3. HCVS Programmatic Requirements

3.1 The Licensee shall develop, implement, and maintain procedures necessary for the safe operation of the HCVS. Procedures shall be established for system operations when normal and backup power is available, and during an extended loss of AC power.

3.2 The Licensee shall train appropriate personnel in the use of the HCVS. The training curricula shall include system operations when normal and backup power is available, and during an extended loss of AC power.

B. PHASE 2 (Reliable, Severe Accident Capable Drywell Venting System)

Licensees with BWRs with Mark I and Mark II containments shall either:

(1) Design and install a HCVS, using a vent path from the containment drywell, that meets the requirements in Section B.1 below, or

(2) develop and implement a reliable containment venting strategy that makes it unlikely that a licensee would need to vent from the containment drywell before alternate reliable containment heat removal and pressure control is reestablished and meets the requirements in Section B.2 below.

1. HCVS Drywell Vent Functional Requirements

1.1 The drywell venting system shall be designed to vent the containment atmosphere (including steam, hydrogen, non-condensable gases, aerosols, and fission products), and control containment pressure within acceptable limits during severe accident conditions.

1.2 The same functional requirements (reflecting accident conditions in the drywell), quality requirements, and programmatic requirements defined in Section A of this Attachment for the wetwell venting system shall also apply to the drywell venting system.

2. Containment Venting Strategy Requirements

Licensees choosing to develop and implement a reliable containment venting strategy that does not require a reliable, severe accident capable drywell venting system shall meet the following requirements:

2.1 The strategy making it unlikely that a licensee would need to vent from the containment drywell during severe accident conditions shall be part of the overall accident management plan for Mark I and Mark II containments.

2.2 The licensee shall provide supporting documentation demonstrating that containment failure as a result of overpressure can be prevented without a drywell vent during severe accident conditions.

2.3 Implementation of the strategy shall include licensees preparing the necessary procedures, defining and fulfilling functional requirements for installed or portable equipment (e.g., pumps and valves), and installing the needed instrumentation.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69725; File No. SR–EDGX–2013–19]

Self-Regulatory Organizations; EDGX Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGX Exchange, Inc. Fee Schedule

June 10, 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 June 3, 2013, EDGX Exchange, Inc. (the ''Exchange'' or ''EDGX'') 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 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

The Exchange proposes to amend its fees and rebates applicable to Members[3] of the Exchange pursuant to EDGX Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGX Members. The text of the proposed rule change is available on the Exchange's Internet Web site at *www.directedge.com,* at the Exchange's principal office, and at the Public Reference Room of the Commission.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its fees and rebates applicable to Members of the Exchange pursuant to EDGX Rule 15.1(a) and (c) to: (1) Lower the default[4] rebate at the top of its fee schedule for adding liquidity in securities at or above $1.00 on EDGX from a rebate of $0.0021 per share to a rebate of $0.0020 per share and make conforming changes to add flags B, V, Y, 3, and 4; (2) make conforming changes to the internalization flags 5, EA, and ER; (3) increase the fee charged from $0.0018 per share to $0.0020 per share for orders that yield Flag RB, which routes to NASDAQ OMX BX (''BX'') and adds liquidity; (4) decrease the rebate from $0.0026 per share to $0.0020 per share for orders that yield Flag RS, which routes to NASDAQ OMX PSX (''PSX'') and adds liquidity; (5) add the Midpoint Match Volume Tier (''MPM Volume Tier'') to Footnote 3 of the Exchange's fee schedule;[5] and (6) amend the criteria to meet the $0.0035 per share Mega Tier in Footnote 1 as well as lower the associated removal and routing rate from $0.0020 per share to $0.0015 per share on the Exchange's fee schedule.

Lower Default Rebate

The Exchange proposes to lower the default rebate at the top of its fee schedule for adding liquidity in securities at or above $1.00 on EDGX from a rebate of $0.0021 per share to a rebate of $0.0020 per share. This change will also be reflected in the following added liquidity flags: B, V, Y, 3, and 4. The Exchange notes that Members will still qualify for all tiered rebates on the Exchange's fee schedule.

Amendments to Customer Internalization Fees

For customer internalization, which occurs when two orders presented to the Exchange from the same Member (i.e., MPID) are presented separately and not

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

[2] 17 CFR 240.19b–4.

[3] As defined in Exchange Rule 1.5(n).

[4] ''Default'' refers to the standard rebate provided to Members for orders that add liquidity to the Exchange absent Members qualifying for additional volume tiered pricing.

[5] References herein to ''Footnotes'' refer only to footnotes on the Exchange's fee schedule and not to footnotes within the current filing.

in a paired manner, but nonetheless inadvertently match with one another,[6] the Exchange currently charges $0.00045 per share per side of an execution (for adding liquidity and for removing liquidity) for Flags EA, ER, and 5. This charge occurs in lieu of the standard or tiered rebate/removal rates. Therefore, Members currently incur a total transaction cost of $0.0009 per share for both sides of an execution for customer internalization.

