly discriminatory because the proposed amounts are all 1/10th the amounts of the fees and rebates (including maximum fees and rebates) for simple, non-complex orders in standard-sized equity options classes.

The Exchange believes that its proposal to set a Public Customer rebate (for both Makers and Takers) for complex orders in all multiply-listed index and ETF mini-options classes of $0.03 is reasonable, equitable and not unfairly discriminatory. This amount is slightly less than 1/10th the amount of the rebate for standard-sized complex Public Customer orders in all multiply-listed index and ETF options classes. Nonetheless, this is still a rebate (as opposed to a fee). Further, as noted earlier, the cost to the Exchange to process quotes, orders and trades in Minis is the same as for standard options, and therefore, in some situations, the Exchange cannot provide a Minis rebate of equal to or greater than 1/10th the amount provided for standard options transactions. The Exchange believes that applying the statement that no Maker or Taker fee or rebate will apply to Public Customer Mini orders that trade with other Public Customer complex orders in all multiply-listed index and ETF options classes to Minis is reasonable because it would not be economically viable to give a rebate to both sides of an order or to give to one side of an order if the other side was not assessed a fee. This is equitable and not unfairly discriminatory because this statement applies to Public Customer complex orders in all multiply-listed index and ETF standard-sized options classes.

The Exchange believes the proposal to adopt a Maker fee of $0.01 for C2 Market-Maker complex orders in all multiply-listed index and ETF mini-options classes and of $0.02 for complex orders in all multiply-listed index and ETF mini-options classes from all other

origins is reasonable, equitable and not unfairly discriminatory. These amounts are exactly 1/10th the amounts of their respective corresponding fees for standard-sized complex orders in all multiply-listed index and ETF options classes. The Exchange believes the proposal to adopt a Taker fee of $0.03 for complex orders in all multiply-listed index and ETF mini-options classes from C2 Market-Makers and all other origins is reasonable, equitable and not unfairly discriminatory. This amount is slightly less than 1/10th the corresponding fees for standard-sized complex orders in all multiply-listed index and ETF options classes and is intended to encourage trading of complex orders in all multiply-listed index and ETF mini-options classes.

The Exchange believes that it is equitable and not unfairly discriminatory to offer rebates for both Maker and Taker complex Public Customer orders in all multiply-listed index and ETF mini-options classes (as opposed to complex orders from C2 Market-Makers and all other origins in all multiply-listed index and ETF mini-options classes) because this is intended to incentivize Public Customers to send complex orders in all multiply-listed index and ETF mini-options classes to the Exchange. This is beneficial to all other participants on the Exchange who generally seek to trade with Public Customer order flow and who benefit from the increased volume and trading opportunities. Further, the options marketplace has a history of offering preferential pricing to Customers. The Exchange believes that it is equitable and not unfairly discriminatory to assess to C2 Market-Makers a lower Maker fee for complex orders in all multiply-listed index and ETF mini-options classes than that assessed to all other market participants (excluding Public Customers) because C2 Market-Makers take on obligations, such as quoting obligations, that other market participants do not need to take on.

The Exchange believes that its proposal to encompass Minis within the current statement on the Exchange's Fees Schedule that for all complex order transactions in equity options classes, all components of such transactions (including simple, non-complex orders and/or quotes that execute against a complex order) will be assessed no fee (or rebate) is reasonable because it will allow market participants trading complex Mini equity options to avoid paying a fee for doing so. The Exchange believes this is equitable and not unfairly discriminatory because it applies to all market participants, and because this statement currently applies to standard-sized complex equity options.

The Exchange believes that it is equitable and not unfairly discriminatory to offer different fee and rebate structures for simple and complex orders in Mini classes because the nature, incentives and economics of trading for simple and complex orders can be very different. Further, the Exchange currently offers different fee and rebate structures for simple and complex orders in standard-sized options classes,[13] and the International Securities Exchange, LLC (''ISE'') proposes to assess different fees and rebates for simple and complex orders in Mini options.[14] The Exchange believes that it is equitable and not unfairly discriminatory to offer different fee and rebate structures for multiply-listed index and ETF options and for multiply-listed equity options because the nature, incentives and economics of trading of index and ETF options and equity options can be very different. Further, the Exchange currently offers different fee and rebate structures for index and ETF options and equity options,[15] as does the Chicago Board Options Exchange, Incorporated (''CBOE'').[16]

The Exchange believes that subjecting Minis to the same amounts as standard options for purposes of PULSe Workstation Fees is reasonable because the costs of operating and maintaining the PULSe Workstations for Mini transactions are the same as for standard options transactions. This is equitable and not unfairly discriminatory because the same fee amounts will be assessed for Minis as for standard options, and because such fees will apply to all Mini transactions.

