

Section 6(b)(4) of the Act,⁸ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the proposed rule change is equitable and not unfairly discriminatory as it is allocated to all Exchange DPMs and TPHs for which the Exchange is the DEA equally based upon their gross revenue. In addition, the fee is reasonable as it is a slight increase to the current Exchange fee which has not recently been updated to reflect current regulatory costs.⁹ The Exchange believes the proposed rule change will protect investors and the public interest by increasing the Exchange's regulatory revenue to allow the Exchange to more adequately perform its regulatory functions and, thus, also allow the Exchange to better prevent fraudulent and manipulative acts and practices.

Finally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹⁰ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's TPHs and persons associated with its TPHs with the Act, the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change is designed to fund the Exchange's regulatory program, and, more specifically, to help more closely cover the costs of regulating Exchange DPMs and those TPHs for which the Exchange is the DEA. Thus, the proposed changes will help the Exchange to enforce compliance of its TPHs with the Act and Exchange rules.

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

CBOE 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. In particular, the proposed rule change will serve to aid the Exchange in fulfilling its obligations as a Self-Regulatory Organization by further funding the Exchange regulatory program.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and paragraph (f) of Rule 19b-4¹² 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>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-CBOE-2012-132 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-CBOE-2012-132. 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-CBOE-2012-132 and should be submitted on or before January 30, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Kevin M. O'Neill,

Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68571; File No. SR-C2-2012-046]

Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Fees Schedule

January 3, 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 December 28, 2012, C2 Options Exchange, Incorporated (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

⁸ 15 U.S.C. 78f(b)(4).

⁹ See *supra* note 5.

¹⁰ 15 U.S.C. 78f(b)(1).

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

The Exchange proposes to amend the Fees Schedule. The text of the proposed rule change is provided below.³

* * * * *

C2 Options Exchange, Incorporated Rules

* * * * *

1.–7. No change.

8. Regulatory Fees

A) Firm Designated Examining Authority Fee \$0.[4]60 per \$1,000 of gross revenue (subject to a monthly minimum fee of \$[1,000] 1,500 for clearing firms and \$[275] 400 for non-clearing firms)—As reported on quarterly FOCUS Report, Form X–17A–5. Excludes commodity commission revenue.

* * * * *

The text of the proposed rule change is also available on the Exchange's Web site (<http://www.c2exchange.com/Legal/>), at the Exchange's Office of the Secretary, and at 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 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 Exchange proposes to amend its Fees Schedule.⁴ More specifically, the Exchange is proposing to make changes to the section "Regulatory Fees." Under the Exchange's Regulatory Fees, the Exchange charges a fee to firms for which the Exchange is the Designated Examining Authority ("DEA") called the "Firm Designated Examining Authority Fee." Under such fee, the Exchange currently charges these Trading Permit

Holders ("TPHs") for which the Exchange is the DEA \$0.40 per \$1,000 of gross revenue as reported on quarterly FOCUS reports filed by such TPHs (excluding commodity commission revenue). In addition, this fee is subject to a monthly minimum fee of \$1,000 per month for Clearing TPHs and \$275 for non-Clearing TPHs. The Exchange is proposing to increase this fee from \$.40 per \$1,000 of gross revenue to \$0.60 per \$1,000 of gross revenue. In addition, the Exchange is proposing to increase the monthly minimum fee for Clearing TPHs from \$1,000 to \$1,500 and the monthly minimum fee for non-Clearing TPHs from \$275 to \$400. New proposed text has been added to the "Regulatory Fees" section of the Fees Schedule to reflect this charge.

The Exchange has determined that these changes are necessary to increase the revenue of the Exchange for the purpose of continuing to adequately fund its regulatory functions. Specifically, the Exchange is proposing to increase this fee in order to help more closely cover the costs of regulating these TPHs for which the Exchange is the DEA. The proposed modifications are reasonable as they have never been changed to reflect growing regulatory costs.⁵ In addition, the Exchange believes the proposed changes to the Fees Schedule are equitably allocated to all TPHs in which the Exchange is the DEA as all will be charged based upon their gross revenue.

The proposed changes are to take effect on January 1, 2013.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁷ requirements that the rules of an 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,

processing information with respect to, and facilitation 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. Additionally, the Exchange believes the proposed rule change is consistent with Section 6(b)(4) of the Act,⁸ which provides that Exchange rules may provide for the equitable allocation of reasonable dues, fees, and other charges among its Trading Permit Holders and other persons using its facilities.

In particular, the proposed rule change is equitable and not unfairly discriminatory as it is allocated to all Exchange DPMs and TPHs for which the Exchange is the DEA equally based upon their gross revenue. In addition, the fee is reasonable as it is a slight increase to the current Exchange fee which has not recently been updated to reflect current regulatory costs.⁹ The Exchange believes the proposed rule change will protect investors and the public interest by increasing the Exchange's regulatory revenue to allow the Exchange to more adequately perform its regulatory functions and, thus, also allow the Exchange to better prevent fraudulent and manipulative acts and practices.

