

S.<sup>13</sup> In addition to the above, the Reg S Rider includes a further rider for Category 3 Securities (the “Category 3 Rider”). The Category 3 Rider reflects the issuer’s acknowledgement that the subject securities will be subject to a “Deliver Order Chill”<sup>14</sup> until DTC receives a notice from the issuer or agent that the chill should be removed (except that the chill may be temporarily lifted for certain transfers relating to depository banks of certain non-U.S. clearing entities).<sup>15</sup>

The Category 3 Rider is a redundant statement of issuer’s obligations under the applicable securities laws and DTC’s Rules & Procedures and is generally no longer used efficiently or effectively by Issuers. Further, DTC is not responsible for issuer and Participant compliance with Reg S and is unable to determine whether the Category 3 chill is properly imposed or lifted. Also, the existence of a chill relating to the Category 3 Rider may preclude timely deliveries among Participants. For these reasons, DTC proposes to delete the Category 3 Rider to the Reg S LOR and to eliminate Category 3 Deliver Order Chills. As a conforming change to the OA, DTC will delete any reference to the Category 3 Reg S Rider.

(ii) The proposed rule change is consistent with the requirements of Section 17A(b)(3)(F)<sup>16</sup> of the Securities Exchange Act of 1934, as amended (the “Act”), and the rules and regulations thereunder applicable to DTC as it is designed to promote the prompt and accurate clearance and settlement of securities transactions. The rule filing will harmonize DTC’s processes across Categories of Reg S Securities, reduce costs and operational burden associated with the imposition and lifting of Deliver Order Chills by DTC, and promote efficiency with respect to deliveries of affected securities, as applicable.

<sup>13</sup> Pursuant to its Rules & Procedures (including the OA), DTC does not in any way undertake, or have any responsibility, to monitor or ascertain the compliance of any transactions in the securities with any of the provisions of: (i) Rule 144A; (ii) of other exemptions from registration under the Securities Act or any other state or federal securities laws; or (iii) of offering documents. The Reg S Rider provides for the issuer’s acknowledgement of DTC’s role in this regard.

<sup>14</sup> A chill imposed by DTC automatically prevents processing of certain transactions among Participants.

<sup>15</sup> Specifically, the chill does not encompass deliveries via DTC’s Deposit/Withdrawal at Custodian (DWAC) system in Participant accounts maintained by banks that act as depositories for Clearstream S.A. and Euroclear.

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(F).

#### *(B) Self-Regulatory Organization’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 since it relates solely to the elimination of a redundant procedure, which may create a processing burden for DTC, Participants, and issuers.

#### *(C) Self-Regulatory Organization’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**

The foregoing rule change will become effective pursuant to Section 19(b)(3)(A)<sup>17</sup> of the Act and paragraph (f)(4) of Rule 19b-4<sup>18</sup> thereunder on a date to be announced by DTC via Important Notice. 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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2013-09 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-2013-09. This file number should be included on the subject line if email is used. To help the Commission process and review your

comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission’s Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filings also will be available for inspection and copying at the principal office of DTC. 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-2013-09 and should be submitted on or before September 10, 2013.

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

**Kevin M. O’Neill,**  
*Deputy Secretary.*

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-70191; File No. SR-BYX-2013-026]

### **Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Eliminate Rule Related to CYCLE Routing**

August 14, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 1, 2013, BATS Y-Exchange, Inc. (the “Exchange” or “BYX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule

<sup>19</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>17</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>18</sup> 17 CFR 240.19b-4(f)(4).

change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(6)(iii) thereunder,<sup>4</sup> which renders it effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### **I. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change**

The Exchange filed a proposal to eliminate Rule 11.13(a)(3)(A), which is the provision authorizing the CYCLE Routing option, effective as of September 3, 2013.

The text of the proposed rule change is available at the Exchange’s Web site at <http://www.batstrading.com>, at the principal office of the Exchange, 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 parts of such statements.

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

##### **1. Purpose**

The Exchange is proposing to eliminate Rule 11.13(a)(3)(A), which is the provision that authorizes the CYCLE Routing option. Few participants currently utilize the CYCLE Routing Option, and the Exchange is planning to decommission the functionality as of September 3, 2013. Therefore, the Exchange proposes this rule change to delete the language that authorizes this capability from its rules and hold the rule number in reserve.

##### **2. Statutory Basis**

The Exchange believes that its proposal is consistent with the

requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6(b) of the Act.<sup>5</sup> Specifically, the proposal is consistent with Section 6(b)(5) of the Act,<sup>6</sup> which requires exchange rules to promote just and equitable principles of trade, remove impediments to, and perfect the mechanism of, a free and open market and a national market system, and, in general, protect investors and the public interest. The Exchange believes the proposed rule change fulfills these requirements because it eliminates language authorizing a functionality that the Exchange plans to decommission as of September 3, 2013. By removing reference to this soon-to-be retired functionality, the Exchange will avoid investor confusion.

#### *B. Self-Regulatory Organization’s Statement on Burden on Competition*

BATS [sic] believes the proposal is consistent with Section 6(b)(8) of the Act<sup>7</sup> in that it does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will eliminate a Rule authorizing a functionality that will be decommissioned by the Exchange as of September 3, 2013. Thus, reference to this functionality will no longer serve a legitimate purpose. Accordingly, the Exchange does not believe that the proposed rule change will have any effect on competition.