The Exchange believes that its proposal to treat Mini options the same as standard options for purposes of the Linkage Fees is reasonable, equitable and not unfairly discriminatory for the following reasons. The Linkage Fees are designed to help recover the Exchange's costs in routing orders to other exchanges. The Exchange believes that the OCC and broker-dealers will be assessing the same charges for Minis as are assessed to standard options. Further, the Exchange's costs for routing Minis through to other exchanges will be the same as the Exchange's costs for routing standard options to other exchanges. As such, the Exchange believes that it makes sense apply to Mini options the same Linkage Fees structure as applies to standard options. The Exchange notes that participants can avoid the Linkage Fees in several ways. First, they can simply route to the exchange with the best priced interest. The Exchange, in recognition of the fact that markets can move while orders are in flight, also offers participants the ability to utilize order types that do not route to other exchanges. Specifically, the IOC Order is one such order that would never route to another exchange. For all these reasons, the Exchange believes it is reasonable and equitable to apply to Mini options the same Linkage Fees structure as applies to standard options. Further, the Exchange believes that it is equitable and not unfairly discriminatory to treat Mini options the same as standard options for purposes of the Linkage Fees for that tautological reason; Mini options will be treated the same as standard options for the purposes of Linkage Fees. Finally, since the Linkage Fees will apply to all participants in Minis as they apply for standard options, and because such Linkage Fees have not previously been found to be unreasonable, inequitable or unfairly discriminatory, the Exchange believes this to be the case for Minis as well.

The Exchange believes that the proposal to assess the same ORF amount to Minis as are assessed to standard options is reasonable because, as noted, the costs to the Exchange to process quotes, orders, trades and the necessary regulatory surveillance programs and procedures in Minis are the same as for standard option contracts. As such, the Exchange feels that it is appropriate to charge the ORF at the same rate as the standard option contract. Further, the Exchange notes that the cost to perform surveillance to ensure compliance with various Exchange and industry-wide rules is no different for a Mini option than it is for a standard option contract. Reducing the ORF for Mini options could result in a higher ORF for standard options. As such, the Exchange currently believes that the appropriate approach is to treat both Minis and standard options the same with respect to the amount of the ORF that is being charged. The proposed ORF for Minis is equitable and not unfairly discriminatory because the same ORF amount is currently assessed to standard options. Further, all Minis will be assessed the ORF. The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to count

[13] *See* C2 Fees Schedule, Section 1.

[14] *See* SR–ISE–2013–24, available at *http://www.ise.com/assets/documents/OptionsExchange/legal/proposed_rule_changes/2013/SR-ISE-2013-24$Proposed_Rule_Change_to_Establish_Fees_and_Rebates_for_Mini_Options$20130314.pdf.*

[15] *See* C2 Fees Schedule, Section 1.

[16] *See* CBOE Fees Schedule, page 1.

revenue from Mini trading towards the DEA Fee because revenue from Mini trading is revenue, and other revenue counts towards the DEA Fee. The Exchange also believes that this is equitable and not unfairly discriminatory because it will apply to all market participants to whom the DEA Fee apply.

The Exchange believes that the proposed change to correct the references in Section 1C of the Fees Schedule is consistent with the Section 6(b)(5) [17] 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 facilitating 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. Correcting the references prevents confusion, thereby removing impediments to and perfecting the mechanism of a free and open market and a national market system, and, in general, protecting investors and the public interest.

B. Self-Regulatory Organization's Statement on 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 Act. The proposed change designed to provide greater specificity and precision within the Fee Schedule with respect to the fees applicable to Minis.

The Exchange believes that adopting fees for Minis that are in some cases lower than for standard contracts, but in other cases the same as for standard contracts, strikes the appropriate balance between fees applicable to standard contracts versus fees applicable to Minis, and will not impose a burden on competition among various market participants on the Exchange not necessary or appropriate in furtherance of the purposes of the Act. To the extent that the Exchange proposes assessing different fee amounts to different Exchange market participants, the Exchange believes that such differing assessments will not impose an unnecessary burden on intramarket competition due to the different natures of such market participants and different obligations imposed on such market participants (as described above). Further, in the cases in which some market participants are assessed lower fee amounts than others, the Exchange often does so with the intention of attracting greater trading from those market participants, and the increased volume and trading opportunities benefits all market participants.