In SR–EDGX–2011–13,[7] the Exchange represented that it ''will work promptly to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread.'' In order to ensure that the internalization fee is no more favorable than the proposed maker/taker spread of $0.0010 for the standard add rate (proposed rebate of $0.0020) and standard removal rate ($0.0030 charge per share), the Exchange is proposing to charge $0.0005 per side for customer internalization (flags EA, ER and 5). However, if a Member posts 10,000,000 shares or more of average daily volume (''ADV'') to EDGX, then the Member would get the current rate of $0.0001 per share per side for customer internalization.[8] If this occurs, then the Member's rate for inadvertently matching with itself decreases to $0.0001 per share per side, as reflected in Footnote 11. In each case (both tiered and standard rates), the charge for Members inadvertently matching with themselves is no more favorable than each maker/taker spread. The applicable rate for customer internalization thus allows the Exchange to discourage potential wash sales.

Fee Change for Flag RB

In securities priced at or above $1.00, the Exchange currently assesses a fee of $0.0018 per share for Members' orders that yield Flag RB, which routes to BX and adds liquidity. The Exchange proposes to amend its fee schedule to increase this fee to $0.0020 per share for Members' orders that yield Flag RB. The proposed change represents a pass through of the rate that Direct Edge ECN LLC (d/b/a DE Route) (''DE Route''), the Exchange's affiliated routing broker-dealer, is charged for routing orders to BX that add liquidity and do not qualify for a volume tiered discount. When DE Route routes to BX and adds liquidity, it is charged a default fee of $0.0020 per share.[9] DE Route will pass through this rate on BX to the Exchange and the Exchange, in turn, will pass through this rate to its Members. The Exchange notes that the proposed change is in response to BX's May 2013 fee filing with the Securities and Exchange Commission (the ''Commission''), wherein BX increased the rate it charges its customers, such as DE Route, from a charge of $0.0018 per share to a charge of $0.0020 per share for orders that are routed to BX and add liquidity.[10]

Rebate Change for Flag RS

In securities priced at $1.00 or above, the Exchange currently provides a rebate of $0.0026 per share for Members' orders that yield Flag RS, which routes to PSX and adds liquidity. The Exchange proposes to amend its fee schedule to decrease the rebate it provides Members from $0.0026 per share to $0.0020 per share for Flag RS. The proposed change represents a pass through of the rate that DE Route is rebated for routing orders to PSX that add liquidity and do not qualify for a volume tiered discount.[11] When DE Route routes to PSX and adds liquidity, it is provided a default rebate of $0.0020 per share. DE Route will pass through this rate on PSX to the Exchange and the Exchange, in turn, will pass through this rate to its Members. The Exchange notes that the proposed change is in response to PSX's May 2013 fee filing with the Commission, wherein PSX decreased the rebate it provides its customers, such as DE Route, from a rebate of $0.0026 per share to a rebate of $0.0020 per share for orders that are routed to PSX and add liquidity.[12]

Addition of MPM Volume Tier

The Exchange proposes to add the MPM Volume Tier to Footnote 3 of the Exchange's fee schedule. A Member could qualify for the MPM Volume Tier by adding and/or removing an ADV of at least 3,000,000 shares on a daily basis, measured monthly, on EDGX, yielding flags MM (adds liquidity to MPM using the Midpoint Match order type[13]) and/or MT (removes liquidity from MPM using MPM order type). Members qualifying for the MPM Volume Tier would not pay a fee for orders yielding Flag MM.

The Exchange notes that the proposed tier is subject to competitive forces because it is comparable to The NASDAQ Stock Market LLC's (''NASDAQ'') similar pricing tier that is dependent on achieving stipulated volume requirements in midpoint liquidity, as discussed in further detail below.

Amendment to $0.0035 Mega Tier

Lastly, Footnote 1 of the Exchange's fee schedule currently provides that Members may qualify for a Mega Tier rebate of $0.0035 per share (the ''$0.0035 Mega Tier'') for all liquidity posted on EDGX where Members add or route at least 2,000,000 shares of ADV prior to 9:30 a.m. or after 4:00 p.m. (including all flags except 6) and add a minimum of 35,000,000 shares of ADV on EDGX in total, including during both market hours and pre- and post-trading hours. In addition, for meeting the aforementioned criteria, Members will pay a reduced rate for removing liquidity of $0.0020 per share for Flags N, W, 6, 7, BB, PI, RT, and ZR. Where a Member does not meet the criteria for any Mega Tier, then a removal rate of $0.0030 per share applies.

The Exchange proposes to amend Footnote 1 of its fee schedule to increase the ADV requirement of the $0.0035 Mega Tier from 2,000,000 shares of ADV to 4,000,000 shares of ADV, add a requirement to have an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85% where added flags are defined as B, V, Y, 3, 4,

[6] Members are advised to consult Rule 12.2 respecting fictitious trading.

