

risk management standards as described in Section 805(b).

Consistent with Section 805(a), the Commission believes NSCC's proposal promotes robust risk management, as well as the safety and soundness of NSCC's operations, while reducing systemic risks and supporting the stability of the broader financial system. As discussed above, the rule change will allow NSCC to mitigate the operational risk that results from locked-in trade data not being submitted to NSCC in real-time.

Commission Rule 17Ad-22(d)(4) regarding identification and mitigation of operational risk,¹⁹ adopted as part of the Clearing Agency Standards,²⁰ requires clearing agencies to establish, implement, maintain and enforce written policies and procedures reasonably designed to: "[i]dentify sources of operational risk and minimize them through the development of appropriate systems, controls, and procedures . . ." ²¹ The Commission believes that the receipt of locked-in trade data on a real-time basis will permit NSCC's risk management processes to monitor trades closer to trade execution on an intra-day basis and identify and manage any issues relating to excessive risk exposure earlier on a closer to real-time basis, thereby potentially minimizing a source of operational risk.

IV. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act,²² that the Commission does not object to the proposed rule change described in the Advance Notice (File No. SR-NSCC-2013-805) and that NSCC be and hereby is authorized to implement the proposed rule change as of the date of this notice or the date of the "Order Approving Proposed Rule Change to Require that All Locked-in Trade Data Submitted to It for Trade Recording be Submitted in Real-time," ²³ whichever is later.

By the Commission.

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69887; File No. SR-NASDAQ-2013-088]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Reduce the Fees Assessed Under NASDAQ Rule 7034 for Certain Co-Location Services

June 28, 2013.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4² thereunder, notice is hereby given that on June 21, 2013, The NASDAQ Stock Market LLC ("NASDAQ" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the NASDAQ. 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

NASDAQ is proposing changes to reduce the fees assessed under NASDAQ Rule 7034 for certain co-location services.

The text of the proposed rule change is available on the Exchange's Web site at <http://nasdaq.cchwallstreet.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. 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 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 repeat a temporary fee reduction program to attract new customers to its co-location facility in Carteret, New Jersey.³ Specifically, the Exchange proposes to amend Rule 7034 to reduce the monthly recurring cabinet ("MRC") fees assessed for installation of certain new co-location cabinets. The reduced MRC fees will apply to new cabinets ordered by users using the Co-Lo Console⁴ on or after July 1, 2013 through August 31, 2013. The reduced fee shall apply to any cabinet that increases the number of dedicated cabinets beyond the total number dedicated to the user as of May 31, 2013 ("Baseline Number"), for so long as the total number of dedicated cabinets exceeds that user's Baseline Number. The reduced MRC fees will apply for a period of 24 months from the date the new cabinet becomes fully operational under NASDAQ rules, provided that the user's total number of cabinets continues to exceed the Baseline Number.

The Exchange proposes to reduce the applicable fees as follows:

Cabinet type	Current ongoing monthly fee	Reduced ongoing monthly fee
Low Density ..	\$4,000	\$2,000
Medium Density	5,000	2,500
Medium-High Density	6,000	3,500
High Density	7,000	4,500
Super High Density	13,000	8,000

New cabinets shall be assessed standard installation fees.

NASDAQ proposes to reduce co-location cabinet fees by different amounts to maintain a sliding scale of lower fees for higher density cabinets on a per kilowatt basis. The chart below reflects this scale:

Cabinet type	Max KW	New fee	Discount (percent)	Fee per KW
Super High Density	17	\$8,000	38.46	\$470.59
High Density	10	4,500	35.71	450.00

¹⁹ 17 CFR 240.17Ad-22(d)(4).

²⁰ Release No. 34-68080 (Oct. 22, 2012), 77 FR 66219 (Nov. 2, 2012).

²¹ 17 CFR 240.17Ad-22(d)(4).

²² 12 U.S.C. 5465(e)(1)(I).

²³ Release No. 34-69890 (June 28, 2013).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Act Release No. 68624 (Jan. 1, 2013), 78 FR 3945 (Jan. 17, 2013) (notice of

publication of SR-NASDAQ-2013-002, a two-month reduction in co-location cabinet fees).

⁴ The "Co-Lo Console" is NASDAQ's web-based ordering tool, and it is the exclusive means for ordering colocation services.

Cabinet type	Max KW	New fee	Discount (percent)	Fee per KW
Medium High	7	3,500	41.67	500.00
Medium Density	5	2,500	50.00	500.00
Low Density	2.88	2,000	50.00	694.44

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,⁵ in general, and with Section 6(b)(4) of the Act,⁶ in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility or system which the Exchange operates or controls. The proposed reduced fee will be assessed equally on all customers that place an order for a new cabinet after the designated period. The proposed amendments will provide an incentive for customers to avail themselves of the designated co-location services.

NASDAQ's proposal to reduce fees by differing amounts is fair and equitable because it reflects the economic efficiency of higher density co-location cabinets. First, the underlying costs for co-location cabinets consists [sic] of certain fixed costs for the data center facility (space, amortization, etc.) and certain variable costs (electrical power utilized and cooling required). The variable costs are in total higher for the higher power density cabinets, as reflected in their higher current prices. Second, the higher density cabinets were introduced later than the lower density cabinets (the High Density cabinet was introduced in 2009 and the Super High Density cabinet was introduced in 2011). Due to the competitive pressures that existed in 2011, Super High Density cabinets were introduced at lower fees per kilowatt. As a result of these already-reduced rates on higher density cabinets, NASDAQ has greater flexibility to discount fees for lower density cabinets, on a per kilowatt basis.

