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 filings also will be available for inspection and copying at the principal office of ICE Clear Europe and on ICE Clear Europe’s Web site at https://www.theice.com/publicdocs/regulatory_filings/ICEU_SEC_060413.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–ICEEU–2013–09 and should be submitted on or before June 27, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority. 19
Kevin M. O’Neill, Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; BOX Options Exchange LLC: Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend BOX Rule 8050 to Lower the Minimum Quoting Requirement for Market Makers Quoting in Jumbo SPY Options

June 6, 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 31, 2013, BOX Options Exchange LLC (“BOX” 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

The Exchange proposes to amend Rule 8050 to lower the minimum quoting requirement for Market Makers quoting in Jumbo SPY Options. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at http://boxexchange.com.

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 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.

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

1. Purpose

On May 10, 2013 the Exchange began listing and trading option contracts overlying 1,000 SPDR® S&P 500® exchange-traded fund shares (“SPY”),3 or (“Jumbo SPY Options”).4 Whereas standard options contracts represent a deliverable of 100 shares of an underlying security, this product represents 1,000 SPY shares. Except for the difference in the number of deliverable shares, Jumbo SPY Options have the same terms and contract characteristics as regular-sized options contracts (“standard options”), including exercise style. Accordingly, the Commission noted in the approval order that the Exchange’s rules that apply to the trading of standard options would apply to Jumbo SPY Options as

3 “SPDR®,” “Standard & Poor’s 500®,” “S&P 500®,” “S&P®,” “S&P 500®,” and “Standard & Poor’s 500®” are registered trademarks of Standard & Poor’s Financial Services LLC. The SPY ETF represents ownership in the SPDR S&P 500 Trust, a unit investment trust that generally corresponds to the price and yield performance of the SPDR S&P 500 Index.

well. The Exchange proposes to amend BOX Rule 8050 to lower the minimum quoting requirement for Market Makers quoting in Jumbo SPY Options.

Currently, the Exchange requires that a Market Maker’s bid or offer for a series of options contracts shall be accompanied by the number of contracts at that price the Market Maker is willing to buy from or sell to Customers. Every Market Maker bid or offer must have an initial size of at least ten (10) contracts. The Exchange proposes to lower the Market Maker bid or offer initial size requirement for Jumbo SPY options to 1/10th of the current requirement.

Specifically, the Exchange proposes to make the required minimum number of contracts for a Market Maker’s bid or offer in Jumbo SPY Options one (1) contract.

The Exchange believes it is appropriate to adjust the Market Maker quoting requirement for Jumbo SPY Options so it is scaled based upon the total number of shares of the underlying security instead of the total number of options contracts. Under the proposed rule change a Market Maker would be required to quote at least ten (10) contracts for standard options that represent a total of 1,000 shares of the underlying security. For Jumbo SPY Options the Market Maker would only be required to quote at least one (1) contract, but this would still represent a total of 1,000 shares of the underlying security. The Exchange believes that modifying the quotation requirement for Jumbo SPY Options will encourage Market Maker quoting in this new product and lead to increased liquidity. The Exchange notes that a minimum quoting requirement of one (1) contract is not novel and certain exchanges have a minimum requirement of one (1) contract for all classes. Further, the Exchange believes that having different quotation requirements for Jumbo SPY Options than those required for standard options on SPY would not lead to investor confusion and will instead increase liquidity in this new product, therefore enabling market participants to trade Jumbo SPY Options with greater precision.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”), in general, and Section 6(b)(5) of the Act. In particular, in that it is 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 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. The proposed rule change will assure that standard options and Jumbo SPY Options will have an equivalent Market Maker quoting requirement in terms of shares on the underlying security. The Exchange believes that investors and other market participants will benefit from this proposed rule change because it establishes a lower quoting requirement for Jumbo SPY Options, which will increase the overall liquidity in this new product.

Finally, the Exchange believes that the proposed rule change is not designed to permit unfair discrimination among market participants as all Market Makers may quote Jumbo SPY Options once they are appointed to this options class.

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 not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes that investors will benefit from the increased liquidity of Jumbo SPY Options. Quoting in Jumbo SPY Options is entirely voluntary and Market Makers can determine if they would like to trade in this new product. The Exchange believes this proposed rule change is necessary to establish equivalent Market Maker quoting requirements for Jumbo SPY Options, a new options product.