The Exchange believes that the proposed fees structure for Mini options will not impose an unnecessary burden on intermarket competition. The Exchange believes that its proposed fees structure for Minis is competitive with those being offered by other exchanges. As such, the Exchange believes that the proposed fees structure for Minis will increase intermarket competition, which benefits all market participants. To the extent that market participants on other exchanges may be attracted to trade on C2 by the proposed fees structure for Mini options, they are always welcome to become market participants on C2.

As Minis are a new product being introduced into the listed options marketplace, the Exchange is unable at this time to absolutely determine the impact that the fees and rebates proposed herein will have on trading in Minis. That said, however, the Exchange believes that the rates proposed for Minis would not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Finally, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and credits to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed rule change reflects this competitive environment.

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 [18] and paragraph (f) of Rule 19b–4 [19] 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:

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–C2–2013–017 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–C2–2013–017. 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 filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change;

[17] 15 U.S.C. 78f(b)(5).

[18] 15 U.S.C. 78s(b)(3)(A).

[19] 17 CFR [sic] 240.19b–4(f).

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–C2–2013–017, and should be submitted on or before April 29, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[20]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–08089 Filed 4–5–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69271; File No. SR–NASDAQ–2013–056]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Eliminate a Fee for Use of FIX and OUCH Trading Ports for Testing

April 2, 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 28, 2013, The NASDAQ Stock Market LLC (''NASDAQ'' or the ''Exchange'') filed with the Securities and Exchange Commission (''Commission'') a 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

NASDAQ proposes to eliminate fees under Rules 7015(b) and (g), which are effective but not yet implemented, for subscription to FIX Trading Ports and OUCH Ports used for testing.

The text of the proposed rule change is below. Proposed deletions are in brackets.

* * * * *

7015. Access Services

The following charges are assessed by Nasdaq for connectivity to systems operated by NASDAQ, including the Nasdaq Market Center, the FINRA/NASDAQ Trade Reporting Facility, and FINRA's OTCBB Service. The following fees are not applicable to the NASDAQ Options Market LLC. For related options fees for Access Services refer to Chapter XV, Section 3 of the Options Rules.

(a) No change.

(b) Financial Information Exchange (FIX)

Ports	Price
FIX Trading Port	$500/port/month *.
FIX Port for Services Other than Trading.	$500/port/month.
[FIX Trading Port for Testing Nasdaq will assess the following fee for each FIX Trading Port assigned to an MPID that is in test mode in excess of one.].	[$300/port/month].

(c)—(f) No change.

(g) Other Port Fees

Remote Multi-cast ITCH Wave Ports

Description	Installation fee	Recurring monthly fee
MITCH Wave Port at Secaucus, NJ	$2,500	$7,500
MITCH Wave Port at Weehawken, NJ	2,500	7,500
MITCH Wave Port at Newark, NJ	2,500	7,500

The following port fees shall apply in connection with the use of other trading telecommunication protocols:

- $500 per month for each port pair,* other than Multicast ITCH® data feed pairs, for which the fee is $1000 per month for software-based TotalView-ITCH or $2,500 per month for combined software- and hardware-based TotalView-ITCH.
- An additional $200 per month for each port used for entering orders or quotes over the Internet.
- An additional $600 per month for each port used for market data delivery over the Internet.

[• $300 per port, per month for each OUCH Port assigned to an MPID that is in test mode in excess of one.]

(h) No change.

* Eligible for 25% discount under the Qualified Market Maker Program during a pilot period expiring on April 30, 2013.

* * * * *

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, NASDAQ 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 those 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 Statutory Basis for, the Proposed Rule Change

1. Purpose

NASDAQ is proposing to amend Rules 7015(b) and (g) to eliminate the recently-effective,[3] but not yet implemented, fees for member firm use of FIX Trading Ports and OUCH Ports, respectively, maintained in test mode. The fees were to be implemented on April 1, 2013 and this filing eliminates those fees prior to their implementation. As discussed in greater detail in the rule change adopting the fees,[4] a FIX Trading Port and an OUCH Port are both connections to the NASDAQ trading system (collectively, ''Trading Ports''). Historically, a member firm was not charged a fee for any of its subscribed Trading Ports designated as in ''test mode.''[5] NASDAQ determined to assess

[20] 17 CFR 200.30–3(a)(12).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] Securities Exchange Act Release No. 69211 (March 22, 2013) (SR–NASDAQ–2013–050).

[4] *Id.*

[5] When a member firm designates a Trading Port's status as in test mode, NASDAQ will not

Continued