[7] *See* Securities Exchange Release No. 64452 (May 10, 2011), 76 FR 28110, 28111 (May 13, 2011) (SR–EDGX–2011–13).

[8] EDGX has a variety of tiered rebates ranging from $0.0025–$0.0035 per share, which makes its maker/taker spreads range from $0.0005 (standard removal rate—Growth Tier), $0.0002 (standard removal rate—Super Tier or 0.65% total consolidated volume (''TCV'') step-up tier rebate), (standard removal rate—Step-Up Take tier or Investor Tier), −$0.0001 (standard removal rate—Ultra Tier rebate), −$0.0002 (standard removal rate—Mega Tier rebate of $0.0032), −$0.0003 (standard removal rate—Market Depth Tier rebate of $0.0033 per share), and −$0.0005 (standard removal rate—Mega Tier rebate of $0.0035 per share). As a result of the customer internalization charge, Members who internalized would be charged $0.0001 per share per side of an execution (total of $0.0002 per share) instead of capturing the maker/taker spreads resulting from achieving the tiered rebates.

[9] The Exchange notes that to the extent DE Route does or does not achieve any volume tiered rebate on BX, its rate for Flag RB will not change. *See* BX Fee Schedule, *http://www.nasdaqtrader.com/Trader.aspx?id=bx_pricing* (charging a default fee of $0.0020 per share for adding displayed liquidity to BX).

[10] *See* Securities Exchange Act Release No. 69522 (May 6, 2013), 78 FR 27464 (May 10, 2013) (SR–BX–2013–034) (amending the default fee BX charges for adding liquidity to the BX order book from $0.0018 per share to $0.0020 per share).

[11] The Exchange notes that to the extent DE Route does or does not achieve any volume tiered rebate on PSX, its rate for Flag RS will not change. *See* PSX Fee Schedule, *http://www.nasdaqtrader.com/Trader.aspx?id=PSX_pricing* (providing a default rebate of $0.0020 per share for adding displayed liquidity to PSX).

[12] *See* Securities Exchange Act Release No. 69588 (May 15, 2013), 78 FR 29801 (May 21, 2013) (SR–Phlx–2013–51) (amending the default rebate PSX provides for adding displayed liquidity to the PSX order book from $0.0026 per share to $0.0020 per share).

[13] As defined in Exchange Rule 11.5(c)(7), the Midpoint Match (''MPM'') order type is an order with an instruction to execute it at the midpoint of the NBBO.

HA, MM, RP, and ZA, and removal flags are defined as N, W, 6, BB, MT, PI, PR, and ZR and reduce the removal and/or routing rate associated with achieving this tier from $0.0020 per share to $0.0015 per share. The amended tier would read as follows:

> Members can qualify for the Mega Tier and be provided a rebate of $0.0035 per share for all liquidity posted on EDGX if they (i) add or route at least 4,000,000 shares of ADV prior to 9:30 a.m. or after 4:00 p.m. (includes all flags except 6), (ii) add a minimum of 35,000,000 shares of ADV on EDGX in total, including during both market hours and pre and post-trading hours, and (iii) have an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85% where added flags are defined as B, V, Y, 3, 4, HA, MM, RP, and ZA, and removal flags are defined as N, W, 6, BB, MT, PI, PR, and ZR. In addition, for meeting the aforementioned criteria, Members will pay a reduced rate for removing and/or routing liquidity of $0.0015 per share for Flags N, W, 6, 7, BB, PI, RT, and ZR.

The remainder of the footnote as it pertains to the $0.0035 per share Mega Tier rebate would remain unchanged.

As described in SR–EDGX–2013–16 [14] and discussed in further detail below, the $0.0035 Mega Tier is subject to competitive forces because it is comparable to NASDAQ's Routable Order Program (''ROP''),[15] a similar program with similar criteria focused on recognizing the propensity of Members representing retail customers to make use of exchange-provided routing strategies and pre- and post-market trading sessions, as compared with proprietary traders.[16]

Implementation Date

The Exchange proposes to implement these amendments to its fee schedule on June 3, 2013.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,[17] in general, and furthers the objectives of Section 6(b)(4),[18] in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and other charges among its Members and other persons using its facilities.

Lower Default Rebate

The Exchange believes that its proposal to lower the rebate from $0.0021 per share to $0.0020 per share is an equitable allocation of reasonable dues, fees and other charges as it will enable the Exchange to retain additional funds to offset increased administrative, regulatory, and other infrastructure costs associated with operating an exchange. The rate is reasonable in that it is comparable to rebates for adding liquidity offered by NYSE Arca, Inc. (''NYSE Arca'') (rebates of 0.0021 per share for Tapes A/C securities, $0.0022 per share for Tape B securities) and on NASDAQ (rebate of $0.0020 per share).[19] The Exchange believes that the proposed rebate is non-discriminatory in that it applies uniformly to all Members.

