

the proposal may become operative immediately upon filing.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Including rights and warrants in the pilot program which may trigger a circuit breaker and be subject to a trading pause, even while the underlying security continues to trade, provides little benefit and has the potential to create confusion among investors. Excluding rights and warrants from the pilot program should minimize investor confusion that could result from temporary trading pauses in these securities. For this reason, the Commission designates the proposed rule change as operative upon the date of this Notice.¹⁶

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. Please include File No. SR-ISE-2011-79 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 No. SR-ISE-2011-79. 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 No. SR-ISE-2011-79 and should be submitted on or before December 21, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁷

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65825; File No. SR-C2-2011-036]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to Trading Halts

November 23, 2011.

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 November 23, 2011, the C2 Options Exchange, Incorporated ("Exchange" or "C2") filed with the Securities and Exchange Commission (the "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 the proposal as a "non-controversial" proposed rule

change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ 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 is proposing to make a conforming amendment to C2 Rule 6.32, *Trading Halts*, as it relates to individual stock trading pauses in underlying stocks. The text of the proposed rule change is available on the Exchange's Web site (<http://www.c2exchange.com/Legal/RuleFilings.aspx>), at the Exchange's Office of the Secretary 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 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 parts of such statements.

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

1. Purpose

The individual stock trading pause pilot rule was developed in consultation with U.S. listing markets to provide for uniform market-wide trading pause standards for certain underlying individual stocks that experience rapid price movement. In conjunction with the pilot, C2 (and other options exchanges) adopted rules that provide that trading in the overlying options on an eligible stock would halt when the primary listing market for the underlying stock issues a trading pause.

The underlying individual stock trading pause pilot was recently expanded to include all NMS stocks.⁵

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

⁵ The pilot list of stocks originally included all stocks in the S&P 500 Index, but it has been expanded over time to include all NMS stocks. See, e.g., Securities Exchange Act Release Nos. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010)(SR-CBOE-2010-065)(order approving

¹⁶ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

However, it is currently being revised to exclude all rights and warrants.⁶ In light of the revision to the underlying individual stock trading pause pilot, C2 is proposing a conforming amendment to its Rule 6.32. Specifically, the Exchange is proposing to replace a reference to “an underlying NMS stock” with a conforming reference to “underlying eligible NMS stock” and to define the term “eligible NMS stocks” to mean NMS stocks, other than rights and warrants.

2. Statutory Basis

The statutory basis for the proposed rule change is Section 6(b)(5) of the Act,⁷ which requires the rules of an exchange to promote just and equitable principles of trade, 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 proposed rule change also is designed to support the principles of Section 11A(a)(1)⁸ of the Act in that it seeks to assure fair competition among brokers and dealers and among exchange markets. The Exchange believes that the proposed rule change meets these requirements because it conforms the rule text to reflect the recent modification to underlying individual stock trading pause pilot to exclude all rights and warrants, which pilot promotes uniformity across markets concerning decisions to pause trading in a stock when there are significant price movements.

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 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 proposal.

expansion of the individual stock trading pause pilot to include all stocks in the Russell 1000 index and a pilot list of Exchange Traded Products) and 64735 (June 23, 2011), 76 FR 38243 (June 29, 2011)(SR-CBOE-2011-049)(order approving further expansion of the individual stock trading pause pilot to include all NMS stocks effective August 8, 2011).

⁶ See, e.g., SR-CBOE-2011-111.

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78k-1(a)(1).

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁹ and Rule 19b-4(f)(6) thereunder.¹⁰ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and Rule 19b-4(f)(6)(iii) thereunder.¹²

A proposed rule change filed under Rule 19b-4(f)(6)¹³ normally does not become operative for 30 days after the date of filing. However, pursuant to Rule 19b-4(f)(6)(iii)¹⁴ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest. Including rights and warrants in the pilot program which may trigger a circuit breaker and be subject to a trading pause, even while the underlying security continues to trade, provides little benefit and has the potential to create confusion among investors. Excluding rights and warrants from the pilot program should minimize investor confusion that could result from temporary trading pauses in these securities. For this reason, the Commission designates the proposed rule change as operative upon the date of this Notice.¹⁵

⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁰ 17 CFR 240.19b-4(f)(6).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 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.

¹³ 17 CFR 240.19b-4(f)(6).

¹⁴ 17 CFR 240.19b-4(f)(6)(iii).

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

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. Please include File No. SR-C2-2011-036 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 No. SR-C2-2011-036. 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 No. SR-C2-2011-036 and should be submitted on or before December 21, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65812; File No. SR-NYSEArca-2011-87]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending NYSE Arca Equities Rule 7.11 to Exclude All Rights and Warrants From the Single Stock Circuit Breaker Under the Rule

November 23, 2011.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (the "Act")² and Rule 19b-4 thereunder,³ notice is hereby given that, on November 17, 2011, NYSE Arca, Inc. (the "Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II 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 NYSE Arca Equities Rule 7.11 to exclude all rights and warrants from the single stock circuit breaker under the rule. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, <http://www.nyse.com>, and <http://www.sec.gov>.

