

Also, all members are equally eligible to transact Multiply Listed securities.

The Exchange believes that it continues to be equitable and not unfairly discriminatory to pay the rebate for Floor QCC Orders to Floor Brokers because it would uniformly apply to all Floor QCC Orders entered by a Floor Broker into FBMS for execution based on volume. The rebate is not unfairly discriminatory to firms that enter eQCC Orders directly into PHLX XL II, because the transaction fees and rebates are the same whether the order is entered electronically or through a Floor Broker. In addition, pursuant to Exchange Rule 1080(o)(3), only Floor Brokers may enter a Floor QCC Order from the floor of the Exchange; therefore, providing the rebate to Floor Brokers does not discriminate against eQCC orders entered into PHLX XL II. Any participant will be able to engage a rebate-receiving Floor Broker in a discussion surrounding the appropriate level of fees that they may be charged for entrusting the entry of the Floor QCC Order to the Floor Broker into FBMS for execution. The additional order flow attracted by this rebate should benefit all participants. The rebate is meant to assist Floor Brokers to recruit business on an agency basis. The Floor Broker may use all or part of the rebate to offset its fees.

The Exchange believes it is equitable and not unfairly discriminatory to not offer a rebate for eQCC Orders and Floor QCC Orders for Customer-to-Customer executions and for dividend, merger and short stock interest strategies and executions subject to the Reversal and Conversion Cap because the Exchange would not offer a rebate for these two types of transactions for any QCC Order uniformly. Neither Customer-to-Customer executions nor dividend, merger and short stock interest strategies and executions subject to the Reversal and Conversion Cap will receive the rebate. Also, Customers are not assessed a QCC Transaction Fee.

The Exchange believes that the technical amendments proposed herein are reasonable, equitable and not unfairly discriminatory because they would add clarity to the Fee Schedule and conform the Fee Schedule.

The Exchange operates in a highly competitive market comprised of nine U.S. options exchanges in which sophisticated and knowledgeable market participants readily can, and do, send order flow to competing exchanges if they deem fee levels at a particular exchange to be excessive. The Exchange

believes that the proposed rebates for eQCC Orders and Floor QCC Orders must be competitive with rebates offered at other options exchanges. The Exchange believes that this competitive marketplace impacts the rebates and fees present on the Exchange today and influences the proposals set forth above.

#### *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.

#### *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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>27</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:

#### *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-Phlx-2011-189 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.

<sup>27</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

All submissions should refer to File Number SR-Phlx-2011-189. 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-Phlx-2011-189 and should be submitted on or before February 8, 2012.

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. 2012-818 Filed 1-17-12; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-66130; File No. SR-EDGA-2011-42]**

### **Self-Regulatory Organizations; EDGA Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Amendments to the EDGA Exchange, Inc. Fee Schedule**

January 11, 2012.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup>

<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.

and for 2,000,000 or more originating contract sides ISE pays \$0.05 per contract.

notice is hereby given that on December 30, 2011, the EDGA Exchange, Inc. (the "Exchange" or the "EDGA") filed with the Securities and Exchange Commission ("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 its fees and rebates applicable to Members<sup>3</sup> of the Exchange pursuant to EDGA Rule 15.1(a) and (c). All of the changes described herein are applicable to EDGA Members. The text of the proposed rule change is available on the Exchange's Internet Web site at <http://www.directedge.com>, at the Exchange's principal office, and at the Public Reference Room of the Commission.

### **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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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**

##### **Purpose**

Footnote 4 of the EDGA fee schedule currently provides that: If a Member, on a daily basis, measured monthly, posts more than 1% of the Total Consolidated Volume ("TCV") in average daily volume, then the Member will receive a rebate of \$0.0005 per share. TCV is defined as volume reported by all exchanges and trade reporting facilities to the consolidated transaction reporting plans for Tapes A, B and C securities for the month prior to the month in which the fees are calculated.

If a Member, on a daily basis, measured monthly, posts more than .25% of the TCV and removes more than .25% of TCV in average daily volume, then the Member will receive a rebate of \$0.0005 per share.

The Exchange proposes to amend the description in footnote 4 of its fee schedule to state that all non-displayed orders (H Flag executions) count toward added/posting liquidity in both paragraphs of footnote 4. The Exchange also proposes to append footnote 4 to the H Flag on its fee schedule in connection with this. Similar to the way that the H Flag counts toward adding/posting liquidity tiers on the EDGX Exchange, Inc. ("EDGX"),<sup>4</sup> the H Flag is another flag that can also add liquidity on EDGA. Currently, the flags that add liquidity on EDGA and count toward the tiers identified in footnote 4 are B, V, Y, 3, and 4.

Furthermore, the Exchange also proposes to amend the description in footnote 4 of its fee schedule to state that a Member has to post liquidity *to EDGA* in order to satisfy the tiers delineated in footnote 4. To do so, the Exchange proposes to insert the words "to EDGA" after the phrases "posts more than 1% of the TCV" and "posts more than .25% of the TCV" in footnote 4.

The Exchange proposes to delete footnote 13 from its fee schedule, as no Members have qualified for this tier. Footnote 13 states that for Members that route an average daily volume (ADV) more than 30,000,000 shares per day to NYSE using the RDOT or RDOX routing strategy, then their removal rate decreases to \$0.0022 per share.

