

(i) *One Under Pricing for Certain Orders Executed at NYSE*

The Exchange has previously provided a discounted price fee for Destination Specific Orders routed to certain of the largest market centers measured by volume (NYSE, NYSE Arca and NASDAQ), which, in each instance has been \$0.0001 less per share for orders routed to such market centers by the Exchange than such market centers currently charge for removing liquidity (referred to by the Exchange as "One Under" pricing). Based on changes in pricing at NYSE, BATS is proposing to increase its fee for a Destination Specific Orders executed at NYSE to align its fees so that the fee remains \$0.0001 less per share for orders routed to NYSE. Specifically, the Exchange proposes to increase the fee charged for BATS + NYSE Destination Specific Orders executed at NYSE from \$0.0020 per share to \$0.0022 per share. In addition, the Exchange offers a variety of routing strategies, including "SLIM" and "TRIM," each of which has a specific fee for an execution that occurs at NYSE.

(ii) *Elimination of Dark Scan*

The Exchange has discontinued functionality that allowed a User to send an order that routes to certain dark liquidity venues prior to exposing the order to the Exchange's order book (referred to by the Exchange as a "Dark Scan" order). Accordingly, the Exchange proposes to remove reference to Dark Scan orders from its fee schedule.

## 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder that are applicable to a national securities exchange, and, in particular, with the requirements of Section 6 of the Act.<sup>6</sup> Specifically, the Exchange believes that the proposed rule change is consistent with Section 6(b)(4) of the Act,<sup>7</sup> in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and other persons using any facility or system which the Exchange operates or controls. The Exchange 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 Exchange believes that its fees and credits are competitive with those charged by other venues. Finally, the Exchange believes that the proposed

rates are equitable in that they apply uniformly to all Members.

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

The Exchange does not believe that the proposed rule change imposes any burden on competition.

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

No written comments were solicited or received.

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>8</sup> and Rule 19b-4(f)(2) thereunder,<sup>9</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge applicable to its members, which renders the proposed rule change effective upon filing.

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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-BATS-2011-001 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-BATS-2011-001. This file number should be included on the subject line if e-mail 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 will also 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-BATS-2011-001 and should be submitted on or before February 4, 2011 in the **Federal Register**.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Elizabeth M. Murphy,**  
*Secretary.*

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-63680; File No. SR-C2-2011-002]**

### **Self-Regulatory Organizations; C2 Options Exchange, Incorporated; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the C2 Fees Schedule and C2 Rule 3.1**

January 7, 2011.

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> notice is hereby given that on January 3, 2011, C2 Options Exchange, Incorporated (the "Exchange" or "C2") filed with the Securities and Exchange Commission (the "Commission") the

<sup>10</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.

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

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-4(f)(2).

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 proposed rule change from interested persons.

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

C2 proposes to amend proposes [sic] to [sic] amend [sic] its Fees Schedule and C2 Rule 3.1(e) regarding the assessment of Trading Permit fees and bandwidth packet fees. The text of the proposed rule change is 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 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**

C2 proposes to amend its Rules and Fees Schedule to assess access fees and bandwidth packet fees during the first week of the following month rather than the first day of the effective month. Specifically, C2 proposes to incorporate language regarding the manner in which these fees will be assessed into its Fees Schedule and to amend C2 Rule 3.1(e) to provide that that [sic] the entire fee for a Trading Permit shall be due and payable in accordance with the Exchange Fee Schedule in place of the current language of the Rule under which fees for a Trading Permit shall be due and payable in full on or before the first day on which the Trading Permit is effective. The proposed assessment of the referenced fees is identical to the process in place at the Chicago Board Options Exchange, Incorporated ("CBOE"). C2 also proposes to make a technical change to the Section 3 of the C2 Fees Schedule to remove language

referencing that access fees would not be assessed for October 2010.

C2 imposes access fees for the two types of Trading Permits available for use on C2, the Market-Maker Permit and the Electronic Access Permit. C2 is proposing to add language to the Fees Schedule to describe the assessment of the access fees and modify the way in which access fees are currently assessed. Specifically, C2 is proposing to include language reflecting that access fees are non-refundable and will be assessed through the integrated billing system during the first week of the following month.<sup>3</sup> If a Trading Permit is issued during a calendar month after the first trading day of the month, the access fee for the Trading Permit for that calendar month is prorated based on the remaining trading days in the calendar month. Trading Permits will be renewed automatically for the next month unless the Trading Permit Holder submits by the 25th day of the prior month (or the preceding business day if the 25th is not a business day) a written notification<sup>4</sup> to cancel the Trading Permit effective at or prior to the end of the applicable month.<sup>5</sup>

C2 offers two kinds of bandwidth packets for use to supplement the standard bandwidth allocation provided with each access permit, the Quoting and Order Entry Bandwidth Packet and the Order Entry Bandwidth Packet. Similar to the access fees, C2 currently assesses fees for supplemental bandwidth packets on the first day of each month. C2 is proposing to add language to the Fees Schedule to describe the assessment of bandwidth packet fees and modify the way in which the bandwidth packet fees are assessed. Specifically, C2 is proposing to include language reflecting that bandwidth packet fees are non-refundable and will be assessed through the integrated billing system during the first week of the following month. If a bandwidth packet is issued during a calendar month after the first trading day of the month, the bandwidth packet fee for that calendar month is prorated

<sup>3</sup> Thus, Trading Permit Fees for access during January 2011 will be assessed through the integrated billing system during the first week of February 2011.