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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend NYSE Arca Equities Rule 7.11 to exclude all rights and warrants from the single stock circuit breaker under the rule. The Commission approved NYSE Arca Equities Rule 7.11 on a pilot basis on June 10, 2010 to provide for trading pauses in individual securities due to extraordinary market volatility ("Trading Pause") in all securities included within the S&P 500® Index ("S&P 500") ("Pause Pilot").⁴ The Exchange noted in its filing to adopt NYSE Arca Equities Rule 7.11 that during the Pause Pilot period it would continue to assess whether additional securities need to be added and whether the parameters of NYSE Arca Equities Rule 7.11 would need to be modified to accommodate trading characteristics of different securities. The Exchange subsequently received approval to add to the Pause Pilot the securities included in the Russell 1000® Index ("Russell 1000") and a specified list of Exchange Traded Products ("ETPs").⁵

⁴ The Commission approved the Pause Pilot for all equities exchanges and FINRA. See Securities Exchange Act Release No. 62252 (June 10, 2010), 75 FR 34186 (June 16, 2010) (File Nos. SR-BATS-2010-014; SR-EDGA-2010-01; SR-EDGX-2010-01; SR-BX-2010-037; SR-ISE-2010-48; SR-NYSE-2010-39; SR-NYSEAmex-2010-46; SR-NYSEArca-2010-41; SR-NASDAQ-2010-061; SR-CHX-2010-10; SR-NSX-2010-05; and SR-CBOE-2010-047) and Securities Exchange Act Release No. 62251 (June 10, 2010), 75 FR 34183 (June 16, 2010) (SR-FINRA-2010-025).

⁵ The Commission approved the addition to the Pause Pilot of the securities included in the Russell 1000 and ETPs, where applicable, for all equities exchanges and FINRA. See Securities Exchange Act Release No. 62884 (September 10, 2010), 75 FR 56618 (September 16, 2010) (File Nos. SR-BATS-2010-018; SR-BX-2010-044; SR-CBOE-2010-065; SR-CHX-2010-14; SR-EDGA-2010-05; SR-EDGX-2010-05; SR-ISE-2010-66; SR-NASDAQ-2010-079; SR-NYSE-2010-49; SR-NYSEAmex-2010-63; SR-NYSEArca-2010-61; and SR-NSX-2010-08) and Securities Exchange Act Release No. 62883 (September 10, 2010), 75 FR 56608 (September 16, 2010) (SR-FINRA-2010-033). The Exchange submitted a proposed rule change shortly after the addition of the Russell 1000 securities and ETPs to extend the operation of the Pause Pilot, which was set to expire on December 10, 2010, until April 11, 2011. See Securities Exchange Act Release No. 63496 (December 9, 2010), 75 FR 78285 (December 15, 2010) (NYSEArca-2010-114). The Exchange submitted a proposed rule change to further extend

On June 23, 2011, the Commission approved proposed rule changes of the Exchanges to amend certain of their respective rules to expand the Pause Pilot to include all remaining NMS stocks ("Phase III Securities"), which included rights and warrants.⁶ Unlike the original Pause Pilot securities, amended NYSE Arca Equities Rule 7.11 applies wider percentage price moves to the Phase III Securities before a trading pause is triggered.⁷ The changes to NYSE Arca Equities Rule 7.11 became effective on August 8, 2011.

The nature of the trading pauses triggered since adoption of the Pause Pilot has been analyzed and over 25% of such pauses have occurred in rights and warrants. Further, exchanges have experienced a significant increase in trading pauses involving rights and warrants since the implementation of the Phase III Securities, with such pauses representing as much as 52% [sic] all trading pauses occurring through the end of August 2011 on one exchange. Rights and warrants trade on equity exchanges, but are closely related to call options. Rights and warrants entitle owners to purchase shares of stock at predetermined prices subject to various timing and other conditions. Like options, the price of rights and warrants are affected by the price of the underlying stock as well as other factors, particularly the volatility of the stock. As a consequence, the prices of rights and warrants may move more dramatically than the prices of the underlying stocks even when the rights and warrants (and the underlying stock) are trading in an orderly manner. This difference in trading behavior may result in a scenario whereby the rights and warrants trigger the circuit breaker under NYSE Arca Equities Rule 7.11 and are subject to a trading pause, even while the underlying stock continues to trade. This can be particularly true of rights and warrants that have low prices. Accordingly, the Exchange is proposing to exclude rights and

the Pause Pilot until the earlier of January 31, 2012 or the date on which a limit up/limit down mechanism to address extraordinary market volatility, if adopted, applies. See Securities Exchange Act Release No. 65088 (August 10, 2011), 76 FR 50793 (August 16, 2011) (NYSEArca-2011-55).

⁶ See Securities Exchange Act Release No. 64735 (June 23, 2011), 76 FR 38243 (June 29, 2011) (NYSEArca-2011-26, et al.).

⁷ Under amended NYSE Arca Equities Rule 7.11, a pause is triggered by a 30% or more price move in a Phase III Security priced at \$1 or higher, and by a 50% or more price move to such a security priced less than \$1. The price of a security is based on the closing price on the previous trading day, or, if no closing price exists, the last sale reported to the Consolidated Tape on the previous trading day.

¹⁶ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.