Amendments to Customer Internalization Fees

The Exchange believes that the increased fee for customer internalization from $0.00045 to $0.0005 per share per side of an execution for Flags EA, ER (regular trading session) and 5 (pre and post market) represents an equitable allocation of reasonable dues, fees, and other charges as it is designed to discourage Members from inadvertently matching with one another, thereby discouraging potential wash sales. The increased fee also allows the Exchange to offset its administrative, clearing, and other operating costs incurred in executing such trades. Finally, the fee is equitable in that it is consistent [20] with the EDGX fee structure that has a proposed maker/taker spread of $0.0010 per share (where the standard rebate to add liquidity on EDGX is proposed to be $0.0020 per share and the standard fee to remove liquidity is $0.0030 per share).

This increased fee per side of an execution on Flags EA, ER, and 5 ($0.0005 per side instead of $0.00045 per side per share), yields a total cost of $0.0010, thus making the internalization fee consistent with the current maker/taker spreads.[21] The Exchange believes that the proposed rate is non-discriminatory in that it applies uniformly to all Members.

Fee Change for Flag RB

The Exchange believes that its proposal to increase the pass through a charge for Members' orders that yield Flag RB from $0.0018 to $0.0020 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to BX through DE Route. Prior to BX's May 2013 fee filing, BX charged DE Route a fee of $0.0018 per share for orders yielding Flag RB, which DE Route passed through to the Exchange and the Exchange passed through to its Members. In BX's May 2013 fee filing, BX increased the rate it charges its customers, such as DE Route, from a charge of $0.0018 per share to a charge of $0.0020 per share for orders that are routed to BX and add liquidity.[22] Therefore, the Exchange believes that the proposed change in Flag RB from a fee of $0.0018 per share to a fee of $0.0020 per share is equitable and reasonable because it accounts for the pricing changes on BX. In addition, the proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to BX and add liquidity using DE Route. The Exchange notes that routing through DE Route is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Rebate Change for Flag RS

The Exchange believes that its proposal to decrease the pass through rebate for Members' orders that yield Flag RS from $0.0026 to $0.0020 per share represents an equitable allocation of reasonable dues, fees, and other charges among Members and other persons using its facilities because the Exchange does not levy additional fees or offer additional rebates for orders that it routes to PSX through DE Route. Prior to PSX's May 2013 fee filing, PSX provided DE Route a rebate of $0.0026 per share for orders yielding Flag RS, which DE Route passed through to the Exchange and the Exchange passed through to its Members. In PSX's May 2013 fee filing, PSX decreased the rebate it provides its customers, such as DE Route, from a rebate of $0.0026 per

[14] *See* Securities Exchange Act Release No. 69539 (May 8, 2013), 78 FR 28269, 28270 (May 14, 2013) (SR–EDGX–2013–16).

[15] *See* Nasdaq Equity Trader Alert 2013–8, *http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2013-8. See also,* NASDAQ, Price List—Trading Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.*

[16] *See* Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716 (February 19, 2013) (SR–NASDAQ–2013–023).

[17] 15 U.S.C. 78f.

[18] 15 U.S.C. 78f(b)(4).

[19] NYSE Arca, NYSE Arca Equities Trading Fees, *http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees;* NASDAQ, Price List—Trading & Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.*

[20] In each case, the internalization fee is no more favorable to the Member than each prevailing maker/taker spread.

[21] The Exchange will continue to ensure that the internalization fee is no more favorable than each prevailing maker/taker spread.

[22] *See* Securities Exchange Act Release No. 69522 (May 6, 2013), 78 FR 27464 (May 10, 2013) (SR–BX–2013–034) (amending the default fee BX charges for adding liquidity to the BX order book from $0.0018 per share to $0.0020 per share).

share to a rebate of $0.0020 per share for orders that are routed to PSX and add liquidity.[23] Therefore, the Exchange believes that the proposed decrease in rebate from $0.0026 per share to a rebate of $0.0020 per share for orders that yield Flag RS is equitable and reasonable because it accounts for the pricing changes on PSX. In addition, the proposal allows the Exchange to continue to charge its Members a pass-through rate for orders that are routed to PSX and add liquidity using DE Route. The Exchange notes that routing through DE Route is voluntary. Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Addition of MPM Volume Tier

The Exchange believes that the addition of the MPM Volume Tier represents an equitable allocation of reasonable dues, fees, and other charges because it incentivizes Members to add midpoint liquidity to the EDGX Book.[24] In particular, the MPM Volume Tier is designed to incent Members to achieve preferred pricing by adding midpoint liquidity utilizing the MPM order type, yielding Flag MM by assessing no charge for all orders yielding Flag MM when a Member meets the criteria for the tier. The Exchange believes that Members utilizing orders that add liquidity to MPM may receive the benefit of price improvement, and the addition of the MPM Volume Tier and its associated lower rate would be a reasonable means by which to encourage the use of such orders. In addition, the Exchange believes that by encouraging the use of MPM orders, Members seeking price improvement would be more motivated to direct their orders to EDGX because they would have a heightened expectation of the availability of liquidity at the midpoint of the NBBO. Furthermore, the Exchange believes that adding the MPM Volume Tier would recognize the contribution that non-displayed liquidity provides to the marketplace, including price improvement opportunities and increased the diversity of liquidity to EDGX.