NASDAQ operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive. In such an environment, NASDAQ must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. NASDAQ believes that the

proposed rule change reflects this competitive environment because it is designed to ensure that the charges for use of the NASDAQ co-location facility remain competitive.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act, as amended. To the contrary, the Exchange's voluntary fee reduction is a response to increased competition for co-location services by other exchanges and trading venues. As more venues offer co-location services, competition drives costs lower. The Exchange, in order to retain existing orders and to attract new orders, is forced to offer a lower effective rate for aggregate cabinet demand. This competition benefits users, members and investors by lowering the average aggregate cost of trading on the Exchange.

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

No written comments were either solicited or received.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,⁷ NASDAQ has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings

to determine whether the proposed rule should be approved or disapproved.

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-NASDAQ-2013-088 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-NASDAQ-2013-088. 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

⁵ 15 U.S.C. 78f.

⁶ 15 U.S.C. 78f(b)(4).

⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

information that you wish to make available publicly.

All submissions should refer to File Number SR-NASDAQ-2013-088, and should be submitted on or before July 26, 2013.

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

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-69891; File No. SR-BYX-2013-022]

Self-Regulatory Organizations; BATS Y-Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Provide a Last Sale Data Feed

June 28, 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 25, 2013, BATS-Y Exchange, Inc. (the "Exchange" or "BYX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange has designated this proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6)(iii) thereunder,⁴ 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 Substance of the Proposed Rule Change

The Exchange filed a proposal to make available a new data feed to data recipients.⁵ 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 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 purpose of the proposed rule change is to make available an additional Exchange data feed for receipt by Exchange data recipients. The Exchange currently offers all of its various data feeds free of charge, though the Exchange intends to file a proposal shortly to commence charging for certain of such feeds. The data feeds currently offered by the Exchange include: (i) TCP PITCH; (ii) Multicast PITCH; (iii) TOP; (iv) DROP; (v) Historical Data; and (vi) Latency Monitoring (collectively, the "Data Feeds"). The Exchange provides detailed and up to date technical information regarding each of the Data Feeds currently offered by the Exchange on its public Web site.⁶ All orders and executions displayed through the Data Feeds are anonymous and do not contain the identity of the party that submitted the order.

The Exchange is proposing to amend Rule 11.22 in order to begin offering a new feed, the Last Sale Feed, to Members and non-members. The Last Sale Feed will be a direct data feed product that provides real-time, intraday trade information, including price, volume and time of executions. The Last Sale Feed will not include quotation information.

Currently, the Exchange provides real-time last sale information from its market center to the Security Information Processors ("SIPs") for the national market system plans governing trading in NYSE listed securities ("Tape A securities"), NASDAQ listed securities ("Tape C securities"), and securities listed on exchanges other than NYSE or NASDAQ ("Tape B securities"). The SIPs then consolidate

the Exchange's last sale information with similar information from other market centers, and disseminate the consolidated last sale data to market participants, including market data vendors. The Last Sale Feed will include last sale information regarding all Tape A securities, Tape B securities and Tape C securities with respect to activity occurring solely on the Exchange.

Various data recipients may wish to subscribe to and use the Last Sale Feed. For instance, data recipients that provide real-time market information on public Web sites or offer dynamic stock tickers, portfolio trackers, price/time graphs and other visual systems can use the Last Sale Feed in lieu of using the Exchange's existing Data Feeds. Data recipients may prefer the BATS Last Sale Feed because the Exchange's existing Data Feeds contain a significant amount of additional information that the data recipients may not need, which may result in unnecessary technology costs (e.g., development, telecommunications or storage costs). The Exchange notes that similar market-specific last sale data products are offered by other market centers, including an identical data feed offered by the Exchange's affiliate, BATS Exchange, Inc. ("BATS BZX").⁷

No market participant is required to subscribe to the Last Sale Feed because the same last sale prices are available in the Exchange's other Data Feeds. Market participants can also gain access to BYX last sale prices that are integrated with the prices that other markets make available through the SIPs. Indeed, even though the Last Sale Feed may provide to some participants an efficient alternative to the consolidated price information that investors and broker-dealers can receive on a consolidated basis from the SIPs, the Exchange believes that the information that the Exchange contributes to the consolidated tape and the increasingly lower latency of the data feeds offered by the SIPs will continue to satisfy the needs of the vast majority of individual and professional investors. Although certain data recipients might supplement their data feeds by adding the Last Sale Feed, it is unlikely that data recipients or distributors will replace the consolidated last sale feed provided by the SIPs with the Last Sale Feed. The Exchange represents that it

⁷ See BATS BZX Rule 11.22(g); NASDAQ Stock Market Rule 7039; NASDAQ OMX BX Rule 7039; see also Securities Exchange Act Release No. 61112 (December 4, 2009), 74 FR 65569 (December 10, 2009) (File No. SR-BX-2009-077) (filing of an immediately effective rule related to introduction of a last sale feed by NASDAQ OMX BX).

⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵ Exchange data recipients include Members of the Exchange as well as non-Members that have entered into an agreement with the Exchange that permits them to receive Exchange data.

⁶ <http://www.batstrading.com/support/>.