

Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number SR-EDGX-2012-44. 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-EDGX-2012-44 and should be submitted on or before October 30, 2012.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Kevin M. O'Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67961; File No. SR-NASDAQ-2012-043]

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Notice of Designation of Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change, as Modified by Amendment No. 1 Thereto, To Establish the Market Quality Program

October 2, 2012.

On March 23, 2012, The NASDAQ Stock Market LLC ("Exchange" or "NASDAQ") 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 establish the Market Quality Program. On March 29, 2012, the Exchange submitted Amendment No. 1 to the proposed rule change.³ The proposed rule change, as modified by Amendment No. 1 thereto, was published for comment in the **Federal Register** on April 12, 2012.⁴ The Commission initially received fifteen comment letters on the proposed rule change.⁵ On May 18, 2012, pursuant to Section 19(b)(2) of the Act,⁶ the Commission extended the time period for Commission action on the proposed rule

change to July 11, 2012.⁷ The Commission subsequently received three additional comment letters on the proposed rule change and a response letter from the Exchange.⁸ On July 11, 2012, the Commission instituted proceedings to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.⁹ The Commission thereafter received six comment letters and two response letters from the Exchange.¹⁰

Section 19(b)(2) of the Act¹¹ provides that, after initiating disapproval proceedings, the Commission shall issue an order approving or disapproving the proposed rule change not later than 180 days after the date of publication of notice of filing of the proposed rule change. The Commission may extend the period for issuing an order approving or disapproving the proposed rule change, however, by not more than 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination. The proposed rule change was published for notice and comment in the **Federal Register** on April 12, 2012. October 9, 2012 is 180 days from that date, and December 8, 2012 is 240 days from that date.

The Commission finds it appropriate to designate a longer period within which to issue an order approving or disapproving the proposed rule change so that it has sufficient time to consider this proposed rule change, the issues raised in the comment letters that have been submitted in response to the proposed rule change, including comment letters submitted in response

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ In Amendment No. 1, NASDAQ made a technical amendment to Item I of Exhibit 1 to delete an erroneous reference to the NASDAQ Options Market and replace it with a reference to NASDAQ.

⁴ Securities Exchange Act Release No. 66765 (April 6, 2012), 77 FR 22042.

⁵ See Letter from Frank Choi, dated April 13, 2012; Letter from Christopher J. Csicsko, dated April 14, 2012; Letter from Jeremiah O'Connor III, dated April 14, 2012; Letter from Dezso J. Szalay, dated April 15, 2012; Letter from Kathryn Keita, dated April 18, 2012; Letter; Letter from Anonymous, dated April 18, 2012; Letter from Mark Connell, dated April 19, 2012; Letter from Timothy Quast, Managing Director, Modern Networks IR LLC, dated April 26, 2012; Letter from Daniel G. Weaver, Ph.D., Professor of Finance, Rutgers Business School, dated April 26, 2012; Letter from Amber Anand, Associate Professor of Finance, Syracuse University, dated April 29, 2012; Letter from Albert J. Menkveld, Associate Professor of Finance, VU University Amsterdam, dated May 2, 2012; Letter from James J. Angel, Associate Professor of Finance, Georgetown University, dated May 2, 2012; Letter from Ari Burstein, Senior Counsel, Investment Company Institute, dated May 3, 2012; Letter from Gus Sauter, Managing Director and Chief Investment Officer, Vanguard, dated May 3, 2012; and Letter from Leonard J. Amoroso, General Counsel, Knight Capital Group, Inc., dated May 4, 2012.

⁶ 15 U.S.C. 78s(b)(2).

⁷ See Securities Exchange Act Release No. 67022 (May 18, 2012), 77 FR 31050 (May 24, 2012).

⁸ See Letter from Gary L. Gastineau, Managing Member, ETF Consultants LLC, dated June 11, 2012; Letter from Rey Ramsey, President & CEO, TechNet, dated June 20, 2012; and Letter from Stuart J. Kaswell, Executive Vice President & Managing Director, General Counsel, Managed Funds Association, dated July 3, 2012. See Letter from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ, dated July 6, 2012.

⁹ See Securities Exchange Act Release No. 67411, 77 FR 42052 (July 17, 2012).

¹⁰ See Letter from Joseph Cavatoni, Managing Director, and Joanne Medero, Managing Director, BlackRock, Inc., dated July 11, 2012; Letter from Stanislav Dolgoplov, Assistant Adjunct Professor, UCLA School of Law, dated August 15, 2012; Letter from James E. Ross, Global Head, SPDR Exchange Traded Funds, State Street Global Advisors, dated August 16, 2012; Letter from Ari Burstein, Senior Counsel, Investment Company Institute, dated August 16, 2012; Letter from F. William McNabb, Chairman and Chief Executive Officer, Vanguard, dated August 16, 2012; and Letter from Andrew Stevens, Legal Counsel, IMC Chicago, LLC d/b/a IMC Financial Markets, dated August 16, 2012. See Letters from Joan C. Conley, Senior Vice President & Corporate Secretary, NASDAQ OMX LLC, dated August 30, 2012 and Jurij Trypupenko, Esq., NASDAQ, dated September 7, 2012.

¹¹ 15 U.S.C. 78s(b)(2).

²⁷ 17 CFR 200.30-3(a)(12).

to the Order Instituting Proceedings, and the Exchange's responses to such comments.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,¹² designates December 8, 2012 as the date by which the Commission should either approve or disapprove the proposed rule change (File Number SR-NASDAQ-2012-043).

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

Kevin M. O'Neill,

Deputy Secretary.