#### *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 written 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 does not significantly affect the protection of investors or the public interest, does not impose any significant burden on competition, and, by its terms, does not become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section

19(b)(3)(A) of the Act<sup>8</sup> and Rule 19b-4(f)(6) thereunder.<sup>9</sup>

At any time within 60 days of the filing of such 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](mailto:rule-comments@sec.gov). Please include File Number SR-BYX-2013-026 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-BYX-2013-026. 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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>9</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) requires the Exchange to give the Commission written notice of the Exchange’s 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 satisfied this requirement.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>5</sup> 15 U.S.C. 78f(b).

<sup>6</sup> 15 U.S.C. 78f(b)(5).

<sup>7</sup> 15 U.S.C. 78f(b)(8).

business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; 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-BYX-2013-026 and should be submitted on or before September 10, 2013.

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

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-70196; File No. SR-BATS-2013-043]

### Self-Regulatory Organizations; BATS Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Fees for Use of BATS Exchange, Inc.

August 14, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on August 2, 2013, BATS Exchange, Inc. (the "Exchange" or "BATS") 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 Exchange. The Exchange has designated the proposed rule change as one establishing or changing a member due, fee, or other charge imposed by the Exchange under Section 19(b)(3)(A)(ii) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposed rule change effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

#### I. Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed Rule Change

The Exchange filed a proposal to amend the fee schedule applicable to

Members<sup>5</sup> and non-members of the Exchange pursuant to BATS Rules 15.1(a) and (c). While changes to the fee schedule pursuant to this proposal will be effective upon filing, the changes will become operative on August 5, 2013.

The text of the proposed rule change is available at the Exchange's Web site at <http://www.batstrading.com>, at the principal office of the Exchange, 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 parts of such statements.

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

###### 1. Purpose

The Exchange proposes to modify pricing applicable to the Exchange's options platform ("BATS Options") with respect to orders routed away by the Exchange and executed at a new options exchange—an affiliate of the International Securities Exchange, LLC ("ISE") that will be called "ISE Gemini."<sup>6</sup> ISE Gemini will commence trading on August 5, 2013.

BATS Options currently charges certain flat rates for routing to other options exchanges that have been placed into groups based on the approximate cost of routing to such venues. The grouping of away options exchanges is based on the cost of transaction fees assessed by each venue as well as costs to the Exchange for routing (*i.e.*, clearing fees, connectivity and other infrastructure costs, membership fees, etc.) (collectively, "Routing Costs"). As explained below, the Exchange does not yet know what Routing Costs it will incur in connection with routing to ISE Gemini. Accordingly, the Exchange proposes to impose the same pricing for executions

at ISE Gemini as are currently charged by the Exchange for orders routed to and executed at the NASDAQ Options Market ("NOM") and NYSE Arca, Inc. ("ARCA") in non-Penny Pilot Securities,<sup>7</sup> which is the most expensive routing category based on Routing Costs.

Based on applicable Routing Costs, the Exchange currently charges \$0.90 per contract for Customer<sup>8</sup> orders and \$0.95 per contract for Professional,<sup>9</sup> Firm, and Market Maker<sup>10</sup> orders executed at NOM and ARCA in non-Penny Pilot Securities. Although ISE Gemini has announced its launch as effective August 5, 2013, ISE Gemini has not released information regarding the prices it will charge for executions. Accordingly, because the Exchange is unable to determine its Routing Costs and does not wish to subsidize executions of orders routed to ISE Gemini, the Exchange proposes to initially place ISE Gemini (all securities) in the same category as NOM and ARCA with respect to non-Penny Pilot Securities. Thus, the Exchange proposes to charge \$0.90 per contract for Customer orders and \$0.95 per contract for Professional, Firm, and Market Maker orders executed at ISE Gemini.

In order to cover the cost of removing liquidity, including Routing Costs, in non-Penny Pilot Securities at NOM and ARCA, and for Professional Firm and Market Maker Orders executed at BX Options and C2, the Exchange currently charges a flat fee of \$0.95 per contract for all executions of Directed ISOs routed to such options exchanges in such securities. The Exchange proposes to charge this same rate, \$0.95 per contract, for all executions of Directed ISOs routed to ISE Gemini. This is the same fee as the Exchange proposes to charge for executions of Professional,

<sup>7</sup> The Exchange currently charges different fees and provides different rebates depending on whether an options class is an options class that qualifies as a Penny Pilot Security pursuant to Exchange Rule 21.5, Interpretation and Policy .01 or is a non-penny options class. Certain other options exchanges also have different pricing for Penny Pilot Securities and non-Penny Pilot Securities. Accordingly, the Exchange's routing fees also vary with respect to the fees for orders executed at such exchanges.

<sup>8</sup> As defined on the Exchange's fee schedule, a "Customer" order is any transaction identified by a Member for clearing in the Customer range at the Options Clearing Corporation ("OCC"), except for those designated as "Professional".

<sup>9</sup> The term "Professional" is defined in Exchange Rule 16.1 to mean any person or entity that (A) is not a broker or dealer in securities, and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

<sup>10</sup> As defined on the Exchange's fee schedule, the terms "Firm" and "Market Maker" apply to any transaction identified by a member for clearing in the Firm or Market Maker range, respectively, at the Options Clearing Corporation ("OCC").

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

<sup>5</sup> A Member is any registered broker or dealer that has been admitted to membership in the Exchange.

<sup>6</sup> The Commission notes that the entity referred to herein as "ISE Gemini" is Topaz Exchange, LLC d/b/a ISE Gemini.