The Exchange also believes that the MPM Volume Tier is reasonable and equitably allocated because such increased liquidity benefits all investors by deepening EDGX's liquidity pool, offering additional flexibility for all investors to enjoy cost savings and improving investor protection. Furthermore, such increased volume would increase potential revenue to the Exchange and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs in turn would allow the Exchange to pass on the savings to Members in the form of higher rebates and lower fees. Volume-based discounts such as the one proposed herein are widely utilized in the cash equities markets, and are equitable because they are open to all Members on an equal basis and provide discounts that are reasonably related to the value to an exchange's market quality associated with higher levels of market activity, such as higher levels of liquidity provision and opportunities for price improvement.

The Exchange believes that the proposed rate of no fee (free) for the MPM Volume Tier provided that Members add an ADV of 3,000,000 shares or more represents an equitable allocation of reasonable dues, fees, and other charges because lower charges are directly correlated with more stringent criteria. While similar to other tiers in the Exchange's fee schedule in this respect, the MPM Volume Tier cannot be directly compared to other tiers in the Exchange's fee schedule with regard to proportionality or consistency because of the nature of the tier, as a tier that specifically rewards adding non-displayed liquidity at the midpoint, sets it apart from all other tiers in the Exchange's fee schedule.

In addition, the proposed rate (free) offered by the MPM Volume Tier is reasonable because it is within industry norms. The Exchange notes that, based on the spread between rates for adding and removing liquidity, the proposed tier is comparable to NASDAQ's similar pricing tier that is dependent on achieving stipulated volume requirements in midpoint liquidity. In particular, NASDAQ currently provides a rebate of $0.0017 per share to its members that add greater than 3 million shares of midpoint liquidity on a monthly basis and a fee of $0.0030 per share to remove liquidity at the midpoint.[25] Accordingly, such members that add and remove liquidity at the midpoint and meet the criteria of the tier are subject to a spread of $0.0013 per share. The Exchange currently charges Members a fee of $0.0012 per share to remove liquidity at the midpoint and a fee of $0.0012 per share to add liquidity at the midpoint and offers no tiered pricing for midpoint orders. Accordingly, Members that add and remove liquidity at the midpoint are subject to a spread of $0.0024 per share. Under the proposed MPM Volume Tier (offering no fee for orders that add liquidity at the midpoint and meet the criteria for the tier), Members that add and remove liquidity at the midpoint and meet the requirements of the MPM Volume Tier would be subject to a spread of $0.0012 per share, bringing the spread provided by the Exchange to Members that meet its MPM Volume Tier in line with that provided by NASDAQ to its members that meet its similar midpoint tier ($0.0013 per share).

Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because it applies uniformly to all Members.

Amendment to $0.0035 Mega Tier

The Exchange believes that the amendments to the $0.0035 Mega Tier to increase the volume requirement from 2,000,000 shares of ADV to 4,000,000 shares of ADV during pre- and post-trading hours, add a condition that requires Members to have an "added liquidity" to "added plus removed liquidity" ratio of at least 85%, and lower the associated reduced removal and/or routing rates for achieving this tier from $0.0020 per share to $0.0015 per share on Flags N, W, 6, 7, BB, PI, RT, and ZR represents an equitable allocation of reasonable dues, fees, and other charges. The $0.0035 Mega Tier was intended to encourage greater participation on EDGX by Members that represent retail customers.[26] In particular, the Exchange

[23] *See* Securities Exchange Act Release No. 69588 (May 15, 2013) (SR–Phlx–2013–51) (amending the default rebate PSX provides for adding displayed liquidity to the PSX order book from $0.0026 per share to $0.0020 per share).

[24] As defined in Exchange Rule 1.5(d).

[25] *See* NASDAQ, Price List—Trading Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2* (providing for rebates to add non-displayed midpoint liquidity).

[26] *See* Securities Exchange Act Release No. 69539 (May 8, 2013), 78 FR 28269, 28270 (May 14, 2013) (SR–EDGX–2013–16) (adding flags RT and 7, yielded from routing strategies ROUT and pre- and post-routing, respectively, and utilized by retail investors, to the $0.0035 Mega Tier). The Exchange notes that the Commission has expressed concern that a significant percentage of the orders of individual investors are executed in over-the-counter markets, that is, at off exchange markets. Securities Exchange Act Release No. 61358 (January 14, 2010), 75 FR 3594 (January 21, 2010) (Concept Release on Equity Market Structure, "Concept Release"). In the Concept Release, the Commission recognized the strong policy preference under the Act in favor of price transparency and displayed markets. *See also* Mary L. Schapiro, Strengthening Our Equity Market Structure (Speech at the Economic Club of New York, Sept. 7, 2010) (available on the Commission Web site) (comments of Commission Chairman on what she viewed as a troubling trend of reduced participation in the equity markets by individual investors, and that nearly 30 percent of volume in U.S.-listed equities is executed in venues that do not display their