[FR Doc. 2012-24733 Filed 10-5-12; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-67963; File No. SR-NYSEArca-2012-82]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Granting Approval of Proposed Rule Change Relating to the Listing and Trading of FlexShares Ready Access Variable Income Fund Under NYSE Arca Equities Rule 8.600

October 2, 2012.

I. Introduction

On August 7, 2012, NYSE Arca, Inc. ("Exchange" or "NYSE Arca") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to list and trade shares ("Shares") of FlexShares Ready Access Variable Income Fund ("Fund") under NYSE Arca Equities Rule 8.600. The proposed rule change was published for comment in the **Federal Register** on August 23, 2012.³ The Commission received no comments on the proposed rule change. This order grants approval of the proposed rule change.

II. Description of the Proposed Rule Change

The Exchange proposes to list and trade Shares of the Fund pursuant to NYSE Arca Equities Rule 8.600, which governs the listing and trading of Managed Fund Shares on the Exchange. The Shares will be offered by FlexShares Trust ("Trust"), a statutory

trust organized under the laws of Maryland and registered with the Commission as an open-end management investment company.⁴ The investment adviser to the Fund will be Northern Trust Investments, Inc. ("Investment Adviser"). Foreside Fund Services, LLC will serve as the distributor for the Fund ("Distributor"). J.P. Morgan Chase Bank, N.A. will serve as the administrator, custodian, and transfer agent for the Fund ("Transfer Agent").

The Investment Adviser is affiliated with a broker-dealer and has implemented a "fire wall" with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the Fund's portfolio. If a sub-adviser that is also affiliated with a broker-dealer is hired for the Fund, such sub-adviser will implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio. In the event (a) the Investment Adviser or any sub-adviser becomes newly affiliated with a broker-dealer, or (b) any new manager, adviser, or sub-adviser becomes affiliated with a broker-dealer, it will implement a fire wall with respect to such broker-dealer regarding access to information concerning the composition and/or changes to the portfolio, and will be subject to procedures designed to prevent the use and dissemination of material, non-public information regarding such portfolio.⁵

The Fund will not be an index fund. The Fund will be actively managed and will not seek to replicate the performance of a specified index.

The Fund will seek maximum current income consistent with the preservation of capital and liquidity. The Fund will seek to achieve its investment objective by investing under normal circumstances⁶ at least 65% of its total

assets in a non-diversified portfolio⁷ of fixed income instruments, including bonds, debt securities, and other similar instruments issued by U.S. and non-U.S. public and private sector entities.⁸ Such issuers include, without limitation, U.S. and non-U.S. governments and their subdivisions, agencies, instrumentalities, or sponsored enterprises, U.S. state and local governments, international agencies and supranational entities, and U.S. and non-U.S. private-sector entities, such as corporations and banks. The average portfolio duration⁹ of the Fund will vary based on The Northern Trust Company Investment Policy Committee's forecast for interest rates and will normally not exceed one year. The dollar-weighted average portfolio maturity of the Fund is normally not expected to exceed two years.

The Fund will invest in debt securities that are, at the time of investment, rated within the top four rating categories by a Nationally Recognized Statistical Rating Organization ("NRSRO") or of comparable quality as determined by the Investment Adviser.¹⁰ Subsequent to its purchase by the Fund, a rated security may cease to be rated or its rating may be reduced below investment grade or a security may no longer be considered to be investment grade. In such case, the Fund is not required to dispose of the security. The Investment Adviser will determine what action,

⁷ The Fund will be "non-diversified" under the 1940 Act and may invest more of its assets in fewer issuers than "diversified" funds.

⁸ "Fixed income instruments" includes, but is not limited to: securities issued or guaranteed by the U.S. Government, its agencies, or government sponsored enterprises; corporate debt securities, including corporate commercial paper; mortgage-backed and other asset-backed securities; inflation-indexed bonds issued both by governments and corporations; bank capital and trust preferred securities; fixed and variable rate loan participations and assignments; bank certificates of deposit, fixed time deposits and bankers' acceptances; repurchase agreements on fixed income instruments; and reverse repurchase agreements on fixed income instruments.

⁹ Duration measures the price sensitivity of a fixed-income security to changes in interest rates. Interest rate changes have a greater effect on the price of fixed-income securities with longer durations.

¹⁰ In determining whether a security is of "comparable quality," the Investment Adviser may consider, for example, whether the issuer of the security has issued other rated securities, whether the obligations under the security are guaranteed by another entity and the rating of such guarantor (if any), whether and (if applicable) how the security is collateralized, other forms of credit enhancement (if any), the security's maturity date, liquidity features (if any), relevant cash flow(s), valuation features, other structural analysis, macroeconomic analysis, and sector or industry analysis.

¹² 15 U.S.C. 78s(b)(2).

¹³ 17 CFR 200.30-3(a)(57).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 67682 (August 17, 2012), 77 FR 51081 ("Notice").

⁴ The Trust is registered under the 1940 Act ("1940 Act"). On June 28, 2012, the Trust filed with the Commission a post-effective amendment to Form N-1A under the Securities Act of 1933 ("1933 Act") and the 1940 Act relating to the Fund (File Nos. 333-173967 and 811-22555) ("Registration Statement"). In addition, the Commission has issued an order granting certain exemptive relief to the Trust under the 1940 Act. See Investment Company Act Release No. 30068 (May 22, 2012) (File No. 812-13868) ("Exemptive Order").

⁵ See NYSE Arca Equities Rule 8.600, Commentary .06.

⁶ The term "under normal circumstances" includes, but is not limited to, the absence of extreme volatility or trading halts in the fixed income markets or the financial markets generally; operational issues causing dissemination of inaccurate market information; or force majeure type events such as systems failure, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labor disruption, or any similar intervening circumstance.