

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁹

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-13275 Filed 6-4-13; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69666; File No. SR-DTC-2013-04]

Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing of Proposed Rule Change in Connection With the Modifications to Receiver Authorized Delivery and Reclaim Processing Value Limits by Transaction

May 30, 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 May 17, 2013, The Depository Trust Company (“DTC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by DTC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change modifies DTC’s Rules & Procedures (“Rules”), as described below, with respect to Receiver Authorized Delivery (“RAD”) and reclaim transactions, to: (i) Lower limits against which valued Deliver Orders (“DO”) and Payment Orders (“PO”) will be required to be accepted for receipt (i.e., “matched” for settlement), (ii) lower limits for same day reclaim transactions, and (iii) revise the process for RAD matching of stock loans and returns, each as more fully described below.³

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.⁴

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(i) By this filing, DTC seeks to modify the RAD functionality as more fully described below to reduce the intraday uncertainty that may arise from reclaim transactions and any potential credit and liquidity risk from such reclaims.

All valued DOs and POs valued in amounts above \$15 million and \$1 million, respectively, are subject to the RAD process, which allows receivers to review and reject transactions that they do not recognize prior to processing for delivery. In contrast, lower value DOs and POs do not require the receiver’s acceptance prior to processing in accordance with DTC’s Rules; instead, such transactions may be returned by the receiver in a reclaim transaction, if the receiver does not recognize the DO or PO. While both the reclaim and RAD functionalities allow receiving DTC participants (“Participants”) to exercise control over which transactions to accept, reclaims tend to create uncertainty because transactions can be returned late in the day, when the original deliverer may have limited options to respond. Because such reclaims are permitted without regard to risk management controls, the Participant that initiated the original delivery versus payment may then incur a greater settlement obligation, increasing credit and liquidity risk to that Participant and to the Corporation.⁵

For these reasons, DTC states that pre-settlement matching through RAD is a

preferable approach, without the uncertainty and credit and liquidity implications of reclaims. Under this proposal, DTC will change RAD to require Participants to match all settlement-related transactions valued greater than \$7.5 million for valued DOs and \$500,000 for POs, prior to processing. Matched transactions will be processed through DTC subject to risk management controls.⁶ Concurrently, the value of reclaims that may bypass risk management controls will be reduced to \$7.5 million for valued DOs and \$500,000 for POs.

DTC is also proposing a further revision to RAD for stock loan and stock loan return transactions. Currently, Participants may set bilateral and global limits for transactions subject to RAD which allow transactions with settlement values that are greater than DTC’s default limits, but less than the Participant’s defined bilateral and/or global limits, to be passively approved.⁷ Any established limits apply to all transactions with the applicable counterparties (on either a bilateral or global basis) for all transaction types subject to RAD. However, stock loan transactions (and stock loan returns) are often different from ordinary buys and sells, because stock loans are often agreed upon on a same-day basis (as opposed to T+3 settlement of purchases and sales). Taking this difference into account, in addition to the revisions described above, the proposed Rule changes will allow receiving Participants to establish bilateral and global RAD limits for stock loans and stock loan returns that are different from other transaction types.⁸

The DTC Settlement Services Guide will be revised to reflect the changes discussed above.

The effective date of the proposed rule change will be announced via a DTC Important Notice.

(ii) Section 17A(b)(3)(F) of the Act requires that the rules of the clearing agency be designed, *inter alia*, to

⁶ Each reclaim of a matched transaction that is attempted will be processed as an original instruction and be subject to risk management controls and receiver approval (the original deliverer) via RAD.

⁷ A bilateral limit established by a Participant applies to transactions from a specified deliverer. A global limit established by a Participant is applied to all valued DOs and POs to the Participant not otherwise subject to a bilateral limit. Transactions passively approved under such limits may not be reclaimed.

⁸ The use of a stock lending and return profile will be voluntary and, absent a profile, the Participant’s transactions will be subject to RAD as applicable to ordinary DOs, including the established DTC limits as well as Participant established bilateral and global limits as described above.

¹⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Deliver Order is a book-entry movement of a particular security between two DTC participants. A Payment Order is a method for settling funds amounts related to transactions and payments not associated with a Deliver Order. The defined term “DO” as used in this proposed rule change filing includes all valued Deliver Orders except for Deliver Orders of: (i) Money Market Instruments and (ii) Institutional Deliveries affirmed through Omgeo, both of which are not impacted by the proposed Rule change.

⁴ The Commission has modified the text of the summaries prepared by DTC.

⁵ DTC’s risk management controls, including Collateral Monitor and Net Debit Cap (as defined in DTC Rule 1), are designed so that DTC can effect system-wide settlement notwithstanding the failure to settle of its largest Participant or affiliated family of Participants. Net Debit Cap limits the net debit balance a Participant can incur so that the unpaid settlement obligation of the Participant, if any, cannot exceed DTC liquidity resources. The Collateral Monitor tests that a receiver has adequate collateral to secure the amount of its net debit balance so that DTC may borrow funds to cover that amount for system-wide settlement if the Participant defaults.

promote the prompt and accurate clearance and settlement of securities transactions. The proposed rule change is designed to promote the prompt and accurate clearance and settlement of securities transactions by increasing the number of deliveries which will be required to be approved by the receiving Participant prior to DTC processing, which will enhance settlement certainty.

(B) Clearing Agency's Statement on Burden on Competition

DTC does not believe that the proposed rule change will have any impact or impose any burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received From Members, Participants or Others

Written comments relating to the proposed rule change have not been solicited or received. DTC will notify the Commission of any written comments received by DTC.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change or

(B) institute proceedings to determine whether the proposed rule change should be 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-DTC-2013-04 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-DTC-2013-04. 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 Section, 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 filings will also be available for inspection and copying at the principal office of DTC and on DTC's Web site at http://www.dtcc.com/downloads/legal/rule_filings/2013/dtc/SR-DTC-2013-04.pdf.

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-DTC-2013-04 and should be submitted on or before June 26, 2013.

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

Kevin M. O'Neill,

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[FR Doc. 2013-13273 Filed 6-4-13; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69671; File No. SR-Phlx-2013-59]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Apply a Strategy Fee Cap to Jelly Rolls

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,²

⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

notice is hereby given that on May 21, 2013 NASDAQ OMX PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "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 adopt a strategy fee cap applicable to jelly rolls.

While changes to the Pricing Schedule pursuant to this proposal are effective upon filing, the Exchange has designated the proposed amendment to be operative on May 22, 2013.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaqomxphlx.cchwallstreet.com/>, at the principal office of the Exchange, 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, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of this filing is to amend the strategy fee caps which are currently located in Section II, entitled "Multiply Listed Options"³ Today, the Exchange caps certain dividend, merger, short stock interest and reversal and conversion floor option transactions. The Exchange is proposing to also cap jelly roll strategies.

A jelly roll strategy is defined as transactions created by entering into two separate positions simultaneously. One position involves buying a put and

³ This includes options overlying equities, ETFs, ETNs and indexes which are Multiply Listed.