Continued

notes that an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85% is a characteristic of retail order flow, where retail members add substantially more liquidity than they remove. Members that primarily post liquidity are more valuable Members to the Exchange and the marketplace in terms of liquidity provision. Because retail orders are more likely to reflect long-term investment intentions than the orders of proprietary traders, they promote price discovery and dampen volatility. Accordingly, their presence on the EDGX Book has the potential to benefit all market participants. For this reason, EDGX believes that it is equitable to provide significant financial incentives to encourage greater retail participation in the market in general and on EDGX in particular. The Exchange believes that increasing the volume requirement and requiring the addition of an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85% may result in increased volume in retail orders by firms aspiring to meet the criteria of the tier and, accordingly, would lead to benefits for all market participants.

The Exchange believes that the amendment is reasonable because higher rebates and proposed reduced fees for removal of liquidity and/or routing are directly correlated with more stringent criteria. The criteria for the $0.0035 Mega Tier is the most stringent of all other tiers on the Exchange's fee schedule. In order to qualify for the next best tier after the Mega Tier, the Market Depth Tier, a Member would receive a rebate of $0.0033 per share for displayed liquidity added on EDGX if they post greater than or equal to 0.50% of the Total Consolidated Volume (''TCV'') in ADV on EDGX in total, where at least 2 million shares of which are non-displayed orders that yield Flag HA. Assuming a TCV of 6 billion shares for April 2013, this would amount to 30 million shares, at least 2 million shares of which are non-displayed orders. In order for Members to qualify for the next best tier after the Market Depth Tier and be provided a rebate of $0.0032 per share for all liquidity posted on EDGX, Members must add or route at least 4,000,000 shares of ADV prior to 9:30 a.m. or after 4:00 p.m. (includes all flags except 6) and add a minimum of .20% of the TCV on a daily basis measured monthly, including during both market hours and pre and post-trading hours (''$0.0032 Mega Tier''). Based on a TCV of 6 billion shares for April 2013, this would be 12 million shares. The criteria for the Market Depth Tier and $0.0032 Mega Tier are less stringent then the volume thresholds for the $0.0035 Mega Tier Rebate because Members must add a minimum of 35 million shares of ADV, have an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85%,[27] and add or route at least 4 million shares of ADV during pre- and post-trading hours to earn a rebate of $0.0035 per share and be eligible for the proposed lower removal and/or routing fees ($0.0015 per share).

As discussed, the criteria for the $0.0035 Mega Tier is the most stringent as fewer Members generally trade during pre- and post-trading hours because of the limited time parameters associated with these trading sessions, which generally results in less liquidity. The Exchange incentivizes adding resting liquidity by assigning a higher value to this liquidity because liquidity received prior to the regular trading session typically remains resident on the EDGX Book throughout the remainder of the entire trading day. Such liquidity received during pre- and post-trading hours is an important contributor to price discovery and acts as an important indication of price for the market as a whole considering the relative illiquidity of the pre- and post-trading hour sessions. The Exchange believes that increasing the volume requirement of the tier, requiring the addition of an ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85%, and reducing the favorable removal and/or routing rates for achieving this tier is reasonable because it may result in increased liquidity during these trading sessions submitted by Members aspiring to meet the criteria of the tier. Such increased liquidity benefits all investors by deepening EDGX's liquidity pool, supporting the quality of price discovery, promoting market transparency and improving investor protection.

The Exchange believes that it is reasonable to lower removal and/or routing fees using liquidity provision patterns. First, the lower removal and/or routing rates are similar to the Exchange's Step-up Take Tier in Footnote 2 of its fee schedule[28] and other similar tiers on NYSE Arca[29] in that it offers a discounted removal rate that is designed to incent fee sensitive liquidity takers to the Exchange provided they are able to meet certain volume requirements. The Exchange believes that the proposed reduction of certain of the Exchange's routing fees (Flags RT and 7) provided the criteria for the $0.0035 Mega Tier Rebate is met is equitably allocated, fair and reasonable, and non-discriminatory in that the lower fees are equally applicable to all Members that meet the applicable criteria and are designed to encourage greater retail participation on EDGX.

In addition, the proposed amendment to the volume requirement in the $0.0035 Mega Tier is reasonable and within industry norms because the strict requirements to meet the tier reflect the substantial benefits offered by the tier. As described in SR–EDGX–2013–16,[30] the $0.0035 Mega Tier is comparable to NASDAQ's ROP,[31] a similar program with similar criteria focused on recognizing the propensity of Members representing retail customers to make use of exchange-provided routing strategies and pre- and post-market trading sessions, as compared with proprietary traders.[32] To qualify for the ROP and receive a rebate of $0.0037 per share and a reduced removal fee of $0.0029 per share for SCAN or LIST orders that access liquidity on NASDAQ, an MPID must: (i) Add 35 million shares or more per day on average using the SCAN or LIST routing strategies; and (ii) of the liquidity provided using SCAN or LIST strategies, at least 2 million shares per day on average must be provided before the NASDAQ opening cross and/or after the NASDAQ closing cross. The proposed reduced removal/routing rate of $0.0015 per share, when compared to the reduced charge offered by NASDAQ ($0.0029), is substantially more favorable to market participants. As

liquidity or make it generally available to the public).