<sup>4</sup> Written notification may be submitted to the Registration Services Department by e-mail to [tradingpermits@cboe.com](mailto:tradingpermits@cboe.com) or by other means of written notification, including, but not limited to, a hand-delivered letter or facsimile to the Registration Services Department.

<sup>5</sup> Thus, if a Trading Permit Holder has a Trading Permit in January 2011, notice must be provided by January 25, 2011 if the Trading Permit Holder would like to terminate the Trading Permit by the end of January 2011 and not be assessed the applicable Trading Permit Fee for February 2011.

based on the remaining trading days in the calendar month. Bandwidth packets will be renewed automatically for the next month unless the Trading Permit Holder submits by the last business day of the prior month written notification to cancel the bandwidth packet effective at or prior to the end of the applicable month.

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

The proposed rule change is consistent with Section 6(b) of the Securities Exchange Act of 1934 ("Act"),<sup>6</sup> in general, and furthers the objectives of Section 6(b)(4)<sup>7</sup> of the Act in particular, in that by increasing the efficiency of the billing process and putting in place a process that is consistent with the process in place at CBOE and that is familiar to common trading permit holders, it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among C2 Trading Permit Holders and other persons using Exchange facilities.

#### *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 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 solicited or received with respect to the proposed rule change.

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

The proposed rule change is designated by the Exchange as establishing or changing a due, fee, or other charge, thereby qualifying for effectiveness on filing pursuant to Section 19(b)(3)(A)(ii)<sup>8</sup> of the Act and subparagraph (f)(2) of Rule 19b-4<sup>9</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>6</sup> 15 U.S.C. 78f(b).

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

<sup>8</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>9</sup> 17 CFR 240.19b-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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-C2-2011-002 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-C2-2011-002. This file number should be included on the subject line if e-mail 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-C2-2011-002 and should be submitted on or before February 4, 2011.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>10</sup>

**Elizabeth M. Murphy,**

*Secretary.*

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**BILLING CODE 8011-01-P**

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-63668; File No. SR-NSCC-2010-09]

#### **Self-Regulatory Organizations; National Securities Clearing Corporation; Order Approving Proposed Rule Change Regarding the Creation of a Universal Trade Capture Application and Automated Special Representative Facility**

January 6, 2011.

##### **I. Introduction**

On August 30, 2010, the National Securities Clearing Corporation ("NSCC") filed proposed rule change SR-NSCC-2010-09 with the Securities and Exchange Commission ("Commission") 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> On September 9, 2010, NSCC filed an amendment to the proposed rule change. The proposed rule change modifies NSCC's rules and procedures to create a new Universal Trade Capture ("UTC") application and an automated Special Representative facility. The proposed rule change was published for comment in the **Federal Register** on September 20, 2010.<sup>3</sup> No comment letters were received. This order approves the proposed rule change.

##### **II. Description of the Proposal**

###### *A. Uniform Trade Capture*

Pursuant to the proposed rule change, NSCC is replacing its trade capture applications, such as the Trade Comparison and Recording Operation, with the new UTC application that is designed to standardize, streamline, consolidate, and modernize NSCC's system for capturing securities transaction information for clearance and settlement at NSCC.

The UTC application will accept and process a common input record from all securities marketplaces. It will receive and report data from members and self-

regulatory organizations ("SROs") in both real-time and intraday batch submissions to and. NSCC will convert the existing input format to the new UTC input record format, which will enable the UTC to provide members and SROs with their trade output in the format of their choice (new or old). UTC will also replace all current locked-in over-the-counter ("OTC") and listed trade capture applications with one central, real-time validation and reporting process and will have the capability to accept, reject, validate, process, and send contract output to members in real-time. Members will only have to support one standardized input and output format.

###### *B. Correspondent Clearing Service*

Prior to this rule change, NSCC's rules provided that its Correspondent Clearing Service could only be used to: (a) Accommodate a member with multiple affiliate accounts that wishes to move a position resulting from an "original trade" in the process of clearance from one affiliate account to another or (b) accommodate a member that relies on its Special Representative to execute a trade in a market that the member is precluded due to membership requirements (*e.g.*, membership requirement for access to markets) or applicable regulation in order to enable the resulting position to be moved from the Special Representative to that member.

Under this rule change, NSCC will provide that the Correspondent Clearing Service may be utilized by members to accommodate a member that relies on its Special Representative to execute a trade in any market regardless of whether that member maintains direct access to that market to enable the resulting position to be moved from the Special Representative to that member.

###### *C. Creation of an Automated Special Representative Facility*

To assist members control and monitor their Special Representative and Qualified Special Representative relationships, NSCC is creating an automated, online, secure facility by which members themselves may establish, monitor, and maintain these relationships. Both the Special Representative Member and the Correspondent Member will have to submit matching instructions within the facility in order for the relationship to be established. Either party will be able to submit an entry to retire the relationship.

Members will be reminded, through formatting within the facility, of their existing and unchanged obligations

<sup>10</sup> 17 CFR 200.30-3(a)(12).

<sup>11</sup> 15 U.S.C. 78s(b)(1).

<sup>12</sup> 17 CFR 240.19b-4.

<sup>3</sup> Securities Exchange Act Release No. 62822 (Sept. 20, 2010), 75 FR 57318.