Finally, the Exchange also believes the proposed rule change is consistent with Section 6(b)(1) of the Act,¹⁰ which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and to enforce compliance by the Exchange's TPHs and persons associated with its TPHs with the Act, the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change is designed to fund the Exchange's regulatory program, and, more specifically, to help more closely cover the costs of regulating Exchange DPMs and those TPHs for which the Exchange is the DEA. Thus, the proposed changes will help the Exchange to enforce compliance of its TPHs with the Act and Exchange rules.

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. In particular, the proposed rule change will serve to aid the Exchange in fulfilling its obligations as a Self-Regulatory Organization by

³ The Commission notes that new text is in italics and deleted text is in brackets.

⁴ See Exchange Rule 2.1, which authorizes fees to Participants to be "fixed from time to time by the Exchange."

⁵ See Securities Exchange Act Release No. 34–63175 (October 25, 2010), 75 FR 66813 (October 29, 2010) (SR–C2–2010–006) (immediately effective rule establishing, among other things, the Designated Examining Authority Fee of \$.40 per \$1,000 of gross revenue as reported on quarterly FOCUS reports filed and the firm FOCUS Minimum Monthly Fee of \$1000 for clearing members and \$275 for non-clearing members).

⁶ 15 U.S.C. 78f(b).

⁷ 15 U.S.C. 78f(b)(5).

⁸ 15 U.S.C. 78f(b)(4).

⁹ See *supra* note 5.

¹⁰ 15 U.S.C. 78f(b)(1).

further funding the Exchange regulatory program.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹¹ and paragraph (f) of Rule 19b-4¹² 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>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-C2-2012-046 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-C2-2012-046. 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-C2-2012-046 and should be submitted on or before January 30, 2013.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Kevin M. O'Neill,
Deputy Secretary.

[FR Doc. 2013-00198 Filed 1-8-13; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-68574; File No. SR-Phlx-2012-130]

Self-Regulatory Organizations; NASDAQ OMX PHLX LLC; Order Approving Proposed Rule Change To Amend Performance Evaluations With Respect to Quote Submissions of Streaming Quote Traders and Remote Streaming Quote Traders

January 3, 2013.

I. Introduction

On October 31, 2012, NASDAQ OMX PHLX LLC ("Exchange" or "Phlx") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend performance evaluations with respect to Streaming Quote Traders ("SQTs") and Remote Streaming Quote Traders ("RSQTs"). The proposed rule change was published for comment in the **Federal Register** on November 19, 2012.³ The

Commission received no comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal

The Exchange proposes to amend the performance evaluations with respect to SQTs and RSQTs. Exchange Rule 510 sets forth standards by which the Exchange periodically conducts an evaluation of SQTs and RSQTs to determine whether they have fulfilled performance standards relating to, among other things, quality of markets, efficient quote submission to the Exchange (including quotes submitted through a third party vendor), competition among market makers, observance of ethical standards, and administrative factors.

Specifically, the Exchange proposes to amend the evaluation standards with respect to quote submission. According to the Exchange, Phlx reviews the percentage of total quotes that represent the Phlx best bid or offer, quoting requirements pursuant to Exchange Rule 1014, the number of requests for a quote spread parameter and efficient quote submission. To evaluate efficient quote submission, the Exchange currently considers how an SQT or RSQT optimizes the submission of quotes through the Specialized Quote Feed⁴ by evaluating the number of individual quotes per quote block received by the Exchange.

Instead of evaluating the number of individual quotes per quote block, the Exchange proposes to utilize quote-to-trade and quote-to-contracts traded ratios to evaluate SQTs and RSQTs. According to the Exchange, the quote-to-trade and quote-to-contract traded data would provide statistical information on spreads and efficiency, which would allow the Exchange to obtain more precise information to evaluate performance.

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 national

⁴ Exchange Rule 1080.01(a) provides that "[a] specialist, [remote streaming quote trader] or [streaming quote trader] may establish an option pricing model via a specialized connection, which is known as a specialized quote feed ('SQF'). Specialists, [streaming quote traders] and [remote streaming quote traders] individually determine which model to select per option and may change models during the trading day. Each pricing model requires the specialist, [streaming quote traders] and [remote streaming quote traders] to input various parameters, such as interest rates, volatilities (delta, vega, theta, gamma, etc.) and dividends."

¹¹ 15 U.S.C. 78s(b)(3)(A).

¹² 17 CFR 240.19b-4(f).

¹³ 17 CFR 200.30-3(a)(12).

¹⁵ U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 68217 (November 13, 2012), 77 FR 69525.