[27] Assuming 35 million shares added volume, Members can remove no more than 6.2 million shares to achieve this 85% ratio.

[28] *See* Securities Exchange Act Release No. 68166 (November 6, 2012), 77 FR 67695 (November 13, 2012) (SR–EDGX–2012–46).

[29] The Exchange's discounted removal rate from $0.0030 per share to the proposed rate of $0.0015 per share for Members that achieve the $0.0035 Mega Tier is also reasonable because it is similar in concept to discounts offered by NYSE Arca, where the default removal rate is $0.0030 per share and customers that qualify for the Tape C Step Up Tier earn discounts of $0.0029 per share. *See* NYSE Arca, Schedule of Fees and Charges for Exchange Services, *https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_5_1_13.pdf.*

[30] *See* Securities Exchange Act Release No. 69539 (May 8, 2013), 78 FR 28269, 28270 (May 14, 2013) (SR–EDGX–2013–16).

[31] *See* Nasdaq Equity Trader Alert 2013–8, *http://www.nasdaqtrader.com/TraderNews.aspx?id=ETA2013-8. See also,* NASDAQ, Price List—Trading Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.*

[32] *See* Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716 (February 19, 2013) (SR–NASDAQ–2013–023).

such, the Exchange believes that the proposed reduced removal/routing rate of $0.0015 per share offered by the $0.0035 Mega Tier justifies a stricter volume requirement. Accordingly, the Exchange believes that it is reasonable to increase the volume requirement to meet the tier from 2,000,000 shares of ADV to 4,000,000 shares of ADV during pre- and post-trading hours. In addition, similar to NASDAQ's ROP's reduced removal fees, the proposed reduction in removal fees and routing rates for the Exchange's listed flags is reasonable because it reflects significant fee reductions, thereby reducing the costs to Members that represent retail customers and take advantage of the tier, and potentially also reducing costs to the retail customers themselves. The change is consistent with an equitable allocation of fees because EDGX believes that it is reasonable to use fee reductions on removal and routing fees as a means to encourage greater retail participation on EDGX. In particular, Flags RT and 7 are proposed to be offered lower routing rates because they are yielded from routing strategies ROUT [33] and pre and post-session routing, respectively, which are used by retail investors and are similar to NASDAQ's SCAN routing strategy.[34] The other removal flags selected (Flags N, W, 6, BB, PI, and ZR) represent all possible removal flags that are yielded from removing liquidity from EDGX.

Lastly, the Exchange also believes that the proposed amendment is non-discriminatory because the amended tier applies uniformly to all Members, whether or not they represent retail customers, that provide significant levels of liquidity, and is therefore complementary to existing incentives that already aim to encourage greater retail participation, such as EDGX's Retail Order Tier [35] and flags ZA/ZR in Footnote 4 of its fee schedule.

[33] As defined in Exchange Rule 11.9(b)(2).

[34] *See* NASDAQ Rule 4758(a)(1)(A)(iv). *See also* Securities Exchange Act Release No. 68905 (February 12, 2013), 78 FR 11716, 11717 (February 19, 2013) (SR–NASDAQ–2013–023) (describing SCAN as a basic NASDAQ routing strategy that is widely used by firms that represent retail customers. SCAN checks the NASDAQ Market Center System for available shares, while remaining shares are simultaneously routed to destinations on the applicable routing table. If shares remain unexecuted after routing, they are posted on the NASDAQ book).

[35] Footnote 4 of the Exchange's fee schedule provides that Members will be provided a rebate of $0.0034 per share if they add an average daily volume of Retail Orders (Flag ZA) that is 0.10% or more of the TCV on a daily basis, measured monthly.

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

These proposed rule changes do not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that any of these changes represent a significant departure from previous pricing offered by the Exchange or pricing offered by any of the Exchange's competitors. Additionally, Members may opt to disfavor the Exchange's pricing if they believe that alternatives offer them better value. Accordingly, the Exchange believes that the proposed changes would not impair the ability of Members or competing venues to maintain their competitive standing in the financial markets.

The Exchange believes that its proposal to lower the rebate from $0.0021 per share to $0.0020 per share will also assist in increasing competition in that its proposed rebate is comparable to rebates for adding liquidity offered by NYSE Arca (rebates of $0.0021 per share for adding liquidity in Tapes A/C securities and $0.0022 per share for adding liquidity in Tape B securities) and on NASDAQ (rebate of $0.0020 per share).[36]

The Exchange believes that its internalization rates for securities priced $1.00 and above will also not burden intermarket or intramarket competition as the proposed rates are no more favorable than Members achieving the maker/taker spreads between the default add and remove rates on EDGX.