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

The Exchange has neither solicited nor received comments on 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 Act 10 and Rule 19b–4(f)(6) thereunder. 11 A proposed rule change filed under Rule 19b–4(f)(6) normally does not become operative for 30 days after the date of filing. However, Rule 19b–4(f)(6)(iii) permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay so that the proposed rule change may become immediately operative. The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. 12 The Exchange began trading Jumbo SPY Options on May 10, 2013, and waiver of the operative delay will allow the Exchange to implement its proposal without delay. For these reasons, the Commission designates the proposed rule change as operative upon filing.

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

11 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6)(iii) permits 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 test 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.
12 For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).
SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1 and 2 Thereto, To Implement a One-Year Pilot Program for Issuers of Certain Exchange-Traded Products Listed on the Exchange

June 6, 2013.

On March 21, 2013, NYSE Arca, Inc. (“Exchange” or “NYSE Arca”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) 1 and Rule 19b–4 thereunder, 2 a proposed rule change to implement the NYSE Arca ETP Incentive Program (“Incentive Program”), a one-year pilot program for issuers of certain exchange-traded products (“ETPs”) listed on the Exchange. On April 5, 2013, the Exchange submitted Amendment No. 1 to the proposed rule change, which replaced and superseded the proposed rule change in its entirety. 3 The proposed rule change, as modified by Amendment No. 1, was published for comment in the Federal Register on April 11, 2013. 4 The Commission received two comment letters on the proposal. 5 On May 29, 2013, the Exchange submitted Amendment No. 2 to the proposed rule change. 6 This order grants approval of the proposed rule change, as modified by Amendment Nos. 1 and 2 thereto. 7

I. Description of the Proposal

As set forth in more detail in the Notice, 8 the Exchange is proposing to adopt new NYSE Arca Equities Rule 8.800 and to amend its fee schedules to set forth the requirements for the Incentive Program, which will be a one-year pilot program for issuers of certain ETPs listed on the Exchange. 9 The Exchange states that the Incentive Program is designed to enhance the market quality for ETPs by incentivizing Market Makers 10 to take Lead Market Maker (“LMM”) assignments in certain lower volume ETPs by offering an alternative fee structure for such LMMs that would be funded from the Exchange’s general revenues. 11 The Exchange states that participation in the Incentive Program would be entirely voluntary on the part of both LMMs and issuers, and that the costs of the Incentive Program would be offset by charging participating issuers non-refundable “Optional Incentive Fees,” which would be credited to the Exchange’s general revenues. 12

A. Eligible Products, Issuer Application, and LMM Assignment

An ETP will be eligible to participate in the Incentive Program if (i) it is listed on the Incentive Program, and will further provide data and analysis about the market quality of ETPs that exceed the one million CADV (as defined herein) threshold and “graduate,” or are otherwise withdrawn or terminated from the Incentive Program, and (ii) include market quality data for comparable ETPs that are listed on the Exchange but not participating in the Incentive Program. Amendment No. 2 provides clarification to the proposed rule change, and because it does not materially affect the substance of the proposed rule change, Amendment No. 2 does not require notice and comment.

Today the Commission also is granting exemptive relief from Rule 102 under Regulation M concerning the Incentive Program. See Securities Exchange Act Release No. 69707 (June 6, 2013) (Order Granting a Limited Exemption from Rule 102 of Regulation M Concerning the NYSE Arca, Inc.’s Exchange-Traded Product Incentive Program Pilot Pursuant to Regulation M Rule 102(e)).

See Notice, supra note 4.

The Exchange currently has two Schedules of Fees and Charges for Exchange Services; one that is for listings (“Listing Fee Schedule”) and another that is for trade-related charges (“Trading Fee Schedule”). To differentiate them, the Exchange also proposes to change the name of the Listing Fee Schedule to “Schedule of Fees and Charges for Exchange Listing Services.”

1 A Market Maker is an Equity Trading Permit Holder (“ETP Holder”) that acts as a Market Maker pursuant to NYSE Arca Equities Rule 7. See NYSE Arca Equities Rule 1.1(e). An ETP Holder is a sole proprietorship, partnership, corporation, limited liability company, or other organization in good standing that has been issued an Equity Trading Permit. See NYSE Arca Equities Rule 1.1(n).

11 See Notice, supra note 4, at 21682.

12 Id.