

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69458; File No. SR-C2-2013-019]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend C2 Rule 6.52

April 25, 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 April 19, 2013, C2 Options Exchange, Incorporated (“C2” or “Exchange”) 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 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

C2 proposes to amend C2 Rule 6.52 (Solicitation Auction Mechanism), which sets forth a minimum order eligibility size predicated on an option contract delivering 100 shares. The proposal would amend C2 Rule 6.52 to establish a minimum order eligibility size in an amount proportional to mini-options delivering 10 shares (*i.e.*, the same number of underlying securities). The Exchange is not proposing to change the substantive content of this rule. 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.

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 self-regulatory organization 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

C2’s rules were recently amended to allow for the listing of mini-options that deliver 10 physical shares on SPDR S&P 500 (“SPY”), Apple, Inc. (“AAPL”), SPDR Gold Trust (“GLD”), Google Inc. (“GOOG”) and Amazon.com Inc. (“AMZN”).³ Mini-options trading commenced on March 18, 2013.

Standard equity and exchange-traded fund (“ETF”) option contracts have a unit of trading of 100 shares deliverable and mini-options have a unit of trading of 10 shares deliverable.⁴ Except for the difference in the number of deliverable shares, mini-options have the same terms and contract characteristics as standard equity and ETF options, including exercise style. Accordingly, the mini-option filing contained a representation that the rules that apply to the trading of standard option contracts will apply to mini-options as well.⁵

The Exchange proposes to amend Rule 6.52 (Solicitation Auction Mechanism), which sets forth a minimum order eligibility size predicated on an option contract delivering 100 shares. The purpose of the proposed rule change is to amend C2 Rule 6.52 to establish a minimum order eligibility size in an amount proportional to mini-options delivering 10 shares (*i.e.*, the same number of underlying securities). The Exchange is not proposing to change the substantive content of this rule.

C2 Rule 6.52 permits a C2 Participant that represents agency orders to

³ Chapter 5 to the C2 Rulebook provides that the rules contained in Chicago Board Options Exchange, Incorporated (“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 V 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. See Securities Exchange Act Release No. 68656 (January 15, 2013), 78 FR 4526 (January 22, 2013) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to List and Trade Option Contracts Overlying 10 Shares of Certain Securities) (SR-CBOE-2013-001) (“mini-option filing”).

⁴ Strike prices for mini-options are set at the same level as for standard options. See CBOE Rule 5.5.22(b). Bids and offers for mini-options are expressed in terms of dollars per 1/10th part of the total value of the contract. See C2 Rule 6.3(c). No additional series of mini-options may be added if the underlying security is trading at \$90 or less. The underlying security must trade above \$90 for five consecutive days prior to listing mini-option contracts in an additional expiration month. See CBOE Rule 5.5.22(c).

⁵ 78 FR 4527.

electronically execute orders it represents as agent (“Agency Order”) against solicited orders provided it submits the Agency Order for electronic execution into the solicitation auction mechanism (the “Auction”) pursuant to the requirements of C2 Rule 6.52. C2 Rule 6.52(a)(1) requires the Exchange to determine minimum eligible size parameters for participation in Auctions, however, the eligible order size may not be less than 500 standard option contracts (which is equivalent to 5,000 mini-option contracts). The Exchange proposes to maintain the minimum eligibility size parameters for mini-options that are required for standard options in proportion.

Accordingly, C2 proposes to amend C2 Rule 6.52(a)(1) to specify that the minimum order size for standard options may not be less than 500 contracts and the minimum order size for mini-options may not be less than 5,000 contracts.

Standard option series subject to an adjustment will be subject to the minimum order quantity for standard options contained in C2 Rule 6.52 and mini-option series subject to an adjustment will be subject to the minimum order quantities for mini-options contained in C2 Rule 6.52.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder, including the requirements of Section 6(b) of the Act.⁶ In particular, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest.

Specifically, the Exchange believes that investors would benefit from the current rule proposal because it would clarify how the minimum order quantity that is predicated on an option contract delivering 100 shares will apply to mini-options. The Exchange believes that the marketplace and investors will be expecting clarification by the Exchange on this issue. As a result, the Exchange believes that this change would lessen investor and marketplace

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

confusion because the rule being amended by this filing will be clear as to the application to mini-options.

The Exchange also believes that the current proposal is designed to promote just and equitable principles of trade because it will maintain the minimum order quantity set forth in C2 Rule 6.52 in an amount proportional to mini-options.

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

This proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. In this regard, since mini-options are permitted on multiply-listed classes, several exchanges have changed their auction rules so that those rules [sic] set forth minimum order quantities for standard options will apply in amounts proportional to mini-options. C2 believes that the proposed rule change will enhance competition by providing for the same proportional minimum order quantity contained in Rule 6.52 to apply to standard and mini-options on the same security.

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

No written comments were solicited or received with respect to the proposed rule change.

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

Because the foregoing proposed rule change: (1) Does not significantly affect the protection of investors or the public interest; (2) does not impose any significant burden on competition; and (3) 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, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act⁸ and Rule 19b-4(f)(6) thereunder.⁹

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. Please include File Number SR-C2-2013-019 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-C2-2013-019. 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-C2-2013-019 and should be submitted on or before May 22, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69454; File No. SR-NASDAQ-2013-068]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify NASDAQ's Rule Governing Modification of Orders in the Event of an Issuer Corporate Action Related to a Dividend, Payment or Distribution, and To Make Related Clarifications to Rule Text

April 25, 2013.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on April 17, 2013, The NASDAQ Stock Market LLC ("NASDAQ" or the "Exchange") filed with the Securities and Exchange Commission (the "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 Substance of the Proposed Rule Change

NASDAQ proposes to modify NASDAQ's rule governing modification of orders in the event of an issuer corporate action related to a dividend, payment or distribution, and to make related clarifications to rule text. The Exchange has designated the proposed changes as immediately effective, and proposes to implement the changes on or shortly after the 30th day after the date of the filing. The text of the proposed rule change is available on the Exchange's Web site at <http://www.nasdaq.cchwallstreet.com>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

⁸ 15 U.S.C. 78s(b)(3)(A).

⁹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires a self-regulatory organization to provide 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 of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has fulfilled this requirement.

¹⁰ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.