

holdings in not illiquid Rule 144A securities will be comprised of issuances with more than \$100 million principal outstanding. Moreover, under the proposal the Global Fund may invest up to 20% of its net assets in sovereign debt, because sovereign debt will not fall within the definition of Global Corporate Debt under the Global Fund Order.<sup>25</sup> Under the proposal, each of the Global Fund and the Emerging Markets Fund will continue to invest not less than 80% of such Fund's respective net assets in fixed income securities, because both inflation-protected debt and variable rate or floating rate debt<sup>26</sup> will fall within the definitions of Global Corporate Debt or Corporate and Quasi-Sovereign Debt, as applicable, under the Prior Approval Orders. The proposed changes are intended to provide additional flexibility to the Funds' Sub-Adviser to meet each Fund's investment objectives.<sup>27</sup>

For the above reasons, NASDAQ believes the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act, and consistent with investment protection in that each Fund's holdings of Rule 144A securities not deemed illiquid by the Sub-Adviser would be limited to 40% of such Fund's net assets, and the holdings in Rule 144A securities not deemed illiquid by the Sub-Adviser will be comprised of issuances with more than \$100 million principal outstanding.

#### *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. To the contrary, the proposed rule change is decidedly pro-competitive. The proposed rule change will result in additional investment options to achieve the investment objectives of the Funds, thereby facilitating the listing

and trading of additional actively-managed exchange-traded products that will enhance competition to the benefit of investors, market participants, and the marketplace.

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

Written comments were neither solicited nor received.

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

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall:

- (a) By order approve or disapprove such proposed rule change, or
- (b) institute proceedings to determine whether the proposed rule change should be 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](mailto:rule-comments@sec.gov). Please include File Number SR-NASDAQ-2013-079 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-2013-079. 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-NASDAQ-2013-079 and should be submitted on or before June 25, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>28</sup>

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

[FR Doc. 2013-13110 Filed 6-3-13; 8:45 am]

BILLING CODE 8011-01-P

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-69659; File No. SR-MIAX-2013-22]

### **Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permit the Listing of Additional Strikes Until the Close of Trading on the Second Business Day Prior to Expiration in Unusual Market Conditions**

May 29, 2013.

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 May 20, 2013, Miami International Securities Exchange LLC (the "Exchange" or "MIAX") 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 Commission is publishing this notice to solicit comments on the

<sup>25</sup> Sovereign debt enjoys a relationship to foreign governments that is not unlike that of Treasury debt securities and the U.S. government. For purposes of the Global Fund, for example, sovereign debt is specifically defined as the debt securities of foreign governments. See *supra* note 16.

<sup>26</sup> For variable or floating interest rates, as interest rates decrease or increase the potential for capital appreciation or depreciation is less than for fixed rate obligations. Moreover, variable or floating interest rates generally reduce changes in the market price of securities from their original purchase price because, upon readjustment, such rates approximate market rates.

<sup>27</sup> Moreover, it is not expected that the proposed rule change will impede the ability of the Funds' agent to calculate an NAV and an IIV, and disseminate such IIV every 15 seconds throughout the trading day.

<sup>28</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.

proposed rule change from interested persons.

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

The Exchange is filing a proposal to amend Exchange Rule 404, Series of Option Contracts Open for Trading, by stating in Rule 404(e) that the Exchange may list additional strike prices until the close of trading on the second business day prior to monthly expiration in unusual market conditions.

The text of the proposed rule change is available on the Exchange's Web site at [http://www.miaxoptions.com/filter/wotitle/rule\\_filing](http://www.miaxoptions.com/filter/wotitle/rule_filing), at MIAX's principal office, 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 amend Exchange Rule 404(e) to permit the Exchange to add additional strikes until the close of trading on the second business day prior to the expiration of a monthly, or standard, option in the event of unusual market conditions. This is a competitive filing that is based on the recently approved proposals of NYSE MKT LLC and NYSE Arca, Inc.<sup>3</sup>

MIAX Rule 404(e) currently permits the Exchange to add new series of options on an individual stock until the beginning of the month in which the option contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add

new series of options on an individual stock until five (5) business days prior to expiration.<sup>4</sup> Options market participants generally prefer to focus their trading in strike prices that immediately surround the price of the underlying security. However, if the price of the underlying stock moves significantly, there may be a market need for additional strike prices to adequately account for market participants' risk management needs in an underlying stock. In these situations, the Exchange has the ability to add additional series at strike prices that are better tailored to the risk management needs of market participants.<sup>5</sup> The Exchange may make the determination to open additional series for trading when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when certain price movements take place in the underlying market.<sup>6</sup> If the market need occurs prior to five business days prior to expiration, then the market participants may have access to an option contract that is more tailored to the movement in the underlying stock.<sup>7</sup> However, if the market need to manage risk due to unusual market conditions comes to light anytime from five to two days prior to expiration, then market participants are left without a contract that is tailored to manage their risk.<sup>8</sup>

The Exchange proposes to permit the listing of additional strikes until the close of trading on the second business day prior to expiration in unusual market conditions. Since expiration of the monthly contract is on a Saturday, the close of trading on the second business day prior to expiration will typically fall on a Thursday. However, in the cases where Friday is a holiday during which the Exchange is closed, the close of trading on the second business day prior to expiration will occur on a Wednesday. The Exchange will continue to make the determination to open additional series for trading when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when certain price movements take place in the underlying

market. The proposed rule change will provide an additional four days for the Exchange to gauge market impact of the underlying stock and to react to any market conditions that would render additional series prior to expiration beneficial to market participants.

