

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>151</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67259; File No. SR-CME-2012-25]

### Self-Regulatory Organizations; Chicago Mercantile Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Changes That Would Affect Its Standard Portfolio Analysis of Risk Methodology for Certain Energy Futures Contracts

June 26, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 14, 2012, Chicago Mercantile Exchange, Inc. (“CME”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I, II and III below, which items have been prepared primarily by CME. CME filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder, so that the proposed rule change was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

CME proposes to adopt certain changes that would affect its Standard Portfolio Analysis of Risk (“SPAN”) methodology for certain energy futures contracts. The text of the proposed rule change is available at the CME’s Web site at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

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

In its filing with the Commission, CME included statements concerning the purpose 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. CME has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.<sup>5</sup>

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

CME proposes to adopt certain changes that would affect its SPAN methodology for certain energy futures contracts. The change would be to adopt the Modified Split Allocation feature of SPAN. The Modified Split Allocation feature calibrates the risk of portfolios, consisting of positions in highly similar and correlated futures and options, including instruments which themselves represent the offset or basis between two sets of products. The feature represents an incremental enhancement to the split allocation methodology already in use to allow for the “splitting” of certain futures contracts into their true underlying components to enable more accurate margining, while maintaining proper assessments of second order volatility risk.

With the Modified Split Allocation feature, futures products, which are made up of components of other futures products will no longer have to be margined separately and managed with inter-commodity credit amounts allowing for more optimal spread offsets. The Modified Split Allocation will allow automatic, consistent and accurate portfolio margining of these types of futures contracts, beginning with the WTI Calendar Swap Futures (CS) and the Brent Calendar Swap Futures (CY).

The text of a CME Clearing Advisory Notice constitutes CME’s proposed change. CME also made a filing, CME Submission 12-189, with the CFTC with respect to the proposed changes. The changes were scheduled to become operational on June 25, 2012.

The proposed CME changes are limited to CME’s activities as a derivatives clearing organization clearing futures transactions. As such, CME believes the proposed CME changes do not significantly affect the security-based swap clearing operations of CME or any related rights or obligations of CME security-based swap clearing participants. CME believes the proposed change is therefore properly filed under Section 19(b)(3)(A) and Rule 19b-4(f)(4)(ii) thereunder because it

effects a change in an existing service of a registered clearing agency that primarily affects the futures clearing operations of the clearing agency with respect to futures that are not security futures and does not significantly affect any securities clearing operations of the clearing agency or any related rights or obligations of the clearing agency or persons using such service.

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

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

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

CME has not solicited, and does not intend to solicit, comments regarding this proposed rule change. CME has not received any unsolicited written comments from interested parties.

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

The foregoing rule change was filed pursuant to Section 19(b)(3)(A)<sup>6</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>7</sup> thereunder and thus became effective upon filing because it effects a change in an existing service of a registered clearing agency that primarily affects the futures clearing operations of the clearing agency with respect to futures that are not security futures and does not significantly affect any securities clearing operations of the clearing agency or any related rights or obligations of the clearing agency or persons using such service. At any time within sixty days of the filing of such 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 may be submitted by using the Commission’s

<sup>151</sup> 17 CFR 200.30(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).

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

<sup>5</sup> The Commission has modified the text of the summaries prepared by CME.

<sup>6</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>7</sup> 17 CFR 240.19b-4(f)(4)(ii).

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 No. SR-CME-2012-25 on the subject line.

- Paper comments should be sent 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-CME-2012-25. 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 a.m. and 3 p.m. Copies of such filing also will be available for inspection and copying at the principal office of CME. 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-CME-2012-25 and should be submitted on or before July 23, 2012.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>8</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67260; File No. SR-NYSEMKT-2012-11]

### Self-Regulatory Organizations; NYSE MKT LLC; Notice of Filing of Proposed Rule Change Amending the NYSE Amex Options Fee Schedule To Provide for Additional Co-Location Services and Establish Related Fees

June 26, 2012.

Pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act"),<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> notice is hereby given that on June 13, 2012, NYSE MKT LLC (the "Exchange" or "NYSE MKT") filed with the Securities and Exchange Commission (the "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 the NYSE Amex Options Fee Schedule to provide for additional co-location services and establish related fees. The text of the proposed rule change is available on the Exchange's Web site at [www.nyse.com](http://www.nyse.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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects 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 amend the NYSE Amex Options Fee Schedule to provide for additional co-location services and establish related fees.<sup>4</sup>

##### Cabinet Cross Connects

A User that has more than one cabinet within the data center is currently able to purchase one or more fiber cross connects between its cabinets. Currently, a \$500 initial fee and a \$500 monthly fee are charged per cross connect. The Exchange proposes that each User be permitted to purchase cross connects between its own cabinets, as is currently permitted, as well as between its cabinet(s) and the cabinets of separate Users within the data center.<sup>5</sup> A cross connect would be used to connect cabinets of separate Users when, for example, a User receives technical support, order routing and/or market data delivery services from another User in the data center.

Cross connects may be bundled (i.e., multiple cross connects within a single sheath) such that a single sheath can hold either one cross connect or several cross connects in multiples of six (e.g., six or 12 cross connects). The Exchange is proposing fees for bundled cross connects<sup>6</sup> that correspond to the

<sup>4</sup> See Securities Exchange Act Release No. 63274 (November 8, 2010), 75 FR 69722 (November 15, 2010) (SR-NYSEAmex-2010-101) (the "Original Co-location Notice"). See also Securities Exchange Act Release No. 65975 (December 15, 2011), 76 FR 79233 (December 21, 2011) (SR-NYSEAmex-2011-82). The Exchange operates a data center in Mahwah, New Jersey ("data center") from which it provides co-location services to Users. The Exchange's co-location services allow Users to rent space in the data center in order that they may locate their electronic servers in close physical proximity to the Exchange's trading and execution system. See Original Co-location Notice at 69722. For purposes of its co-location services, the term "User" includes (i) "ATP Holders," as that term is defined in Rule 900.2NY(5); (ii) Sponsored Participants, as that term is defined in Rule 900.2NY(77); and (iii) non-ATP Holder broker-dealers and vendors that request to receive co-location services directly from the Exchange.

<sup>5</sup> The Exchange notes that fees for a cross connect would be the same, regardless of whether the cross connect is between the cabinets of a single User or between the cabinets of separate Users within the data center. The Exchange further notes that only the User requesting the cross connect would be charged the related initial and monthly fees; the other User would simply be required to give permission for the cross connection. This proposed change would require that the existing cross connect fee in the Fee Schedule be amended to reflect that it is no longer applicable only to cross connects between a single User's cabinets.

<sup>6</sup> All multiple cross connects within the bundle would be installed at once and only in multiples of six, regardless of the number of cross connects

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>8</sup> 17 CFR 200.30-3(a)(12).