The Exchange believes that its proposal to pass through a charge of $0.0020 per share for Members' orders that yield Flag RB would increase intermarket competition because it offers customers an alternative means to route to BX and add liquidity for the same price as entering orders on BX directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

The Exchange believes that its proposal to pass through a rebate of $0.0020 per share for Members' orders that yield Flag RS would increase intermarket competition because it offers customers an alternative means to route to PSX and add liquidity for the same price as entering orders on PSX directly. The Exchange believes that its proposal would not burden intramarket competition because the proposed rate would apply uniformly to all Members.

[36] NYSE Arca, NYSE Arca Equities Trading Fees, *http://usequities.nyx.com/markets/nyse-arca-equities/trading-fees;* NASDAQ, Price List—Trading & Connectivity, *http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2.*

The Exchange believes that its proposal would increase competition for routing services because the market for order execution is competitive and the Exchange's proposal provides customers with another alternative to route their orders. The Exchange notes that routing through DE Route is voluntary.

The Exchange believes that its proposal to add the MPM Volume Tier would increase intermarket competition because it will lead to more competition for orders that seek liquidity at the midpoint of the NBBO. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the MPM Volume Tier and its associated rate is available to all Members on a uniform basis.

The Exchange believes that its proposal to increase the volume requirement, add a requirement that ''added liquidity'' to ''added plus removed liquidity'' ratio of at least 85%, and decrease the associated reduced removal and/or routing rate for achieving the $0.0035 Mega Tier would increase intermarket competition because Members that seek to meet the tier would be required to send higher volume to the Exchange. The Exchange believes that its proposal would neither increase nor decrease intramarket competition because the rate for the $0.0035 Mega Tier would continue to apply uniformly to all Members and the ability of some Members to meet the tier would only benefit other Members by contributing to increased price discovery and better market quality at the Exchange, especially during pre- and post-market sessions.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from Members or other interested parties.

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 [37] and Rule 19b–4(f)(2) [38] thereunder. At any time within 60 days of the filing of such proposed rule change, the Commission summarily may temporarily suspend such rule change if

[37] 15 U.S.C. 78s(b)(3)(A).

[38] 17 CFR 240.19b–4(f)(2).

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–EDGX–2013–19 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–EDGX–2013–19. 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–EDGX–2013–19 and should be submitted on or before July 5, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[39]

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2013–14114 Filed 6–13–13; 8:45 am]

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[39] 17 CFR 200.30–3(a)(12).

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

May 30, 2013.

Correction

In notice document 2013–13274, appearing on pages 33877–33880 in the issue of Wednesday, June 5, 2013, make the following correction:

On page 33877, in the second column, the heading is corrected to read as set forth above.

[FR Doc. C1–2013–13274 Filed 6–13–13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–69723; File No. SR–OCC–2013–08]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change To Reflect Enhancements in OCC's System for Theoretical Analysis and Numerical Simulations as Applied to Longer-Tenor Options

June 10, 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 30, 2013, The Options Clearing Corporation (''OCC'') 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 clearing agency.[3] 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 would provide for enhancements in OCC's margin model for longer-tenor options (*i.e.,* those options with at least three years of residual tenor) and would reflect those enhancements in the description of OCC's margin model in OCC's Rules.

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

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.[4]

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

The purpose of this proposed rule change is to provide for enhancements in OCC's margin model for longer-tenor options (*i.e.,* those options with at least three years of residual tenor) and to reflect those enhancements in the description of OCC's margin model in OCC's Rules. OCC also proposes to make changes to the description of OCC's margin model to clarify that description.

1. Background

On August 30, 2012, OCC submitted a rule change with respect to OCC's proposal to clear certain over-the-counter options on the S&P 500 Index (''OTC Options'').[5] The OTC Options Rule Filing, as amended, added a statement appearing before Section 6 of Article XVII of OCC's By-Laws that ''THE BY–LAWS IN THIS SECTION (OTC INDEX OPTIONS) ARE

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

[2] 17 CFR 240.19b–4.

[3] OCC also filed the proposed rule change as an advance notice under Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act entitled the Payment, Clearing, and Settlement Supervision Act of 2010 (''Clearing Supervision Act''). 12 U.S.C. 5465(e)(1). *See* SR–OCC–2013–803.

[4] The Commission has modified the text of the summaries prepared by OCC.

[5] *See* Release No. 34–67835; File No. SR–OCC–2012–14 (''OTC Options Rule Filing''); published September 18, 2012 at 77 FR 57602. SR–OCC–2012–14 replaced SR–OCC–2011–19, which was withdrawn on March 9, 2012. The OTC Options Rule Filing was subsequently amended to add a statement to Section 6 of Article XVII of OCC's By-Laws providing that the OTC Index Options By-Laws were to be inoperative until further notice by OCC. *See* File No. SR–OCC–2012–14 Amendment No.1.