The Exchange believes that the impact on the market from the proposed rule change will be very minimal to market participants, however it will be extremely beneficial in the limited number of situations where unusual market conditions dictate immediately prior to expiration. The proposal would simply allow participants to adjust their risk exposure in narrow situations when an unusual market event occurred on trading days 2, 3, 4, 5 prior to expiration.

This proposal does not raise any capacity concerns on the Exchange, because the changes have no material difference in impact from the current rules. The Exchange notes the proposed change allows for new strikes that it would otherwise be permitted to add under existing rules either on the fifth day prior to, or immediately after, expiration.<sup>9</sup> A strike that opens two days prior to expiration will have minimal impact on quoting, as it adds two series out of hundreds of thousands, and only for a small number of days.<sup>10</sup> Thus, any additional strikes that may be added under the proposed change would have no measurable effect on systems capacity.

The Exchange notes that the proposed change is consistent with rules that have been approved by the Commission on at least one other options exchange<sup>11</sup> and for which at least one other options exchange filed for immediate effectiveness.<sup>12</sup>

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

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>13</sup> in general, and furthers the objectives of 6(b)(5) of the

<sup>9</sup> Any new strikes added under this proposal would be added in a manner consistent with the range limitations described in Exchange Rule 404A.

<sup>10</sup> In the case of a multi-stock event where multiple stocks may be subject to unusual market conditions, a strike which opens two days prior to expiration will also have minimal impact on quoting, as it adds two series per stock out of hundreds of thousands, and only for a small number of days.

<sup>11</sup> See Securities Exchange Act Release Nos. 68460 (December 18, 2012), 77 FR 76145 (December 26, 2012) (SR-NYSEMKT-2012-41); 68461 (December 12, 2012), 77 FR 76155 (December 26, 2012) (SR-NYSEArca-2012-94).

<sup>12</sup> See Securities Exchange Act Release No. 68491 (December 20, 2012), 77 FR 76334 (December 27, 2012) (SR-ISE-2012-101).

<sup>13</sup> 15 U.S.C. 78f(b).

<sup>3</sup> See Securities Exchange Act Release Nos. 68460 (December 18, 2012), 77 FR 76145 (December 26, 2012) (SR-NYSEMKT-2012-41); 68461 (December 18, 2012), 77 FR 76155 (December 26, 2012) (SR-NYSEArca-2012-94). See also Securities Exchange Act Release No. 68491 (December 20, 2012), 77 FR 76334 (December 27, 2012) (SR-ISE-2012-101).

<sup>4</sup> See Exchange Rule 404(e). 'Until five (5) business days prior' generally means up through the end of the day on the Friday of the week prior to expiration week.

<sup>5</sup> See Exchange Rule 404.

<sup>6</sup> See Exchange Rule 404(c).

<sup>7</sup> See Exchange Rule 404(e).

<sup>8</sup> While these situations are relatively rare, the Exchange represents that approximately two times a month there is a legitimate need to add additional strikes closer to expiration than the five business day limitation permits, due to it being necessary to maintain an orderly market, to meet customer demand, or when certain price movements take place in the underlying market.

Act<sup>14</sup> in particular, in that it is 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 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.

The Exchange believes that providing an additional four days to the Exchange to gauge market impact and to react to any market conditions prior to expiration is beneficial and will result in a continuing benefit to investors by giving them more flexibility to closely tailor their investment decisions and hedging decisions prior to expiration. The Exchange also believes that the additional four days will provide the investing public and other market participants with additional opportunities to hedge their investment, thus allowing these investors to better manage their risk exposure with additional option series. While the four additional days may generate additional quote traffic, the Exchange does not believe that this increased traffic will become unmanageable since the proposal remains limited to the narrow situations when an unusual market event occurs on trading days 2, 3, 4, 5 prior to expiration.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In this regard and as indicated above, the Exchange notes that the instant proposed rule change is submitted as a competitive response to filings submitted by other competing options exchanges. MIAX believes this proposed rule change is necessary to permit fair competition among the options exchanges and to establish uniform rules regarding the listing of strike prices.

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

Written comments were neither solicited nor received.

### **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>15</sup> and Rule 19b-4(f)(6) thereunder.<sup>16</sup>

The Exchange has requested that the Commission waive the 30-day operative delay. The Commission believes that waiver of the operative delay is consistent with the protection of investors and the public interest because the proposal is substantially similar to those of other exchanges that have been approved by the Commission and would permit the Exchange to list additional strike prices until the close of trading on the second business day prior to monthly expiration in unusual market conditions.<sup>17</sup> Therefore, the Commission designates the proposal operative upon filing.<sup>18</sup>

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:

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

<sup>16</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>17</sup> See *supra* note 11.

<sup>18</sup> For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

#### *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-MIAX-2013-22 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-MIAX-2013-22. 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-MIAX-2013-22 and should be submitted on or before June 25, 2013.

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

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2013-13152 Filed 6-3-13; 8:45 am]

**BILLING CODE 8011-01-P**

<sup>14</sup> 15 U.S.C. 78f(b)(5).

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