

Articles governing those products), and (ii) add a cross reference within the definition that will direct the reader to the locations within the By-Laws where the specific times can be found. In connection therewith, OCC proposes to amend Section 5 of Article VI, Section 7 of Article XII, Section 1 of Article XX and Section 1 of Article XXIII to establish the specific commencement times for transactions in various products. OCC also proposes to amend Section 5 of Article VI (i) to expressly state that novation occurs when exchange transactions are accepted for clearing by OCC, and (ii) to delete the language that appears to give futures contracts more favorable treatment than options. Finally, OCC proposes to amend the bracketed language following the definitions in Section 1 of Article XX and Section 1 of Article XXIII to eliminate unnecessary complexity and conform such language stylistically to similar language elsewhere in the By-laws (e.g., the bracketed language following the definitions in Section 1 of Article XXII).

OCC believes that the proposed changes to OCC's By-Laws are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because they are clarifying amendments that do not adversely affect OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions or the protection of securities investors and the public interest.<sup>8</sup> The proposed rule change is not inconsistent with any rules of OCC.

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

OCC does not believe that the proposed rule change will have any impact or impose any burden on competition.

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

OCC has not solicited or received written comments relating to the proposed rule change.

<sup>8</sup> The staff notes that Rule 19b-4(f)(4) provides that a proposed rule change may take effect upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Exchange Act if the change does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service.

### **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)(iii) of the Act<sup>9</sup> and Rule 19b-4(f)(4)<sup>10</sup> and became effective on 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File No. SR-OCC-2011-17 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-OCC-2011-17. 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

<sup>9</sup> *Supra* note 2.

<sup>10</sup> *Supra* note 3.

business days between the hours of 10 a.m. and 3 p.m. Copies of such filings also will be available for inspection and copying at OCC's principal office and OCC's Web site ([http://www.theocc.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_11\\_17.pdf](http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_11_17.pdf)). 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-OCC-2011-17 and should be submitted on or before January 12, 2012.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>11</sup>

**Kevin M. O'Neill,**  
*Deputy Secretary.*

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**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-65993; File No. SR-DTC-2011-11]

### **Self-Regulatory Organizations; The Depository Trust Company; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Rules Relating To Update DTC's Custody Service Guide**

December 16, 2011.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> notice is hereby given that on December 7, 2011, The Depository Trust Company ("DTC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which items have been prepared primarily by DTC. DTC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act and Rule 19b-4(f)(4) thereunder so that the proposed rule change was effective upon filing with the Commission.<sup>2</sup> The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of this proposed rule change is to update DTC's Custody Service Guide in order to streamline the

<sup>11</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii) and 17 CFR 240.19b-4(f)(4).

document and to mitigate certain risks associated with custody processes.<sup>3</sup>

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

In its filing with the Commission, DTC 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. DTC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.<sup>4</sup>

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

#### (1) Purpose

DTC's custody service enables DTC participants to deposit securities with DTC for safe-keeping. Certificates deposited through the custody service ("Custody Issue") are held by DTC but remain registered in the name of the participant's customer or in the name of the participant (*i.e.*, the securities are not registered in DTC's nominee name, Cede & Co.). Therefore, a security deposited through the custody service is not eligible for DTC's book-entry services, but may be eligible for other depository services, unless the depositing participant directs DTC to transfer the position originally credited to the participant's custody free account to the participant's general free account.

DTC is proposing to update its Custody Service Guide in order to streamline the document and to address certain risks associated with various aspects of its custody processes. Specifically, DTC is proposing, among other technical changes, to clarify its rules relating to imaging requests and required methods of notification in order to provide a more concise and coherent description of the procedures. In order to mitigate risks associated with the use of Medallion Signature Guarantee stamps, Attorney Release stamps, and Tax waiver/Cede & Co. Assignment stamps, DTC is also proposing to update its procedures regarding the process used at DTC to safeguard the use and storage of such

stamps.<sup>5</sup> Finally, DTC is proposing to remove the detailed narrative describing its branch deposit services because the description of this service and participants' compliance obligations are currently described in DTC's Deposit Service Guide.<sup>6</sup>

#### (2) Statutory Basis

The proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to DTC because the proposed revisions to the procedures associated with DTC's custody service should facilitate the prompt and accurate clearance and settlement of securities transactions by reducing the costs, inefficiencies and risks associated with the physical safekeeping of securities. In so doing, these revisions should in turn also enhance the use of DTC's existing services.

### (B) Self-Regulatory Organization's Statement on Burden on Competition

DTC does not believe that the proposed rule change would impose any burden on competition.

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

Written comments relating to the proposed rule change have not been solicited DTC. DTC will notify the Commission of any written comments received by DTC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>7</sup> and Rule 19b-4(f)(4)<sup>8</sup> thereunder because it is a change in an existing service that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within sixty days of the filing of such rule change, the Commission

<sup>5</sup> When processing certificates in connection with its custody services, DTC may use a participant's Medallion Signature Guarantee stamp, Attorney Release stamp, Tax waiver/Cede & Co. Assignment stamp, or any combination of these stamps to facilitate making negotiable a participant's securities for transfer or sale in accordance with the participant's instructions.

<sup>6</sup> The language DTC is proposing to eliminate from the Custody Service Guide continues to be included in the Deposits Service Guide.

