

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).

proposed rule changes and discussed any comments it received regarding the proposal. The text of these statements may be examined at the places specified in Item IV below. The CHX 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

Through this filing, the Exchange proposes to amend its Schedule of Fees and Assessments (the "Fee Schedule"), effective January 9, 2012, to create a separate fee and rebate structure for Derivative Securities Products<sup>5</sup> and to remove references to Tape A, B and C securities throughout our Fee Schedule.

Pursuant to this proposal, the Exchange would eliminate the distinction in the fee and rebate structure for Tape A, B and C securities and replace it with a structure based on Derivative Securities Products.<sup>6</sup> Currently, the Exchange offers a provide credit of \$0.0022/share under Section E.1. of the Fee Schedule only for transactions in Tape B securities.<sup>7</sup> Many, but not all, Tape B securities are Derivative Securities Products and some Tape A and C securities are Derivative Securities Products. For securities priced \$1/share or more and which are executed in the Regular Trading Session, the Exchange seeks to eliminate the payment of provide credits pursuant to Section E.1. of the Fee Schedule for all non-Derivative Securities Products priced \$1/share or more and simultaneously extend the provide credit to transactions in Derivative Securities Products priced \$1/share or more. Thus, some Tape B securities which are not Derivative Securities Products would no longer be eligible for a provide credit in the Regular Trading Session and certain Derivative Securities Products which are Tape A

and C securities would be eligible for a provide credit. As a category, Derivative Securities Products are heavily traded in the National Market System. By this proposal, the Exchange seeks to pay a provide credit for transactions in such securities in order to incent additional order flow in these issues to the Exchange.

Pursuant to the Exchange's proposed new fee and rebate structure, Participants would be charged a fee of \$0.003/share to take liquidity and given a rebate of \$0.0022/share for providing liquidity in the Regular Trading Session for securities priced \$1.00/share or more which are Derivative Securities Products. For transactions in non-Derivative Securities Products priced \$1/share or more which were executed in the Regular Trading Session, the Exchange proposes to charge a fee of \$0.003/share to take liquidity while giving no rebate for providing liquidity. A liquidity removal fee of \$0.003/share and a provide credit of \$0.0022/share would be assessed for transactions in securities priced \$1/share or more in the Exchange's Early and Late Trading Sessions. Participants would be assessed a liquidity removal fee of 0.30% of trade value and given a provide credit of \$0.00009/share in all issues priced less than \$1/share in all trading sessions.

The Exchange proposes similar changes to the fee and rebate structure for single-sided orders executed in the Matching System which were submitted through an Exchange-registered Institutional Broker. These changes in essence substitute the term "Derivatives Securities Products" for "Tape B securities" within the applicable section of the Exchange's Fee Schedule (Section E.1.). Thus, a provide credit of \$0.0022/share in transactions involving Derivatives Securities products executed in the Regular Trading Session would be paid to the Institutional Broker representing the Participant which originated the order.<sup>8</sup> The Exchange proposes to replace references to "Tape A, B and C" securities with an all-inclusive reference to "any" or "all" securities in the text governing the provide credit paid to Institutional Brokers for transactions in the Early and Late Trading Sessions and in securities priced under \$1/share in any trading session.

The Exchange proposes to add the definition of a Derivative Securities Product, taken from Rule 19b-4(e) of the Exchange Act, to the Fee Schedule for

purposes of clarity.<sup>9</sup> The Exchange also proposes to replace all references in Section E. of the Fee Schedule to the term "issue" with that to [sic] "securities," which is a more accurate and well-defined term.<sup>10</sup> The Exchange proposes to remove all other references in various sections of the Fee Schedule to Tape A, B and C securities, since those categories would no longer be relevant in assessing fees to CHX Participants. Finally, the Exchange proposes to replace the references to Exchange Traded Funds ("ETFs"), Exchange Traded Notes ("ETNs") or Exchange Traded Vehicles ("ETVs") in Section E.8. (Order Cancellation Fee (Regular Trading Session only)) with a reference to Derivative Securities Products.<sup>11</sup> The Exchange believes that these references are functionally equivalent as applied to trading on the Exchange and use of a common term throughout the Fee Schedule should provide additional clarity to Exchange Participants.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act<sup>12</sup> in general, and furthers the objectives of Section 6(b)(4) of the Act<sup>13</sup> in particular, 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. Because the proposed structure will apply to all single sided orders executed in the CHX Matching System, with the limited exception of take fees for Institutional Brokers, which have their own, previously approved, fee structure, the Exchange believes the proposed fee and rebate structure will equitably allocate the same reasonable rebate rates among Participants in a non-discriminatory nature. Furthermore, because quoting and trading activity is different among certain categories of securities, such as Derivative Securities Products, the Exchange believes that it is fair and reasonable to create different fee and rebate structures for Derivative Securities Products and all other securities in order to better incent activity by Participants on the

<sup>5</sup> "Derivative Securities Product" is defined under Rule 19b-4(e) as any type of option, warrant, hybrid securities product or any other security, other than a single equity option or a security futures product, whose value is based, in whole or in part, upon the performance of, or interest in, an underlying instrument. See, 17 CFR 240.19b-4(e).

<sup>6</sup> Tape A securities are those equity securities for which the New York Stock Exchange, Inc. is the primary listing market. Tape C securities are those issues for which the Nasdaq Stock Exchange, Inc. is the primary listing center. Tape B securities are those issues for which some other national securities exchange is the primary listing market.

<sup>7</sup> Among other things, the Exchange proposes to correct a typographical error in its Fee Schedule to clarify that the provide credit paid pursuant to Section E.1. for issues priced \$1/share or more is \$.00022 per share.

<sup>8</sup> Currently, the same amount is paid to the Institutional Broker for transactions in Tape B securities.

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

<sup>10</sup> The Exchange also proposes to replace the references to the term "issue" in Section I (Listing Fees) to the different types of securities "listed on the Exchange" in order to be consistent.

<sup>11</sup> The Exchange also proposes to delete the reference to the effective date of the Cancellation Fees, since that date is now a number of months in the past.

<sup>12</sup> 15 U.S.C. 78f.

<sup>13</sup> 15 U.S.C. 78f(b)(4).

Exchange's trading facilities in those particular categories.

#### *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 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*

No written comments were either solicited or received.

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

The proposed rule change is to take effect pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>14</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder<sup>15</sup> because it establishes or changes a due, fee or other charge applicable to the Exchange's members and non-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.

As more fully discussed above, the Exchange believes that the proposed changes represent a fair and reasonable structure designed to create different fee and rebate amounts to incent activity among all Participants within the Exchange's trading facilities.

### **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-CHX-2012-01 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-CHX-2012-01. 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-CHX-2012-01 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>16</sup>

**Kevin M. O'Neill,**

*Deputy Secretary.*

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-66138; File No. SR-NYSE-2011-70]

#### **Self-Regulatory Organizations; New York Stock Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending the NYSE Price List To Revise Its Schedule of Rebates Paid to Designated Market Makers for Providing Liquidity on the Exchange and To Delete References to Round and Odd Lot Transactions**

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 December 30, 2011, New York Stock Exchange LLC ("NYSE" or "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 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**

The Exchange proposes to amend its Price List to revise its schedule of rebates paid to Designated Market Makers ("DMMs") for providing liquidity on the Exchange and to delete references to round and odd lot transactions. The text of the proposed rule change is available at the Exchange, the Commission's Public Reference Room, and [www.nyse.com](http://www.nyse.com).

#### **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.

<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>15</sup> 17 CFR 240.19b-4(f)(2).

<sup>16</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.