The Exchange also proposes to amend its fee schedule to add footnote b to it to specify that trading activity on days when the market closes early<sup>5</sup> does not count toward any volume tiers, which are currently found in footnotes 1, 2, 4, 6, 13.

The Exchange proposes to implement these amendments to its fee schedule on January 1, 2012.

##### **Basis**

The Exchange believes that the proposed rule change is consistent with the objectives of Section 6 of the Act,<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4),<sup>7</sup> in particular, as it is designed to provide for the equitable allocation of reasonable dues, fees and

other charges among its members and other persons using its facilities.

The Exchange believes that amending the H Flag's application toward the tiers outlined in footnote 4 on the Exchange's fee schedule is an equitable allocation of reasonable dues, fees, and other charges. The H Flag is another flag that can also add liquidity on EDGA and counts towards the tiers identified in footnote 4. The Exchange believes that providing discounts for adding liquidity to the Exchange would incent liquidity. In addition, such increased volume increases potential revenue to the Exchange, and would allow the Exchange to spread its administrative and infrastructure costs over a greater number of shares, leading to lower per share costs. These lower per share costs would allow the Exchange to pass on the savings to Members in the form of a higher rebate. The increased liquidity also benefits all investors by deepening EDGA's liquidity pool, offering additional flexibility for all investors to enjoy cost savings, supporting the quality of price discovery, promoting market transparency and improving investor protection. In addition, by making this amendment, the Exchange adds additional transparency to its fee schedule for Members.

The deletion of the tier in footnote 13 to the fee schedule is an equitable allocation of reasonable dues, fees, and other charges, as no Members have qualified for this tier and the Exchange generates administrative costs by maintaining it. In addition, by deleting this tier, the Exchange adds additional clarity to its fee schedule for Members. The Exchange believes that the proposed amendment is nondiscriminatory in that it applies uniformly to all Members.

The Exchange also proposes to amend its schedule by adding footnote b to specify that trading activity on days when the market closes early does not count toward volume tiers (footnotes 1, 2, 4, 6, 13). Since the Exchange is only open until 1 p.m. Eastern Time ("ET") on these days (e.g., the day after Thanksgiving),<sup>8</sup> the Exchange believes that counting volume on these days towards the tiers would not be illustrative of typical market activity or liquidity provision, since the trading day is shortened. Therefore, the Exchange proposes to exclude such shortened trading days from any volume tier calculations, as presently found in footnotes numbers 1, 2, 4, 6, and 13. The Exchange believes that the proposed amendment is non-discriminatory in

<sup>4</sup> See, e.g., Securities Exchange Act Release No. 65541 (October 12, 2011), 76 FR 64409 (October 18, 2011) (SR-EDGX-2011-31).

<sup>5</sup> In 2012, these days include July 3, 2012, November 23, 2012, and December 24, 2012.

<sup>6</sup> 15 U.S.C. 78f.

<sup>7</sup> 15 U.S.C. 78f(b)(4).

<sup>8</sup> In 2012, these days include July 3, 2012, November 23, 2012, and December 24, 2012.

<sup>3</sup> A Member is any registered broker or dealer, or any person associated with a registered broker or dealer, that has been admitted to membership in the Exchange.

that it applies uniformly to all Members and would more accurately represent their trading volume. In addition, the proposed amendment is in accordance with the practices employed by other Exchanges.<sup>9</sup>

The Exchange also notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues if they deem fee levels at a particular venue to be excessive. The proposed rule change reflects a competitive pricing structure designed to incent market participants to direct their order flow to the Exchange. The Exchange believes that the proposed rates are equitable and non-discriminatory in that they apply uniformly to all Members. The Exchange believes the fees and credits remain competitive with those charged by other venues and therefore continue to be reasonable and equitably allocated to Members.

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

The proposed rule change does not 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 has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3) of the Act<sup>10</sup> and Rule 19b-4(f)(2)<sup>11</sup> thereunder. At any time within 60 days of the filing of such 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.

<sup>9</sup> See fee schedules of Nasdaq and NYSE Arca found at: <http://www.nasdaqtrader.com/Trader.aspx?id=PriceListTrading2>; and [https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse\\_arca\\_marketplace\\_fees\\_12\\_1\\_2011.pdf](https://usequities.nyx.com/sites/usequities.nyx.com/files/nyse_arca_marketplace_fees_12_1_2011.pdf)

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 19b-4(f)(2).

### **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-EDGA-2011-42 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-EDGA-2011-42. 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 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-EDGA-2011-42 and should be submitted on or before February 8, 2012.

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

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>12</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2012-770 Filed 1-17-12; 8:45 am]

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## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-66139; File No. SR-CHX-2012-01]

### **Self-Regulatory Organizations; Chicago Stock Exchange, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend its Fee Schedule To Assess Fees for Derivative Securities Products**

January 11, 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 January 6, 2012, the Chicago Stock Exchange, Inc. ("CHX" or the "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the CHX. CHX has filed the proposal pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f)(2) thereunder,<sup>4</sup> which renders the proposal 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**

CHX proposes to amend its Fee Schedule, effective January 9, 2012, to create a separate fee and rebate structure for Derivative Securities Products and to remove certain references to Tape A, B and C securities throughout the Fee Schedule.

The text of this proposed rule change is available on the Exchange's Web site at ([www.chx.com](http://www.chx.com)) and in 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 CHX included statements concerning the purpose of and basis for the

<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)(2).