<sup>7</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>8</sup> 17 CFR 240.19b-4(f)(4).

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](mailto:rule-comments@sec.gov). Please include File Number SR-DTC-2011-11 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-DTC-2011-11. 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 Section, 100 F Street NE., Washington, DC 20549-1090, on official business days between the hours of 10 a.m. and 3 p.m. Copies of such filings will also be available for inspection and copying at the principal office of NSCC and on NSCC's Web site at [http://www.dtcc.com/downloads/legal/rule\\_filings/2011/dtc/2011-11.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-11.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that

<sup>3</sup> The text of the proposed rule change is attached as Exhibit 5 to DTC's filing, which is available at [www.dtcc.com/downloads/legal/rule\\_filings/2011/dtc/2011-11.pdf](http://www.dtcc.com/downloads/legal/rule_filings/2011/dtc/2011-11.pdf).

<sup>4</sup> The Commission has modified the text of the summaries prepared by DTC.

you wish to make available publicly. All submissions should refer to File Number SR-DTC-2011-11 and should be submitted on or before January 12, 2012.

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.<sup>9</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-65987; File No. SR-BX-2011-084]

### Self-Regulatory Organizations; NASDAQ OMX BX, Inc.; Notice of Filing of Proposed Rule Change Relating to Amending the BOX Trading Rules To Reduce the PIP From One Second to 100 Milliseconds

December 16, 2011.

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 December 7, 2011, NASDAQ OMX BX, Inc. (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 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 Chapter V, Section 18 (The Price Improvement Period (“PIP”)) of the Rules of the Boston Options Exchange Group, LLC (“BOX”) to reduce the PIP from one second to 100 milliseconds. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet Web site at <http://nasdaqomxbx.cchwallstreet.com/NASDAQOMXBX/Filings/>.

#### 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

###### 1. Purpose

The purpose of the proposed rule change is to amend Chapter V, Section 18(e)(i) (The Price Improvement Period (“PIP”)) of the BOX Rules to reduce the time period of the PIP from one second to 100 milliseconds (1/10 of one second). The PIP allows BOX Options Participants to designate certain customer orders for price improvement and submit such orders to the PIP (“PIP Order”) with a matching contra order (“Primary Improvement Order”). Once such an order is submitted, BOX commences a PIP by broadcasting a message to Options Participants that (1) states that a Primary Improvement Order has been processed; (2) contains information concerning series, size, PIP Start Price and side of the market of the order; and (3) states when the PIP will conclude (“PIP Broadcast”). Further, responses within a PIP (i.e., Improvement Orders), are also broadcast to BOX Options Participants. This proposed rule change would reduce the duration of the PIP from one second to 100 milliseconds. When approving previous reductions in BOX exposure periods (e.g., crossing orders and the PIP) the Commission concluded that reducing these time periods to one second was fully consistent with the BOX electronic market.<sup>3</sup>

BOX is not proposing any change to the requirement in Chapter V, Section 17 of the BOX Rules that requires an Order Flow Provider (“OFP”) to expose its customer’s order on the BOX Book for at least one second before executing its own principal order against such customer order. An exception to this requirement to expose a customer order

for one second is provided in Chapter V, Section 18(c) of the BOX Rules, permitting an OFP to execute its principal order against an order it represents as agent if the OFP submits the agency order to the PIP. BOX believes this exception for PIP orders is appropriate because the customer order is guaranteed an execution at the National Best Bid/Offer (“NBBO”) or a better price through the PIP. Additionally, BOX Options Participants are informed about the two-sided order starting the PIP through receipt of the PIP Broadcast. BOX Participants have the opportunity to compete for participation in the execution of the customer order by responding to the PIP Broadcast with their best-priced Improvement Order.

BOX believes the proposed rule change could provide more customer orders an opportunity for price improvement because it will reduce the market risk for all Participants executing trades in the PIP. BOX Participants that initiate a PIP (“Initiating Participants”) are required to guarantee an execution at the NBBO or at a better price, and are subject to market risk while their PIP Order is exposed to other BOX Participants. While other PIP Participants are also subject to market risk, those providing responses in the PIP through Improvement Orders are not permitted to cancel their orders, but can only modify their Improvement Order, including reducing their order quantity, by providing a better price. When a PIP Participant submits more than one Improvement Order during a PIP, doing so decreases the time that each Improvement Order is exposed to market risk. BOX believes that the Initiating Participant acts in a critical role in the PIP. Their willingness to guarantee the customer order an execution at NBBO or a better price is the keystone to the customer order gaining the opportunity for price improvement. As such, BOX believes that reducing the PIP from one second to 100 milliseconds, and the Participants’ corresponding market risk, particularly the risk for the Initiating Participant, will benefit customers because it is more likely that additional PIP transactions will be initiated.

BOX believes that its Options Participants operate electronic systems that enable them to react and respond to orders in a meaningful way in fractions of a second. BOX anticipates that its Participants will continue to compete within the proposed PIP duration of 100 milliseconds. In particular, BOX believes that 100 milliseconds will continue to provide market participants with sufficient time to respond to,

<sup>9</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>3</sup> See Securities Exchange Act Release Nos. 53854 (May 24, 2006), 71 FR 30975 (May 31, 2006) (SR-BSE-2006-23) and 59638 (March 27, 2009), 74 FR 15020 (April 2, 2009) (BX-2009-015).