registration costs for those products. The Exchange now intends to commence trading of XSP, and set a registration cost for Market-Makers to quote in XSP of .001 (the same registration cost as all other options traded on C2 (except SPXPM)). As such, the Exchange proposes to amend Rule 8.2(d) to delete the language that excludes SPX, VIX, OEX, DJX and XSP from having a registration cost of .001.

Going forward, the registration cost for XSP will be .001 (like every other option traded on C2 except for SPXPM).

Currently, the Exchange has no plans to list any of the other Excluded Products, but if that were to change, the registration cost for those products would also be set at .001. If the Exchange were to permit trading of any of the Excluded Products and did not desire for the registration cost for one of those products to be .001, the Exchange would file a proposed rule change to adopt a different registration cost for such product (as would also be necessary under the current rules).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act. Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5) requirements that the rules of an exchange be designed to promote just and equitable principles of trade, to prevent fraudulent and manipulative acts, to remove impediments to and to perfect the mechanism for a free and open market, and a national market system, and, in general, to protect investors and the public interest. Establishing a registration cost of .001 for XSP as well as the other Excluded Products is reasonable because it is equal to the registration cost of all other products traded on C2 (except SPXPM).

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

C2 does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange 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 does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b–4(f)(6) thereunder.

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);
- Send an email to rule-comments@sec.gov. Please include File Number SR–C2–2012–019 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–C2–2012–019. 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 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–C2–2012–019 and should be submitted on or before June 26, 2012.

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

Kevin M. O’Neill, Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The NASDAQ Stock Market LLC.; Order Approving a Proposed Rule Change for the NASDAQ Options Market To Accept Inbound Orders From NASDAQ OMX BX’s New Options Market

June 28, 2012.

I. Introduction


performs certain limited activities for each.10 With the current proposed rule change, the Exchange seeks approval to permit NOS to perform a new function.

On May 1, 2012, BX filed a proposed rule change to establish a new BX options market (“BX Options”), which will be an electronic trading system that trades options.11 As part of its proposal, BX proposed that NOS provide BX with outbound options routing services to other markets, including its affiliate NASDAQ. On May 15, 2012, the Exchange filed the instant proposal to allow the Exchange to accept such options orders routed inbound by NOS from BX, on a one year pilot basis, subject to certain limitations and conditions.12

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.13 Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(1) of the Act,14 which requires, among other things, that a national securities exchange be so organized and have the capacity to carry out the purposes of the Act, and to comply and enforce compliance by its members and persons associated with its members, with the provisions of the Act, the rules and regulations thereunder, and the rules of the Exchange. Further, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,15 which requires, among other things, that the rules of a national securities exchange be 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 regulating, clearing, settling, and processing information with respect to, and 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.

Section 6(b)(5) also requires that the rules of an exchange be designed to permit unfair discrimination among customers, issuers, brokers, or dealers. NOS will operate as a facility of BX that provides outbound options routing from BX Options to other market centers, subject to certain conditions.16 The operation of NOS as a facility of BX providing outbound routing services from BX Options will be subject to BX oversight, as well as Commission oversight. BX will be responsible for ensuring that NOS’s outbound options routing service is operated consistent with Section 6 of the Act and BX rules. In addition, BX must file with the Commission rule changes and fees relating to BX’s outbound options routing services.

Recognizing that the Commission has previously expressed concern regarding the potential for conflicts of interest in instances where a member firm is affiliated with an exchange of which it is a member, the Exchange previously proposed, and the Commission approved, limitations and conditions on NOS’s affiliation with the Exchange.17 Also recognizing that the Commission has previously expressed concern regarding the potential for conflicts of interest in instances where a member firm is affiliated with an exchange to which it is routing orders, the Exchange proposed the following limitations and conditions to NOS’s affiliation with the Exchange to permit the Exchange to accept inbound options orders that NOS routes in its capacity as a facility of BX:18

• First, the Exchange and the Financial Industry Regulatory Authority (“FINRA”) will maintain a Regulatory Contract, as well as an agreement pursuant to Rule 17d–2 under the Act

3 NOM is the Exchange’s options trading facility.
5 15 U.S.C. 78s(b). NASDAQ Rule 2160 also prohibits a NASDAQ member from being or becoming an affiliate of NASDAQ, or an affiliate of an entity affiliated with NASDAQ, in the absence of an effective filing under Section 19(b). See NASDAQ Rule 2160(b).
6 See Notice, supra note 4, at 31057 n.4 and accompanying text.
8 See id. See also Notice, supra note 4, at 31058.

• BX Acquisition Order, supra note 7, at 46944; and
   PHLX Acquisition Order, supra note 7, at 42877.
10 See also, e.g., NASDAQ Options Rule Chapter VI, Section 11(e) (governing order routing on NOM); and Securities Exchange Act Release No. 59948 (May 20, 2009), 74 FR 25704 (May 29, 2009) (SR–NASDAQ–2009–047 (relating to the routing of orders by NOM inbound to NOM from PHLX) (“PHLX Inbound Release”).
12 See Notice, supra note 4.
13 In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).
16 See also Notice, supra note 4, at 31058.
17 See NOM Approval Order, supra note 9, at 154521.

In the past, the Commission has expressed concern that the affiliation of an exchange with one of its members raises potential conflicts of interest, and the potential for unfair competitive advantage. Although the Commission continues to be concerned about potential unfair competition and conflicts of interest between an exchange’s self-regulatory obligations and its commercial interest when the exchange is affiliated with one of its members, for the reasons discussed below, the Commission believes that it is consistent with the Act to permit NASDAQ, in its capacity as a facility of BX, to route options orders inbound to the Exchange on a pilot basis, subject to the limitations and conditions described above.

IV. Conclusion

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (SR–NASDAQ–2012–061) be, and hereby is, approved.

For the Commission, by delegation,

Kevin M. O’Neill,
Deputy Secretary.

[FR Doc. 2012–16374 Filed 7–3–12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; ICE Clear Credit LLC; Order Approving Proposed Rule Change To Add Rules Related to the Clearing of Emerging Markets Sovereign Index CDS

June 28, 2012.

I. Introduction

On April 3, 2012, ICE Clear Credit LLC (“ICC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change (SR–ICC–2012–04) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) and Rule 19b–4 thereunder. The proposed rule change was published for comment in the Federal Register on April 16, 2012. On May 29, 2012, the Commission extended the time within which to take action of the proposed rule change to July 13, 2012. The Commission received no comment letters regarding the proposal. For the reasons discussed...